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**Nomination of Wendy Lee Gramm To  
Be a Commissioner and Chairman of  
the Commodity Futures Trading  
Commission**

*April 5, 1990*

The President has nominated Wendy Lee Gramm to be a Commissioner of the Commodity Futures Trading Commission for the term expiring April 13, 1995, and he has also nominated her to serve as Chairman of the Commission. This is a reappointment.

Since 1988 Dr. Gramm has served as Chairman of the Commodity Futures Trading Commission. Prior to this, she served as Administrator for Information and Regulatory Affairs at the Office of Management and Budget, 1985-1988; Executive Director of the Presidential Task Force on Regulatory Relief, 1986-1988; Director of the Bureau of Economics at the Federal Trade Commission, 1983-1985; Assistant Director in the Division of Consumer Protection at the Bureau of Economics at the Federal Trade Commission, 1982-1983; and research staff member for the Institute for Defense Analyses, 1979-1982. In addition, she served in several positions at Texas A&M University, including associate professor in the department of economics, 1975-1979; director of undergraduate programs, 1974-1977; and assistant professor, 1970-1975.

Dr. Gramm graduated from Wellesley College (B.A., 1966) and Northwestern University (Ph.D., 1971). She was born January 10, 1945, in Waiialua, HI. Dr. Gramm is married, has two children, and resides in Washington, DC.

**Statement by Press Secretary Fitzwater  
on the Japan-United States Structural  
Impediments Initiative Negotiations**

*April 5, 1990*

Since the March 2-4 Palm Springs meeting between President Bush and Prime Minister Kaifu, Japan and the United States have been busily engaged in strengthening

the U.S.-Japan relationship by resolving on-going trade and economic issues. An agreement has been concluded on supercomputers, and agreements in principle have been reached on satellites and telecommunications.

Today the U.S.-Japan SII working group released its interim report on the progress achieved to date. The SII talks represent an approach that may be unique in the history of bilateral trade and economic discussions. The talks were designed to identify and resolve the structural impediments that contribute to economic tensions between the two countries. Accordingly, the interim report and assessment identifies specific areas impeding the adjustment of the trade imbalance in both countries. The interim report is the first major step in a process that will include a final SII report in July as well as implementation and follow-on.

Prime Minister Kaifu and the political leadership of Japan have worked long and hard to produce the policy commitments embedded in the SII interim report. Because structural problems are deeply ingrained in both economies, complete results will not come quickly. However, the SII interim report is an important way station along the road leading to a strengthened U.S.-Japan relationship. We believe that the Prime Minister will continue to exercise his assertive leadership on these issues and that this will greatly facilitate the work on remaining economic and trade issues. Japan's inputs to the SII interim report have been very positive ones, and we look forward to further cooperation on the final report in July. For its part, the United States will continue to do its utmost to address the structural issues identified in the SII interim report as affecting the competitiveness of the U.S. economy.

As President Bush has said, the leadership of Prime Minister Kaifu has brought a new spirit of cooperation to our relationship—a positive, cooperative force which will strengthen our security relationship and enhance the U.S.-Japan global partnership while simultaneously facilitating the solution of outstanding economic differences.

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I regret that another Passover is here with Leonid still in the Soviet Union. I wish that he were here with you in America so that he, too, could experience the freedoms we enjoy. And we ask that you convey a message to Leonid and all others who still await freedom: They are not forgotten.

The Nobel laureate—a friend to so many in this room—Elie Wiesel said: "Just as despair can come to one only from other human beings, hope, too, can be given to one only by other human beings." Zev, you have given us hope. For that, we admire you. And together, we look forward to the day when no nation interferes with the faith of any of its people.

So, thank you all for being here with us on this very solemn and special occasion. And once again, I rejoice in your happiness, and we're so pleased you're here. And now I will sign this.

*Note: The President spoke at 10:50 a.m. in the Roosevelt Room at the White House.*

**Statement by Press Secretary Fitzwater on the President's Meeting With the Special Emissaries of Prime Minister Toshiki Kaifu of Japan**  
*April 4, 1990*

President Bush met with former Ambassador to the United States Matsunaga and Deputy Foreign Minister Owada, who are Special Emissaries of Prime Minister Kaifu of Japan. The Special Emissaries delivered a letter from Prime Minister Kaifu to the President which contained details on the efforts made by the Government of Japan since the Palm Springs meeting on March 2-4. The discussion focused on the progress made in trade and economic matters.

Agreements have been concluded on supercomputers, satellites, and telecommunications; and substantial progress has been achieved in the ongoing SII [Structural Impediments Initiative] process. In addition, Prime Minister Kaifu has said that he hopes an agreement will be forthcoming to resolve the forest products issue. The President was very appreciative of all of the work that has been accomplished over the

last month. The President expressed his conviction that Prime Minister Kaifu deserves a very large share of the credit for settling the specific trade issues and for achieving substantial progress on SII.

The President emphasized that SII is an ongoing process and that he hopes both sides will take further steps in the final SII report in July and the resulting follow-on phase. Bringing about structural adjustments will not be easy on either side of the Pacific, but both governments are committed to achieving a positive interim SII report as well as a more comprehensive finished product in July. We have had very substantial success to date, but we must continue our efforts because neither the Japanese consumer nor the American public will be convinced until they see concrete results.

The President emphasized the vital importance of maintaining excellent relations with Japan not only in trade but with regard to security and the growing global partnership between the United States and Japan. In particular, the President complimented the Government of Japan for its assistance efforts in Eastern Europe and in Central America. In all of these matters, the President praised the forthright and assertive leadership demonstrated by Prime Minister Kaifu and credited him with having created a new spirit of cooperation between the United States and Japan.

**Remarks at the Presentation Ceremony for the National Teacher of the Year Award**  
*April 4, 1990*

Well, to the Members of the Congress and Senate that are here today, thank you all for coming, and welcome to the White House. Secretary Cavazos, Senator Pell and Representatives Lowery and Hunter, and Bill Keene and Gordon Ambach, Robert Gwinn, Norman Brown, and specially to our distinguished Teacher of the Year, Jan Gabay, Barbara and I are honored to have you all here.

The kind of people Jan represents are ambassadors to the most powerful province

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Week Ending Friday, April 6, 1990

**Proclamation 6111—United States  
Naval Reserve Month, 1990**  
*March 30, 1990*

*By the President of the United States  
of America*

**A Proclamation**

On March 3, 1915, the Congress enacted legislation establishing the Federal Navy Reserve. That act has enabled the United States to remain at a high level of military preparedness in times of peace, as well as in times of crisis.

Hundreds of thousands of Americans have served this Nation proudly and ably as Naval Reservists. More than 600,000 Naval Reservists rallied to action during World War I. During the Second World War, when the United States was embroiled in a life-and-death struggle to defend freedom and democracy from the brutal forces of totalitarianism, 80 percent of our Naval personnel were reservists. Whenever the lives of innocent people have been threatened, whenever any of our other national interests have been at stake, our reservists have demonstrated clearly their value as part of America's fighting forces.

During the Berlin Crisis, the Korean and Vietnam conflicts, the Mayaguez incident, and in Grenada, the Persian Gulf, and Panama, Naval Reservists consistently played vital roles in advancing our national objectives. Yet they have also provided invaluable assistance to their country during nonmilitary emergencies. For example, in the aftermath of Hurricane Hugo and the devastating 1989 Loma Prieta earthquake that struck the San Francisco Bay area, hardworking Naval Reservists were on the front lines of relief efforts.

The men and women of the Naval Reserve boast a long tradition of courageous and dedicated service to their fellowman. As we enter a new decade and a new century, their operational readiness will continue to be critical to our Nation's security and well-being. That is why, as we salute all

Naval Reservists, we also pay tribute to their families and employers—their generous support and encouragement help our reservists to fulfill the dual role of citizen-sailor.

In honor of the thousands of Americans who have served this country as U.S. Naval Reservists, and in grateful recognition of those reservists who have given their lives in the line of duty, the Congress, by Senate Joint Resolution 266, has designated March 1990 as "United States Naval Reserve Month" and has authorized and requested the President to issue a proclamation in observance of this occasion.

Now, Therefore, I, George Bush, President of the United States of America, do hereby proclaim March 1990, the 75th anniversary of the Naval Reserve, as United States Naval Reserve Month.

In Witness Whereof, I have hereunto set my hand this thirtieth day of March, in the year of our Lord nineteen hundred and ninety, and of the Independence of the United States of America the two hundred and fourteenth.

George Bush

*[Filed with the Office of the Federal Register, 11:53 a.m., April 2, 1990]*

*Note: The proclamation was released by the Office of the Press Secretary on April 2.*

**Statement by Press Secretary Fitzwater  
on the Japan-United States Structural  
Impediments Initiative Negotiations**  
*April 2, 1990*

Prime Minister Kaifu of Japan this morning telephoned President Bush to express his interest in resolving issues related to the Structural Impediments Initiative. The Prime Minister has sent two personal emissaries to meet with the President and administration officials to emphasize the Japa-

nese Government's commitment to progress. The two emissaries are former Ambassador to the United States Matsunaga and Deputy Foreign Minister Owada. They arrive at 10 o'clock this morning and will meet today and tomorrow with General Scowcroft [Assistant to the President for National Security Affairs] and Secretary of State Baker. They will meet with President Bush on Wednesday. In addition, they will deliver a letter from Prime Minister Kaifu to President Bush concerning trade issues.

The Structural Impediments Initiative talks begin today in Washington at the State Department. The U.S. side will be headed by Richard T. McCormack, Under Secretary for Economic Affairs; Linn Williams, Deputy U.S. Trade Representative; and Charles Dallara, Assistant Secretary of the Treasury. An interim report on these meetings will be issued on April 4, with a final report produced in July.

### Remarks at the Annual Convention of the National Association of Broadcasters in Atlanta, Georgia April 2, 1990

Thank you for that welcome. To Messrs. Mays and Fritts, thank you both, and to all of the rest of the leaders of the NAB that are here today. And also I understand there are a lot of Members of the United States Congress here. In my line of work, you always pay your respects to the Members of Congress—[laughter]—in the forlorn hope that they will do it exactly my way someday. [Laughter] But nevertheless, I'm glad they're here.

It is my privilege this morning to be back before America's family of broadcasters, the National Association of Broadcasters. And I can't help but marvel at these huge screens as I walked in here. You know, if I were as large as my image—[laughter]—on these screens, imagine how easy it would be for me to get my way with the Congress. [Laughter] And this convention is also displayed, I'm told, on monitors throughout the arena, and from here, beamed around the world. I will try to finish each sentence without a preposition. [Laughter]

But there was a time when most Americans knew their Presidents distantly, from woodcut prints in the weekly newspaper. The circle of democracy in ancient Athens and Rome was even more limited, just to those within hearing range of the debates inside the Parthenon or the Forum. But today, through free, over-the-air broadcasts, you have brought millions of living rooms within hearing range; you've made every home a part of the American forum. In fact, on this very day, you are providing—for the 6,000 foreign broadcasters in attendance, through your international seminars, and through USIA's [U.S. Information Agency] WORLDNET—a seminar for the world.

Television, which began as the American forum, has become the world forum. And so, when a lone, brave man stood up to a column of tanks in Tiananmen Square, the world stood with him. When the people of Prague sang the first Christmas carols in over 40 years, the world sang with them. And when the first German took the first hammer to that wall of shame in Berlin, the world shared in an historic act of courage.

We all know that governments can censor, governments can silence, but the voice of freedom will not be stilled as long as there is an America to tell the truth. These sounds and images of the Revolution of '89 belong to the world. But it was here in America that a free people first explored how to put the airwaves into the service of democracy.

We accept regulation, but we firmly reject government programming. We reject government ownership of stations. And most of all, we reject censorship. You see, the freedom that this association enjoys—probably takes for granted—is a model for the world.

In my State of the Union Address, I spoke of the cornerstones of a free society: democracy, private investment, competitiveness, stewardship. We will see what competitiveness means just this afternoon; I'm going out to visit a General Electric plant in Cincinnati, where free workers transformed foreign investment into foreign business. Tomorrow I'm going to Indianapolis, help promote stewardship, where the city works with citizens to cultivate an urban forest. But these are not what you'd call isolated

whistlestops. America and through the past we share them with live in a time when travel reservations flash from Hong Kong, Bonn, Bonn to Boston eye.

Roam among the this convention center football fields chockets in telecommunications and modems: optical fibers, satellite growing web of world growing network link village." The information adornment to modern of who and what we mation age.

Last May, I discovered Europe with the German city nestled on the Rhine River. And there that I appreciate expression, "In the Word." For it was I that the inventor of Johann Gutenberg, first of the ages into the knowledge-hungry revolution made possible a journals of the English American Revolution, of Thomas Paine to the Federalist Papers." You out of that one invention called America.

Today, along with the image: images projected and evoked by the while Western democracy knowledge broadened racy and knowledge in munist regimes that continents. For these something to be twisted the brutal hands of a beyond recognition. T. dera calls this time the "thing," when whole nations their heroic histories From Havana to Prague the peoples of these lands in to the amnesia, but

that you get out of math and spelling. [Laughter] And I know it won't be easy to understand all the things we're talking about this morning, but there's one thing that I'm sure you can understand: You're here because you're important, because when you grow up you might just run your own business, like the people here. Or maybe you'll even run for President of the United States. It may be hard to believe, but I was once a second-grader just like you are now. [Laughter] So, today I want to challenge all of you to keep working hard in school. Do your very best, and don't be afraid to reach for your dreams.

And I want to challenge the Chamber of Commerce as well—that's all the rest of you who are past the second grade out there. [Laughter] All of you know that the Governors and I have agreed on a set of national education goals, goals we must meet by the year 2000, the year these second-graders here graduate. And I'm delighted at all the Chamber of Commerce is doing to advance this great cause of excellence in education, but today I challenge you to get involved in every school and community across America. Help us make that classroom a place where miracles happen.

And before I go any further, I want to thank the chamber for its support on an issue essential to our nation's economic future. Last week I sent to the Congress a three-point plan for budget reform: one, supporting the Legislative Line-Item Veto Act; two, proposing an amendment to the Constitution to provide a Presidential line-item veto; and three, a balanced budget amendment. The chamber, together with other organizations in the Coalition for Fiscal Responsibility, has been out there on the front lines of the battle for budget reform; and I ask you now to push hard for this three-point plan. The time has come to put our fiscal house in order.

And let me say a few words about my administration's trade strategy. First, success in the Uruguay round trade talks is my top trade priority. The GATT [General Agreement on Tariffs and Trade] needs strengthening. It doesn't cover services, investment, or intellectual property rights. Its rules on agricultural trade are far too weak, creating counterproductive pressures to subsidize farm exports. And we've got to strengthen GATT as a matter of principle:

as a sign to the emerging democracies in Eastern Europe and in this hemisphere that free trade is the way of the future.

Second, let me just say a word about Japan. All of you know that I did not name Japan a priority country under the Super 301 provisions of the 1988 Trade Act. That does not mean that all of our problems with Japan have disappeared. We know that we could sell more American products if Japan's market were truly open. But we've been working hard on that, and I think with impressive results. Over the past few months, we've made more progress on trade issues with Japan than at any other time I can recall. And part of the reason for this success, if you will, is that the Prime Minister, Prime Minister Kaifu of Japan, shares our commitment to ensuring that trade strengthens rather than undermines the friendship between our nations. Now, we are going to continue to press for progress. And keep in mind, section 301 and other trade law authorities remain available to the President, and we will use all the tools at our disposal to open markets and ensure fair treatment for American products, services, American investments and ideas. I'm confident in Carla Hills, our very able and tenacious Trade Representative. I'm confident in her ability, and I'm confident we will achieve lasting results.

John Clendenin mentioned in his speech the whirlwind of the changes we've seen this past year. And last year I spoke to you on May 1, May Day, by tradition one of the great days of celebration in the Socialist world. I said then that even the Socialist world was coming to see that socialism wasn't just another economic system: it was the death of economics. And that much was clear. What none of us could have seen on the eve of May Day 1989 was how close we had come to the wholesale collapse of communism.

First in Poland, then across Eastern Europe—one nation after another broke the stranglehold of the state and embraced democracy. And here in our own hemisphere, in Panama and Nicaragua, the day of the dictator gave way to the decade of democracy. These transforming events brought freedom to tens of millions of people, and with that freedom, new challenges digging out from under the wreckage of ruined

economies, reclaim long denied. Even Panama City, the start in the difficult building.

It's that challenge you about today, can engage every you and the institution proof of the power Democracy prosper firm foundation of about that. What is chief aims of our involve the private ty, in the business. That's not to say government to do ment aid is essential days of democracy free government ar

That's why we p for Poland and Hu continue to urge Nicaragua and Pan- nation to final pass- is embarrassing. T- dent Endara of I Senate and the Ho- islation over a mor- done it. I call on t- action in the Sena- fledgling democrac- ragua.

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But as I've said- aid alone is simply- than a matter of fir- matter of principle- we talk about b- simple truth is th-

ment on these items, we're going to talk to our allies. That's the way I've tried to do it from the very beginning with NATO, and I'm going to continue that. We don't dictate; we just say, Here's our views, and then represent them as best we can.

**Q.** But your views seem to represent a change.

**The President.** Well, we'll wait until we see what comes out of the NATO meeting; we're not going to prejudge it. But I'm encouraged because I think we've got a good position here. You know, the other day Marlin [Marlin Fitzwater, Press Secretary to the President] bawled me out. I said there's nothing earthshaking about all of this. [Laughter] But he and Scowcroft [Brent Scowcroft, Assistant to the President for National Security Affairs] went into a frenzy, saying, Well, maybe others will interpret it as this. So, I don't want to understate where we're going or overstate it, but some will look at it as this major change in direction and others won't. But I want to take this opportunity to get myself off the hook.

**Q.** Have you had any responses from the allies here?

**The President.** Oh, sure. That's one of the things I want to hear about from Secretary Baker [Secretary of State James A. Baker III] today. They've been in close contact. And he'll go off and—what, tonight do you head off?

**Secretary Baker.** Tomorrow morning.

**The President.** Tomorrow morning, and iron out some of the differences before we get there.

**Q.** Do you expect policy changes to be made at the summit?

**The President.** Well, what I expect is a document that is unanimously agreed to that will set the course for the future. And as conditions have changed, NATO will change. And I've addressed myself to that. But some will call it dramatic policy changes, and others won't. And so, I don't want to understate it. I don't want to be in trouble saying, Well, you said there would be no changes. But there will be some changes, but I don't happen to believe that it's of a bombshell dimension. Remember the last time we went over there we had a troop policy change. And so, I don't want to mislead you, but there will be some very interesting developments out of it.

**Q.** Are the allies in agreement with you in the responses that you've gotten to your proposals?

**The President.** Well, as I say, Jim's going over. We've gotten broad general agreement on a lot of issues, but there's still some work to be done. That's one of the things we're talking about in here today.

#### **President Gorbachev of the Soviet Union**

**Q.** Have you had any contact with Mr. Gorbachev going into his party congress?

**The President.** No, I haven't talked to him since he was over here—or been in telegraphic. Now, maybe Jim has with Mr. Shevardnadze [Soviet Foreign Minister].

**Secretary Baker.** Not since—

**Q.** What are the keys to watch for in terms of that congress? What are your expectations?

**The President.** Stay tuned to CNN [Cable News Network]. [Laughter] We've got to go to work.

*Note: The exchange began at 8:45 a.m. at the President's home at Walker's Point.*

#### **Statement by Press Secretary Fitzwater on the President's Meeting With Prime Minister Toshiki Kaifu of Japan Prior to the Houston Economic Summit** July 7, 1990

President Bush and Prime Minister Kaifu have just finished 2 hours of wide-ranging discussions on our bilateral relationship and the global partnership of international cooperation between our two countries. The two leaders have a very warm, personal relationship, calling each other by first names.

They agreed that the state of U.S.-Japan relations today is excellent and that both countries need to continue to work together in a spirit of cooperation to strengthen their bilateral relationship and support democracy, freedom, and economic liberty around the world.

The President took this opportunity to thank the Prime Minister for his outstanding leadership, which contributed so much to achieving an excellent joint report in our Structural Impediments Initiative (SII). The

commitments for when implement economies of both a better life for the peoples and a healthy ship. The progress 4 months in the trade discussions tion for our over cannot become come; we must er continues to rest

The President emphasized that the United States and the world's greatest to their full energy to an open world tra cessful completio this year.

The President t brief the Prime M the NATO sum: London. The Prim dent reaffirmed in ry year of the sec ing importance of stability in Asia.

Japan and the continue to promo eration in this era eration with our The President we Japan's growing in denced by the cor support of politica in Eastern Euro America, and among Japan, the summit partners goals will form a c be held during th manifestation of t leaders committe meeting in Palm S

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#### Secretary Fitzwater Meeting With Prime of Japan Prior to Summit

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commitments for reform in this report, when implemented, will strengthen the economies of both our countries and lead to a better life for the Japanese and American peoples and a healthier economic relationship. The progress we have made these past 4 months in the SII process and our other trade discussions has laid a firmer foundation for our overall relationship. But we cannot become complacent in the days to come; we must ensure that our relationship continues to rest on a solid economic base.

The President and the Prime Minister emphasized that the time has come for the United States and Japan, as two of the world's greatest trading nations, to devote their full energy to securing the benefits of an open world trading system through successful completion of the Uruguay round this year.

The President took this opportunity to brief the Prime Minister on the results of the NATO summit just concluded in London. The Prime Minister and the President reaffirmed in this, the 30th anniversary year of the security treaty, the continuing importance of the alliance to peace and stability in Asia.

Japan and the United States agreed to continue to promote important global cooperation in this era of great change, in cooperation with our other summit partners. The President welcomed and encouraged Japan's growing international role, as evidenced by the contributions it is making in support of political and economic freedom in Eastern Europe, Central and South America, and elsewhere. Cooperation among Japan, the United States, and their summit partners in support of common goals will form a central part of the talks to be held during the next few days and is a manifestation of the dialog to which both leaders committed themselves at their meeting in Palm Springs.

The President and the Prime Minister discussed the issue of lending to China. They had useful talks on this matter and agreed to continue these discussions with the other summit leaders.

Finally, the President and the Prime Minister, looking back at the progress our two governments have made toward the goals at the Palm Springs summit last March, agreed to continue to work to build the

kind of economic, security, and political relationship between our two countries that will be appropriate to our two great nations in this dramatically changing world.

*Note: The President met with the Prime Minister at approximately 11:30 a.m. at the Houstonian Hotel's Manor House in Houston, TX. Later, the two leaders were joined by U.S. and Japanese officials and participated in a working luncheon.*

#### Remarks Announcing Canada-United States Air Quality Negotiations and an Exchange With Reporters in Houston, Texas

July 8, 1990

*The President.* Well, we're here to comment on the acid rain agreement. The joint statement that we're issuing today on beginning negotiations is long overdue. I know that this is very important for the Canadian side; and I want to say to you, sir, I appreciate your patience and understanding.

Both Houses now in the United States Congress have passed clean air bills, similar to mine, by huge margins; and the House-Senate conference will begin this week. And I think it will be of enormous benefit to both our countries. Bill Reilly, the head of the EPA [Environmental Protection Agency], plans to be in Ottawa on July 16th and will be prepared to open preliminary discussions. We should be able to begin formal negotiations shortly after that.

And we've made great progress. And I think we ought to both be very pleased about that. Great progress has been made, but we still have a long way to go. We recognize that. And I pledge to my Canadian friends that we want to do our part, and I think this clean air legislation—that I hope I'll be able to sign soon—is but one manifestation of that.

Welcome to Houston, sir. And the floor is yours.

*Prime Minister Mulroney.* Thank you, Mr. President.

I'm pleased to confirm that the President and I have agreed to begin negotiations for

thought that the communists will try to keep their power by buying up state-owned shops and factories. The communists have a problem, however, since they can no longer use state funds for party purposes.

Their salvation could come from neighbouring China, fearful of both democracy and of the possibility of Buddhist activity spreading from Mongolia to Tibet. Certainly China has influence. The coalition government has demanded that Mongolia's Buddhists withdraw an invitation for a visit by the Dalai Lama. Otherwise, China apparently threatened, landlocked Mongolia might find its access blocked to the Chinese port of Tianjin.

That threat to trade must be taken seriously. Unemployment is rising; power cuts are frequent; and, in a country where livestock outnumber people by ten to one, people queue for three hours to buy their meat rations. No wonder in a survey in the *Mongol Messenger* only 30% of those questioned had confidence in their government.

How long will they and other Mongolians put up with economic hardship and inexperienced democrats? As if to pre-empt an awkward answer, America's secretary of state, James Baker, flew in to Ulan Bator on July 25th promising aid worth up to \$25m. Two days earlier he had appealed to rich Asians to help Mongolia: its changes, he said, were "truly democratic".

## Japan

### Clean politics?

FROM OUR TOKYO CORRESPONDENT

JUST occasionally, it pays to be boringly above suspicion in scandal-plagued Japan. Two years ago the Liberal Democratic Party (LDP) plucked the poor but honest Toshiaki Kaifu from obscurity to make him prime minister. That was in the wake of the Recruit shares-for-favours scandal that forced the then prime minister, Noboru Takeshita, to resign—followed by a sex scandal that sent his replacement, Sosuke Uno, packing as well. Now Mr Kaifu's hopes of a second term—unthinkable a few months ago—have risen smartly thanks to the new scandals of Japan's stockbroking world.

Mr Kaifu has been cashing in on the misfortunes of Japan's "Big Four" brokerage houses (Nomura, Daiwa, Nikko and Yamaichi). The four have been forced to publish lists of the big clients they reimbursed (at the taxpayers' expense) for losses after the stockmarket crashes of 1988 and 1990. Now 13 middle-ranking stockbroking firms have handed over their lists of favoured clients as well, ensuring that the shenanigans remain on the front pages for a month or so more. All this gives the reforming Mr Kaifu a timely opportunity to be-

moan the lack of public ethics.

It has also given him an excuse to prolong the extraordinary session of the Diet (parliament) due to start on August 5th. Mr Kaifu wants a debate on two pieces of legislation on which he has pinned his hopes for re-election. One would reform the electoral system to reduce campaign costs (and thus the reliance on illicit backhanders); the other would allow Japanese troops to be sent abroad in peacekeeping and disaster-relief roles. The opposition parties say the session should last no more than 30 days. Mr Kaifu wants it to run for 60. That way he will not spend the period before the LDP's leadership election in October looking like a lame duck, too wounded to secure the party chairmanship (and the prime ministership that goes with it).

Meanwhile, Mr Kaifu is keen to discomfit his rivals, notably the finance minister, Ryutaro Hashimoto. As a member of the LDP's largest faction, the popular Mr Hashimoto could be a dangerous candidate in late October. Last week, however, he was almost persuaded to fall on his sword as the man ultimately responsible for the blind-



eyed supervision of the securities industry.

To embarrass Mr Hashimoto further, Mr Kaifu has been calling for a watchdog body, like America's Securities and Exchange Commission, to stamp out practices such as compensating big clients for their losses at small investors' (not to mention the taxpayers') expense or helping gangsters corner blocks of shares. Mr Hashimoto knows his officials could never countenance such an authority outside their control, and so he has to defend the very officials who condoned the hanky-panky inside Nomura and other securities houses in the first place.

The one thing still missing is a political connection to the stockbroking scandal. Uncharitable folk in Tokyo suspect more names have yet to emerge. Who, they ask, could be so important that big brokers feel compelled to cover their investment losses? The answer would seem to be gangsters and politicians—but not Mr Kaifu.

## Roger's daughter

FROM OUR WELLINGTON CORRESPONDENT

WHEN Sir Roger Douglas, New Zealand's then minister of finance, was sacked from the cabinet in 1988, it seemed to some the end of New Zealand's brave experiment in economic reform. The Labour Party was roundly defeated in last year's general election. Conventional wisdom said that Sir Roger had gone too far, too fast. On July 30th conventional wisdom was confounded by the budget of Ruth Richardson, finance minister in the new National Party government.

Miss Richardson has tackled those parts of the economy that Sir Roger could not reach. The country's health service will no longer provide "free" care to all. From next February the richest 45% of the population will have to meet the cost of doctors' visits, and part of their prescription charges and hospital fees. University and college students from well-off families will be dependent on their parents until they are 25 (not, as before, 20).

The old suffer too. The National Party had promised to remove the income test on the old-age pension. Miss Richardson complied, only to impose a new test that is in some ways stricter. To add insult to injury, the pension level is held until 1993 and the age of eligibility will be gradually raised from 60 to 65 years.

All this has overshadowed the structural changes to the welfare system. The 70,000-odd state-owned houses will be sold to a company, owned by the state but run on commercial lines. They could well be sold off. Private and public providers of health services will compete for funds. Patients will be able to opt out of the state system, taking their entitlement with them. In education, state schools will be able to receive lump-sums for their expenses and buy the services they want.

These changes are extraordinary. Yet most New Zealanders assume they are inevitable and react apathetically. The test will be whether the government can show a stronger economy by the next general election at the end of 1993. The signs are that the economy is stirring from its long stagnation. Voters with jobs, money in their pockets and cheaper loans may conceivably forget the death of a welfare system that cosseted two generations from cradle to grave.

head of a Hong Kong-based company called Tian An China that has a large and successful property-development business in Guangdong and other parts of southern China. They are convinced that Mr Chow helped Xu Jiatur, a former head of China's Xinhua press agency in Hong Kong (which serves as its informal embassy in the colony), escape to America last year.

To widespread disbelief, Mr Chow firmly denies this charge; but he also says that three Chinese government outfits (including the Hong Kong branch of Xinhua) want to sell their 10% stake in the unlisted parent company of Tian An China. Every-

one believes their motivation is political: on its business merits, Tian An is a star.

Does it matter? After the *Asian Wall Street Journal* ran a front-page story on the subject this week, Tian An's share price barely flickered and there was no unusual trading volume. But, says Mr Chow, the rumour about China's displeasure has been current in Hong Kong for three months; over that period Tian An's shares "should have performed better."

The real danger signal would be trouble on Tian An's part in getting the government approvals that are vital for its developments in China. Of that, says Mr Chow, there has

been no hint. Nor, say most observers, will there be any: the approvals are handed out by provincial and local officials, most of whom (in Guangdong anyway) do their utmost to differ from the line taken in Beijing.

This happens with purely political matters as well. Guangdong, comfortably distant from the dour autocrats in Beijing, has long been the most relaxed part of China. It is by no means free, but a study by John Kamm, a Hong Kong-based American businessman, shows that the clampdown in Guangdong after the Tiananmen Square killings of June 1989 was far less severe than that imposed elsewhere in China: fewer dissidents arrested, none executed. Christian churches are tolerated in Guangdong, foreign radio broadcasts unjammed.

Guangdong's ability to protect its people from Beijing is usually credited to Ye Xuanping, who was governor of the province until he was kicked upstairs to a job in Beijing this spring. The well-connected Mr Ye (his father was a famous army marshal and a close comrade of Deng Xiaoping) has refused to stay upstairs. He had his choice of successors in Guangdong and still spends most of his time there, making public appearances often enough to reassure everyone that he is looking after their interests.

In private, Guangdong officials profess eagerness for more political contacts with Hong Kong. Delegations of civil servants (50 or so from the Hong Kong side so far this year, 30 from Guangdong) ferry between these Cantonese cousins. Beijing restricts political contacts to the extent it can. Hong Kong should encourage them: given that it has to go back to China, it should nestle as far as possible under Guangdong's wing.

## Let's make a new start

**T**HAT contentious couple the Koreans have never really stopping loving one another. Their well-wishers are convinced that the separation imposed on them in 1945 must be coming to an end. Such, anyway, was the feeling this week when applications by the South and the North to join the United Nations came before the Security Council. The applications, due to be heard on August 8th, were expected to be approved without dissent. In September the North (which got its application in first) should become the 160th nation to join the UN, and the South the 161st.

What then? It may be some time before Koreans care to don the blue berets of UN peacekeeping forces: they are still formally at war with each other. Neither will the international buzz of the UN in New York be a particular lure: both countries are already installed there as observers, although they are not allowed to vote. Their membership of the world club mainly means that one more obstacle to normal diplomatic relations will have been removed.

Hitherto the North had insisted that the Koreans join the UN as one country under the North's leadership. It could count on the Soviet Union or China to veto any move by the South to go it alone. But these days the Russians and the Chinese want to be friendly with the wealthy and innovative South; they agreed not to use their veto. Rather than be left out, the North made its own application when it saw the way things were going. Otherwise, the North said, "important issues related to the interests of the entire Korean nation would be dealt with in a biased manner in the UN rostrum."

The begrudging tone reflects the divide that still exists between North and South. Both countries have large armies. The South's is supported by American nuclear weapons. The North is believed



**See you at the UN**... to be making a nuclear weapon. Neither country allows its citizens to have free contact with each other. This week a young South Korean who flew to the North via Berlin faced arrest if she returned to the South. Another student from the South who dared to attend a youth rally in the North was jailed for six years on her return. Clearly the South, mindful of the cost of Germany's unification, is in no particular hurry to embrace the North.

And yet: last year the two countries' prime ministers met for the first time since 1953. Direct trade, with a shipment of southern rice (to be exchanged for northern coal), started on July 27th. A North Korean diplomat recently argued for a "loose confederation" that would tolerate both capitalism and communism. He pointed out that Koreans of North and South shared the same culture, the same language. But have they grown apart since 1945? Probably not much. For a people that had been unified since the seventh century, a few decades apart may merely make the heart grow fonder.

## Japan Pleasures of summer

FROM OUR TOKYO CORRESPONDENT

**T**HE new financial scandals to hit Japan are likely to prove a particular blessing for the opposition parties. The session of the Diet that opened on August 5th is going to be so busy tightening up Japan's banking and securities laws that there will be little time left for the electoral reform that the opposition dreads.

At present opposition parties have an easy ride in a number of multi-seat constituencies. Their candidates can get elected to the lower house of parliament merely by scraping home in third or fourth place. Changes proposed by the prime minister, Toshiki Kaifu—ostensibly to cleanse the ruling Liberal Democratic Party of its excesses—would end this cosy practice. All the multi-seat constituencies would be replaced

by single-seat ones. The number of seats in the lower house would be reduced from 512 to 471. Of these, 300 would go to the winners of first-past-the-post contests, the rest would be allocated by proportional representation. The opposition does not relish these competitive refinements to the democratic process.

One advantage the reforms have for the Liberal Democrats is that the party's enormous appetite for cash would be reduced. At the moment the party has to put up several candidates in each of the multi-seat constituencies, and then provide financial backing for dozens of semi-independent candidates whose support it seeks. The cost to the party averages ¥1 billion (\$7.3m) a seat. The cost of a seat to an opposition party is reckoned to be less than a twentieth as much; it would be far costlier for it to fight a first-past-the-post contest.

Mr Kaifu sought the 61-day special parliamentary session that began this week not only for electoral reform but to get approval for his plan to send Japanese forces abroad on peacekeeping and disaster-relief missions. Behind Mr Kaifu's determination to be seen as a reformer was the not unrelated thought of looking good during the run-up to the party's leadership election in October. Getting re-elected as party chairman would automatically make Mr Kaifu prime minis-



Will Hashimoto bow out?

ter for another two years.

The way things are going, he probably will. But electoral reform may have to wait. The prime minister may have to be content with getting just his peacekeeping and disaster-relief legislation through parliament. The rest of August and much of September is going to be taken up with discussion on the financial scandals (see page 70). The So-

cial Democratic Party of Japan (formerly the Socialists) has got Mr Kaifu to agree to press for an independent watchdog along the lines of the Securities and Exchange Commission in America. The idea is bound to be resisted by the finance ministry, which tolerates no interference from politicians.

Mr Kaifu was lambasted by opposition leaders after his opening speech on August 5th. Koshiro Ishida, chairman of the Komeito ("clean government party"), criticised the prime minister for devoting less than 10% of his speech to the stockmarket scandal. The Communist Party's chairman, Tetsuzo Wada, complained that Mr Kaifu was seeking to deal with the stockmarket scandal too quickly. Makoto Tanabe, the newly elected chairman of the Social Democrats, demanded that the government and the finance minister, Ryutaro Hashimoto, should clarify their involvement in the securities scandal.

But the criticism was merely a warm-up for what is being prepared for Mr Hashimoto. None of the opposition parties will be happy until they have been granted a special parliamentary committee to investigate any financial wrongdoings, and been given a list of the companies and individuals who received kickbacks. What they would dearly like to see is the names of some prominent Liberal Democratic politicians involved in the securities scandal—just like the Recruit shares-for-favours affair two years ago. That scandal led to a conquest of the upper house by the opposition. Rumour has it that some two dozen Liberal Democrats have already been identified by the financial authorities.

The hapless Mr Hashimoto has already had his name linked to a scandal in the headlines. His personal secretary acted as a go-between for Fuji Bank as part of a deal involving ¥260 billion (\$1.9 billion) of allegedly illegal loans. Sooner or later, the opposition parties are going to be demanding Mr Hashimoto's head on a plate. Apart from anything else, that might postpone discussions on electoral reform.

## Shaking in Shibaura

FROM OUR TOKYO CORRESPONDENT

THE clubs, discos and other nocturnal dives in Tokyo are mostly small, because of astronomic rents, and are supposed to close at midnight. Juliana's disco, located in a warehouse in the Shibaura district on Tokyo's waterfront, is large. The police allow it to stay open until four in the morning, at least at weekends. Juliana's has become the place to be.

After a hype-filled opening night in May, 22,000 people came through Juliana's doors in June and spent ¥109m (\$800,000). In July 25,000 people spent ¥120m. On its safety-deposit boxes alone, where Japanese ladies like to leave



their handbags, the club earns ¥2m a month.

Its clients are not the cool types who will soon move on to the next hot spot. Rather they are prosperous though not particularly trendy yuppies. The success of Juliana's shows there are boundless opportunities in Japan to import foreign kinds of entertainment adapted to local tastes. Leisure is a concept which has barely begun to be developed in Japan. Yet younger people, especially women, who are increasingly opting to stay single and not be trapped into marriage with a constantly absent salaryman, want lots of entertainment and are prepared to pay for it. The admission price at Juliana's is around ¥5,000.

Juliana's is a joint venture between Wembley, one of Britain's largest leisure-management groups, and Nissho Iwai, a Japanese trading company. It was two years in the planning and cost ¥1.5 billion (\$11m). It has high-tech wizardry, such as 49 video monitors, which the Japanese love. With the yen flowing in, four more Juliana's are planned during the next two years in Kobe, Osaka, Nagoya and Sapporo.

## India

### One man's law

FROM OUR DELHI CORRESPONDENT

TWO hours' drive from parliament in Delhi, Mahendra Singh Tikait runs a government of his own. He declares that all politicians are rogues and all policemen are bandits in uniform. In 84 villages surrounding his own of Sisauli, he claims that authority rests with a group of five village elders. In fact, the group is controlled by Mr Tikait.

Thousands of Mr Tikait's supporters bear guns. Mr Tikait tells farmers not to pay for canal water or electricity for their wells. No state government has dared cut off the

# ASIA

## Left to rot in Japan

The collapse of the Soviet Union affects different Asians in different ways. The next three articles examine the repercussions for Japan, China and India

FROM OUR TOKYO CORRESPONDENT



It turned out to be a swan-song

TO BE a Communist in Japan sounds like a contradiction. Japan's success as an economic power is assumed to owe little to Marxism. Yet the Japanese Communist Party has been a considerable force. With its 450,000 members, it is the third largest communist party in a democratic country, after Italy's and France's. Until recently it had 26 members of parliament. But a has-been it looks increasingly like becoming. At the last general election the Communists lost ten of their 26 parliamentary seats, a catastrophe blamed on the Chinese massacre in Tiananmen Square. The disintegration of the Soviet Union and the dismantling of its Communist party have further rattled the Japanese comrades. They fear that after the next general election they may have no members of parliament at all.

Like the Communists of eastern Europe, the Japanese Communists look back nostalgically to their great days after the second world war. Anyone known to be a Communist was jailed during the war. The Ameri-

can victors, faced with the problem of turning Japan into a democracy, encouraged the Communists: at least they were untainted by Japan's militaristic past.

In the mid-1950s the party abandoned its doctrine of violent revolution. Instead, it would pursue its aims through parliamentary democracy. The hardliners went their own way. But hardliners and democrats both had a great time in the late 1950s, when they were a driving force in bitter union battles with big business, and again in the 1960s when anti-Americanism grew over the Vietnam war.

Now even the ageing bomb-throwers of the far left are losing their enthusiasm for the fight. Some who have taken refuge abroad are pleading to be allowed to come home. Among them are five Japanese who hijacked an aircraft to North Korea in 1970 and have been there ever since. (Stay there, says Japan.) The number of violent incidents blamed on radicals dropped from 87 in 1985 to 27 in 1989. Last year more fires

were started and home-made mortars let loose. But those pyrotechnics were the culmination of years of preparation for the death of Emperor Hirohito, and the enthronement of his son, Akihito. It was the swan-song of leftist violence. The tally for this year's violence is expected to be small.

Few Communists have bothered to keep in touch with people's changing views. None has addressed such issues as high land prices, the exploitation of consumers and political corruption—the issues of today. The Japanese Communist Party is clean, a rare quality in the country's politics, but it makes the mistake of being self-righteous. Uneasy about the gun-toting Communists of China and horrified at the reformers of the ex-Soviet Union, the party believes that it alone now carries the true flame of scientific socialism. "We have long held Marxism to be the distillation of all human wisdom," says Kenji Miyamoto, the party's octogenarian leader. "Mikhail Gorbachev is now trying to overthrow this."

After being transfixed for two weeks following the failed coup in Moscow, the party has now taken to issuing almost daily statements. It denounces "the great-power chauvinism and hegemony" of Soviet Communists under Stalin, Brezhnev and Gorbachev. "We gladly welcome the end of the party of colossal historical evil," the party's Central Committee has quaintly announced. It welcomed the Soviet Union's recognition of Baltic independence with the words: "The hegemonist error of Stalin had not been corrected until now." The Japanese of today, apolitical to a degree unimagined by their countrymen a generation ago, merely yawn in response.

Mr Miyamoto has clung more tenaciously to power than many a Marxist dictator, notes Takuro Suzuki, a political commentator. East Germany's Erich Honecker managed only 18 years as leader. Romania's Nicolae Ceausescu lasted for 24 years. Mr Miyamoto has wielded absolute authority over his party for 31 years. His strict Marxist orthodoxy and rigid style of management have stifled dissent and anchored the party in the past. The public has reacted accordingly. Even party members were embarrassed by Mr Miyamoto's warm relations with Ceausescu and his criticism of the popular uprising against his regime.

Though a stickler for law and order, the party is still watched by the Japanese police. They suspect it is the last remaining breeding-ground for potential radicals. The universities have become conservative. Thirty years ago leftist organisations could count on four out of five students to join the revo-

lution. The largest of the ultra-left groups, the Chukakuha (Middle Core Faction), used to do most of its recruiting at Hosei University in Tokyo. A smaller group, the Kaihoha (Liberation Faction), operated around Meiji University in Tokyo. In today's prosperous Japan fewer than one in 10,000 students gets involved in radical politics.

The ultra-left has fragmented into more than two dozen squabbling factions. They spend more time fighting one another than trying to demolish the pillars of Japanese society. A steady four or five murders a year have occurred among extremists since the 1970s. All the radical factions are believed to have been infiltrated by informers. The Chukakuha has been effectively neutralised since police raids on its hideouts in Kobe and Tokyo unearthed weapons, records and cash. The police hold files on some 35,000 extremists, no more than a third of whom are reckoned to be even remotely active these days.

Members of the once-notorious Japanese Red Army are in jail, exile or under surveillance. The group's leader, Fusako Shigenobu, is believed to be hiding in the Middle East. The Japanese police set up an anti-terrorist force in January after the Red Army threatened to "block" the country's plan to send military transport aircraft to help out in the Gulf. Nothing happened.

## China

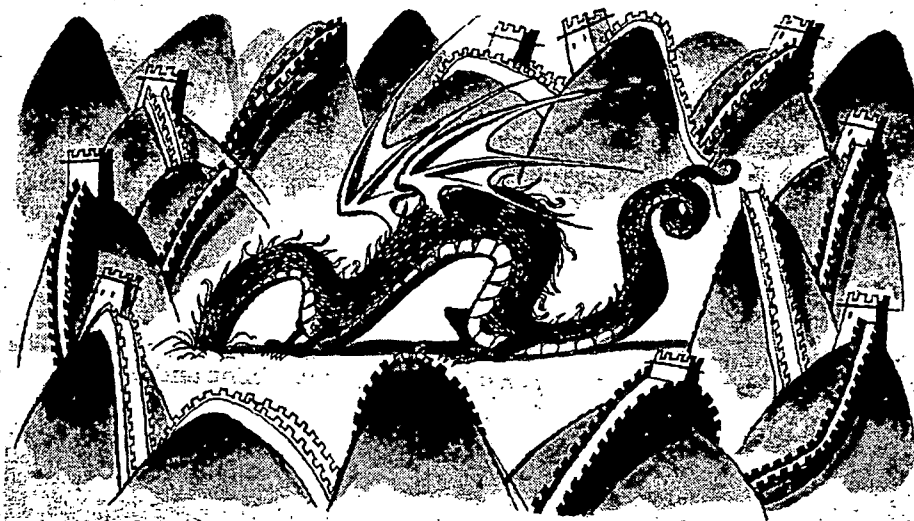
# Power still comes out of the gun

FROM OUR BEIJING CORRESPONDENT

**S**UPPOSE there were a revolt against the men who run China, and the army refused to protect them. The Communist Party chief, Jiang Zemin, addressed this question this week. His answer: the army must be told now, firmly, "The party holds the gun."

Mr Jiang's stern directive, in the *People's Daily* of September 11th, appears to reflect the party's dismay at the failure of the coup against Mikhail Gorbachev. Some officers in the Soviet army disobeyed orders to open fire on opponents of the coup. This, the Chinese believe, unnerved the coup leaders. No such reluctance was evident in the soldiers who killed students demonstrating in Tiananmen Square in June 1989 in pursuit of democracy. However, it has since become known that many in the so-called People's Liberation Army feel shame at having fired on Chinese citizens. Some units might have refused to do so. Mr Jiang fears that next time the soldiers might hold their fire, or even side with the demonstrators. That is what he is determined to prevent.

A document circulating among party



members praises the decision to put down the Tiananmen demonstration. Chinese Communists, says the document, cannot afford to be weak. Mr Gorbachev is harshly criticised for disbanding the Soviet Communist Party, but the leaders of the attempted coup are also blamed for not being sufficiently steeped in revolutionary tradition. In reassuring tone, it tells China's party members that as long as the veterans of the Long March are in charge, hardline communism is safe. The document is assumed to have the approval of China's senior leader, Deng Xiaoping.

High-ranking officials have been allowed to read the document. Others are allowed only to listen, forbidden even to make notes lest news of the contents should slip into the wrong hands. China has scrupulously avoided giving an opinion in public about Mr Gorbachev's death blow to Soviet communism. However, with 50m party members privy to the sacred words, it is inevitable that they should be freely discussed. The document offers no hope of political reform, instead painting a picture of a party preparing for a long battle with the forces of "peaceful evolution", otherwise known as democratisation.

An earlier hastily composed document had praised the Moscow coup. Officials had quickly to withdraw it when the coup collapsed. It is rumoured that China was about to offer military support to the coup leaders. Another rumour, denied by China, is that it has given asylum to some Soviet officials who supported the coup attempt.

Despite giving the appearance of business as usual, China's leaders are believed to be deeply concerned by their isolation. The communist world, after all, seems to be shrinking by the day. On September 8th the Vietnamese foreign minister, Nguyen Manh Cam, visited Beijing, journeying symbolically through Friendship Pass between the two countries. He put the final touches to a forthcoming meeting between

Vietnam's party leader, Do Muoi, and Mr Jiang, when normal relations will be restored between the two countries after 12 years of enmity.

But renewed friendship with Vietnam does not greatly excite China. Nor does its continued ties with that other heartland of hardline communism, North Korea. China is really rather attracted by the more tangible charms of the South. South Korean television reported that Mr Deng had sent a message to Seoul calling for full diplomatic ties. The South Korean foreign ministry denied the report, probably under pressure from China, which wants to avoid giving the impression that diplomatic relations can be bought with mere money.

## India

# Old friends out of kilter

FROM OUR DELHI CORRESPONDENT

**T**HROUGHOUT the cold war, the Soviet Union was not just India's superpower friend but also its biggest trading partner and supplier of arms. That cosy relationship is disintegrating. With the end of the Kremlin's global ambition and the collapse of its authority at home, no one in India now knows whom to talk to in Moscow. Even if they did, what would they talk about?

The uncertainty is disquieting. India has traditionally seen China and Pakistan as the main threats to its security, and believed that only the old Soviet Union could deter China from a military adventure on the disputed Indian border. For its part, the Soviet Union has viewed India as a bulwark against Chinese expansion and American domination of South Asia. The two countries signed a 20-year treaty in 1971 that fell not far short of a military alliance. The treaty

# ASIA

## The luckiest man in Japan

FROM OUR TOKYO CORRESPONDENT

**T**HE ONCE unthinkable is about to happen in Japan. Toshiki Kaifu, the mildly bungling backbencher who was plucked from obscurity two years ago to act as a stop-gap prime minister, is almost certain to get a second term. Mr Kaifu's stint as president of the ruling Liberal Democratic Party—and thus prime minister—comes to an end in late October. He looks like being made president for another year. That would put him among Japan's longest-serving prime ministers in recent years.

Few people thought Mr Kaifu would last even a few months, let alone a two-year term, before being forced to hand the reins of government back to political heavyweights within the party. He has survived almost entirely by accident, not skill. Because of his bungling, Japan's contribution to the cost of the Gulf operation by America and its allies was seen, unfairly, as too little, too late. His bill to allow Japanese to go abroad as part of a United Nations peace-keeping corps is stalled in the Diet. Three bills designed to clean up Japanese politics are expected to die when the parliamentary session ends on October 4th. The legislation to deal with Japan's scandal-plagued banks and stockbrokers is not expected to be passed.

Yet, despite this catalogue of failure, Mr Kaifu's popularity has soared. To the public, the prime minister is seen as a typically sincere if slightly incompetent Japanese salaryman, perpetually harassed by powerful figures behind the scene. That is why the voters have backed him—and, indirectly, the party. Thanks to Mr Kaifu, the Liberal Democrats had a popularity rating of 55% in August, the highest since it was founded 36 years ago. The party now has a record 5.4m members.

Mr Kaifu's luck is the result of others' misfortune. As a member of the smallest faction within the party, he has been prime minister only on the say-so of the powerful

clique headed by Noboru Takeshita. Mr Takeshita had to resign as prime minister after being implicated, along with other politicians, in the Recruit shares-for-favours scandal two years ago. By now Mr Takeshita could have expected the public to have pretty well forgotten the scandal, leaving him free to reclaim the prime ministership. But a series of new financial scandals has reminded ordinary folk of the sordid shenanigans going on among the rich and the powerful. Mr Takeshita has wisely chosen to keep his head down for a little longer.

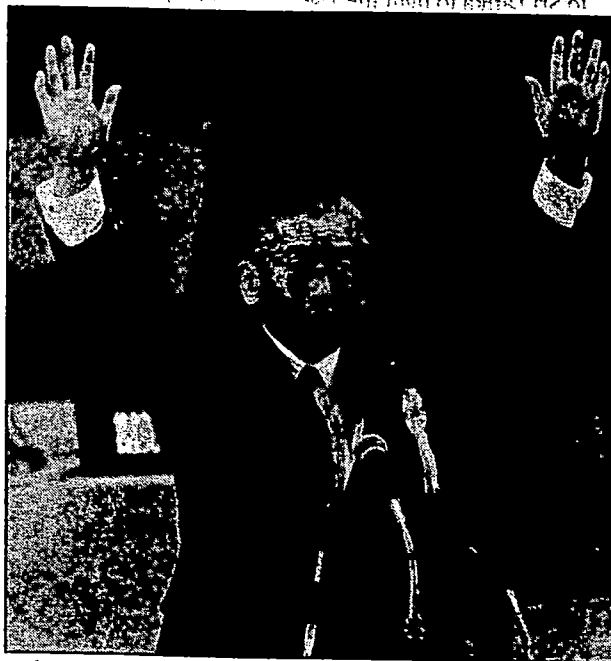
He might have considered putting up a candidate from his own faction for the top job. However, the two possible candidates are in trouble. The finance minister, Ryutaro Hashimoto, is to resign on October 18th. He will take responsibility for the financial scandals that happened on his watch. He is also under a cloud because an aide turned out to be a go-between in a banking fraud. The Liberal Democrats' former secretary-general, Ichiro Ozawa, a bully albeit a clever one, has had a heart attack. Neither man can expect to be rehabilitated, politically or physically, for several years. So Mr Takeshita will let the harmless Mr Kaifu

stay on as prime minister for a while.

Others in the party have been trying desperately to prevent that from happening. The party's three other main cabals—those headed by Hiroshi Mitsuzuka, Kiichi Miyazawa and Michio Watanabe—could together easily out-vote the Takeshita faction. But to do so would make a fearsome enemy of Mr Takeshita and his mentor, Shin Kanemaru, the godfather of Japanese politics. The bosses of all three factions have said they will stand for election in October. But only Mr Miyazawa means what he says. He is due to announce his candidacy immediately after the Diet session ends next week.

Mr Mitsuzuka and Mr Watanabe are not planning to announce their candidacies until a few days before the election on October 27th, and may never do so. Both are believed to have done deals with Mr Takeshita. In exchange for agreeing to an extension to Mr Kaifu's term, Mr Mitsuzuka and Mr Watanabe each want a senior party post (that is, secretary-general or executive council boss) and later a top ministerial job. Mr Kaifu, they feel, should be given only one more year in office rather than two—and preferably less than that.

In their view, Mr Kaifu should be allowed to remain in the prime minister's residence until next July, when an upper-house election is due. At present the opposition parties, having done well in the wake of the Recruit scandal, hold the majority of seats in that house, and have been making life difficult for the Liberal Demo-



Takeshita decides, Kaifu abides



crats. If Mr Kaifu can win back the upper house for his party, it is argued, the Liberal Democrats' problems will be over. Mr Kaifu could then be packed off to the sleepy backbenches from where he was plucked, and the heavyweights will take over.

Before that happens, though, other political dramas have to be played out. Mr Mitsuzuka and Mr Watanabe are not the only ones talking quietly to the Takeshita faction. Some of the Miyazawa faction's members have been taking the precaution of apologising beforehand to Mr Takeshita for having to back their leader's bid for the party leadership. Mr Miyazawa will be 72 next week and this will be his last chance to stand for the prime ministership. He too has had to stay away from public office while memories of the Recruit affair linger.

Everyone agrees that Mr Miyazawa is one of the most talented politicians in Japan, with a high intelligence, a wealth of experience in cabinet and on the international stage, and, usefully, fluent English. But he lacks the common touch, and has little support outside his own faction. Close friends suspect that Mr Miyazawa will suffer a humiliating defeat in the party's presidential race in October. Afterwards, the leadership of his faction may pass to a younger man. Perhaps some members will defect to the Takeshita camp. Mr Miyazawa knows all this and more, but he has to try for the sake of his faction's morale as well as his own ambition.

Another little drama concerns the length of a prime minister's term of office. Two weeks ago a Liberal Democratic committee started discussing the idea of extending the president's term from two years to three. The ostensible reason being given for this previously unheard-of proposal is that two years is simply too short compared with the four years or more enjoyed by leaders of other industrial countries. A more realistic reason is that Mr Takeshita and the other ageing bigwigs who will be taking over after Mr Kaifu has served his purpose are determined to remain in office for as long as possible before having to hand over to a new generation of leaders. Mr Kaifu, though, is probably going to get only one more year, and should count himself lucky to get that.

### Sri Lanka

## Our allies, the Tigers

WHEN the Indian army sailed away from Sri Lanka in 1990, it left behind a local defence force. This force, called the Tamil National Army, had been recruited, armed and trained by the Indians. Its job was to hold the areas in north-eastern Sri

## Putting pep in her handbag

FROM A TOKYO CORRESPONDENT

IT USED to be only the men in Japan who needed pepping up. Make-believe aphrodisiacs were gulped down by the gallon by optimistic Japanese. These days, though, Japan's new generation of career women are proving to be faster on their feet than teenagers, freer spending than young married couples, and more imaginative than a salaryman. Don't they need a tonic too? Of course they do.

Try the pep drink, probably the most expensive dose of caffeine in the world. A small bottle costing ¥300 (\$2.25) and up contains 50 milligrams of caffeine—about the same as a cup of coffee. Pricier versions contain dubious additives: ginseng, royal jelly, even antelope horn and tincture of viper, plus a harmless dollop of vitamins. The dedicated career woman will cheerfully pay ¥3,000 a swig for the experience. Her husband, no doubt disappointed by aphrodisiacs, may do the same. Hardened pepoholics gulp a bottle at breakfast, another after lunch, and a third before hitting the bars in the evening.

The market for tonic drinks for both men and women has been growing since the mid-1980s. It is expected to reach



¥100 billion this year. For many of the smaller suppliers, selling little fizzy drinks in one-gulp bottles accounts for more than half their turnover. But with all the large suppliers—Sankyo, Yamanoichi, Otsuka, Takeda, Asahi Chemical—well entrenched, any new entrant has to search for a niche of its own. Women have provided it. One tonic includes an ingredient said to improve the skin. Another contains nutrients said to ward off anorexia.

What next after this market is saturated? A small Osaka firm, Sanko Pharmaceutical, thinks it has the answer. For ¥200 it is offering little bottles of Wanbitan—a tonic said to make the family dog wag its tail off with joy.

Lanka that had been cleared of Tiger guerrillas by the Indians, and generally to protect all peaceable Tamils. The Sri Lankan government, under President Ranasinghe Premadasa, had, it seems, other ideas.

Although the Indians had been invited to Sri Lanka to fight the Tigers, they had, in the government's view, overstayed their wel-

come. Mr Premadasa now wanted to negotiate with the Tigers, not to fight them. To get the Tigers to the negotiating table, he ordered the Sri Lankan army to assist the Tigers against the Tamil National Army, and to provide the Tigers with arms. Little has been heard of the Tamil National Army since. It is assumed that many of its mem-



Indians train the doomed Tamil National Army

## THE DOCTOR'S WORLD

## Every Time Bush Says 'Ah,' Second-Guessers Of His Doctor Cry 'Aha!'

By LAWRENCE K. ALTMAN, M.D.

WASHINGTON ANY time a President is ill, his doctor in the White House is barraged with unsolicited advice and criticism, making him the most second-guessed doctor in the world.

President Bush's personal doctor, Burton J. Lee 3d, knows the phenomenon well. In news reports and in an avalanche of mail to his office in the White House, Dr. Lee has been attacked for prescribing the sleeping pill Halcion for Mr. Bush. Dr. Lee was also criticized for the way he handled Mr. Bush's collapse at a state dinner in Japan last month. And last year he was harshly criticized for not ordering a thyroid test as part of Mr. Bush's annual checkup that might have detected Graves' disease before it caused an erratic heart beat.

Many doctors would cringe from attacks on their skills. But Dr. Lee does not shy from controversy. In fact, he closely follows reports of the President's health through newspapers, television and news briefs that are sent to his office several times a day. He said he reads every letter he gets and stashes the interesting ones in his desk.

Nevertheless, there are signs that some comments strike a raw nerve.

Although he is a graduate of the Columbia University medical school and practiced for 30 years, specializing in lymphomas, at Memorial Sloan-Kettering Cancer Center in New York City, he said: "Doctors from all over the country write and tell me things: You may not be aware that aspirin can give you intestinal bleeding. You may not be aware that there are side effects of this, that and the other drug. Where the hell do they think I went to medical school? But I write very polite letters back to everybody and say, yes I am aware of these things."

Although they usually resent criticism of their medical decisions, doctors are well known for second-guessing another's work, even if they have no firsthand knowledge of a case.

The second-guessing of a President's care comes in a variety of forms, from leading professors to people who have suffered similar conditions. Doctors not connected with a President's case freely offer analyses of his ailments, and they write to the White House about their pet ways of

handling various medical problems. Most comments reflect sincere efforts to help, but some come from those out to gain fame or fortune by consulting in some way on a President's case.

In the White House, Dr. Lee heads a staff of doctors, nurses and physician's assistants who look after the Bush family, the Quayles and other White House personnel. The President has a doctor nearby around the clock. "We disagree very seldom, about the same as any other bunch of doctors," Dr. Lee said.

Dr. Lee is well aware why White House doctors are watched closely, particularly in an election year. Some have played important roles in American history by concealing serious Presidential illnesses and helping to manipulate elections.

On occasion, Presidents have received questionable medical care.

## What rankles Bush's physician the most is the dispute over a Halcion prescription.

When President Eisenhower suffered a heart attack at night in Denver in 1955, Dr. Howard Snyder told the President's wife, Mamie, to get back in bed with her husband to keep him warm and delayed sending Mr. Eisenhower to a hospital for the better part of a day.

Dr. Max Jacobson, a New York doctor, gave President Kennedy mind-affecting amphetamine injections before a summit meeting.

Of all the criticism, it is the prescriptions of the controversial sleeping pill Halcion for Mr. Bush that seems to rankle Dr. Lee most. Although Dr. Lee insists he was correct in prescribing Halcion, he has said he will try to avoid it for public relations, not medical, reasons.

Dr. Lee has repeatedly said Halcion had nothing to do with Mr. Bush's collapse at the dinner. Dr. Lee said earlier this month that Mr. Bush had not taken a Halcion for at least a week before he collapsed. But one reporter, John Cochran of NBC News, said the President remarked a few hours before he collapsed that he had



George Tames for The New York Times  
Dr. Burton J. Lee 3d, President Bush's doctor, in his White House office, where he receives an avalanche of mail from others doctors advising him on the President's health. He says he answers it all politely.

taken half a Halcion pill the night before because of difficulty sleeping.

Last week Dr. Lee refused to discuss the discrepancy, calling Halcion a closed issue.

Even the President himself can second-guess his doctor. For example, Mr. Bush disregarded Dr. Lee's advice to skip Prime Minister Kiichi Miyazawa's dinner after he became ill and had to leave the receiving line before the event.

Expecting a medical problem, Dr. Lee said he briefed key aides about Mr. Bush's condition and watched the President carefully from his table.

"I could see it coming 40 seconds before it happened," he said. "I saw his face go absolutely dead white. He looked like a curtain coming down! I was out of my chair and trying to get to him before he went, but I did not get there in time."

Dr. Lee arrived just after Mr. Bush hit the floor.

Because Mr. Bush fainted while seated, which is unusual, some leading doctors have speculated that he collapsed from a transient episode of a Stokes-Adams attack, in which the heart beats extremely slowly, about 30 beats a minute. Dr. Lee said he had heard the suggestion but said Mr.

Bush's electrocardiogram showed no evidence of such an attack.

"Most doctors feel I should have brought him to a hospital, or should have done this or that," Dr. Lee said. But to him, the diagnosis was a straightforward case of gastroenteritis, or intestinal flu, striking Mr. Bush after hitting others in the Bush entourage. "I had been living with Presi-

confusion follows. However, the White House has been criticized for adding to the confusion by not issuing a statement from Dr. Lee or having him answer questions about Mr. Bush's condition.

Dr. Lee acknowledged the confusion, but said he did not issue a statement or speak to reporters because "it wasn't a major thing."

"If something bad is going to happen, I am going to be obviously out there," he said. "I saw no need to hype it, make a big deal out of it. It was just unfortunate that the guy got sick on camera."

Despite confidence in the diagnosis, Dr. Lee and other White House officials on the scene in Japan may not have appreciated the degree of anxiety that Mr. Bush's collapse created in the United States. It is a case, where not providing sufficient information and communicating to the public in a timely way raised unnecessary second-guessing and speculation about a President's health.

As a doctor working at the heart of the Washington establishment, Dr. Lee has an unusual vantage point on the debate over health care, and on this issue, at least, it is he who second-guesses other doctors.

His medicine is easy to prescribe but difficult to take: doctors should stop bickering and start developing plans that they could present to Congressional and White House leaders, he said.

"There are a lot of people of good will around Washington who are as frustrated" by the health care system as most doctors are, he said: "They would love to start bartering with the medical profession, but so far they have not had anyone to barter with except for a bunch of doctors who come around complaining."

Dr. Lee said medical colleges and medical centers should unite with the American Medical Association to develop new plans.

For example, he urged that physician assistants and nurse practitioners be trained to perform some tasks now done by doctors. He said the physician assistants and nurses, who work in the White House "pick up physician errors all the time."

The most difficult aspect of reforming health care, Dr. Lee said, is to persuade doctors "to look at it from the point of view of the patient."

"It bothers me to see doctors driving around in expensive Mercedes Benzes," he said. "It is not that they don't deserve them, or they shouldn't have them, but can't they understand that every person who sees them drive knows that every cent paid for the Mercedes came out of somebody's pocket who was sick."

The New York Times Magazine illuminates the news.

## Practicing medicine in a fishbowl: the White House.

dent Bush for 12 days," he said. "I know when he is having a serious problem and not having one."

Last May, Mr. Bush spent nearly three days in a hospital because of an erratic heart beat and an overactive thyroid. Dr. Lee was criticized for not having detected the thyroid disorder within the first hours of the President's hospitalization or in the annual checkup a few weeks earlier.

"We were second-guessed instantly on every single thing we did in handling his Graves' disease, and by experts at the big medical schools, none of whom were on the scene," Dr. Lee said. "Now, doctors ought to know better than that."

Such criticism "is a risky business for even the most expert" armchair medical observers because they have not examined the President, do not know the full test results, and do not have the intimate knowledge of a patient that comes from day-to-day contact, Dr. Lee said.

But in the wake of the thyroid controversy, Dr. Lee said he has asked experts for a list of tests that they believe should be performed on a healthy 67-year-old. Although Dr. Lee has long been critical of doctors who order too many costly medical tests, he said he would include some suggestions in Mr. Bush's next checkup in several weeks, though he did not identify them.

Some comments are instructive in other ways. Last week he said he learned of a syndrome, described about a decade ago, including left-handedness, autoimmune disorders and certain other problems. The President, who is left-handed, has been treated for Graves' disease, an autoimmune disorder. Some people with the syndrome are dyslexic and Dr. Lee speculated that Mr. Bush's well-known problems with syntax might be linked somehow to the other conditions.

Any time a President is suddenly taken ill, as Mr. Bush was in Japan,

Photocopy-Presentation

**Ammunition Plant**, a government-owned, contractor-operated installation, will lay off up to 190 workers beginning this month. Officials of Hercules Inc. blamed a declining need for propellants and ammunition in the nation's shrinking defense budget coupled with plans to reduce Radford's operating costs.

**Wendy's**, the fast-food chain parent, said its profit rose 40 percent in the fourth quarter and 31 percent for all of 1991, and its sales hit records.

**Centel Corp.**, the Chicago-based telecommunications company that employs 9,000 people, put itself up for sale after directors voted to solicit bids.

**AT&T** said consumers who use its telephone calling cards now can leave recorded messages for people they call when they get a busy signal or no answer. The company charges \$1.75 for a one-minute message.

**Motorola** said it is joining forces with Apronix, a developer of "fuzzy logic" software application tools. Fuzzy logic is a relatively new technology that electronically approximates and even anticipates human thought processes in control and decision making.

**Sony** said it is developing Sony Digital Sound, a new technology designed to bring compact disc-quality sound to motion pictures. It said it would disclose the full details of the technology and the timing of its introduction later this year.

**INSIDE**

If the LTV bankruptcy process were a soap opera, the past few episodes would have drawn a lot of outrage, writes columnist Allan Sloan.

page 3

**F**his top economic team have complained that the Federal Reserve was squeezing the U.S. economy by keeping interest rates too high.

The president then turned around last fall and nominated the man in charge, Fed Chairman Alan Greenspan, to a second four-year term.

Both Democrat and Republican members of Congress have grumbled that under Greenspan the central bank has insisted on fighting an unnecessary war against inflation when it should have

mittee will soon recommend to be confirmed to a new term, Senate. The inevitability of Greenspan's reflects both his personal credibility: any real alternative either to him or With Bush and Congress often at tax and spending policies that can quickly or easily, the Fed has the economic policy game in town.

And the ongoing political un Greenspan reflects the limits of the See GREENSPAN, E2, C

NEWS ANALYSIS

## Key Executives View Bush Trip to Japan as a Success

By Stuart Auerbach  
Washington Post Staff Writer

While President Bush's trip to Japan last month has been widely seen as a political disaster, key corporate executives who deal with Japan are viewing it as a success that could produce expanded business and create the jobs for American workers that the president said he was aiming for.

Some business executives, including several who went to Japan with the president, said in recent interviews they are seeing signs the trip could help their efforts to sell not only in Japan but also in the rest of Asia.

William J. Wheeler, a corporate vice president of Chicago-based FMC Corp., was in Tokyo a week after the president left to open a new Asian office for his company and said he immediately noted a new willingness to buy American products.

"The trip was a commercial success," said Wheeler, whose company makes a variety of products from agricultural chemicals to massive street sweepers.

"We believe that it created greater opportunities. The Japanese are clearly concerned about the political situation . . . [and] they are going to do something about it. It's going to be a bit easier to sell. The door is open a bit. Their uneasiness [about anti-Japanese feelings in the United States] is likely to translate into some action, as little as they can get away with," said Wheeler, who will be stationed in Tokyo.

Guardian Industries Corp., which has complained to the Bush adminis-

tration and Congress that a cartel of Japanese competitors has kept it out of the commercial glass market, believes that an agreement between Bush and Japanese Prime Minister Kiichi Miyazawa to open that market now gives it a chance of succeeding in Japan.

"Without the political effort from the president in concluding the agreement, we stood a very small chance of succeeding. It's still an open question whether we will, but now we have a chance," said Peter Young, director of international business for Guardian, a Michigan-based producer of glass products used in the construction and automotive industries.

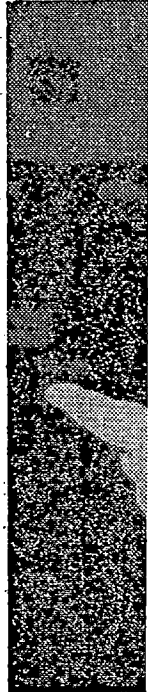
Companies are reporting new opportunities even in the business of selling U.S.-made auto parts to the major Japanese producers, a sector where American firms are battling what they feel is the false—though widely held—view in Japan that their products are inferior.

John P. Reilly, president of Teneco Inc.'s auto parts unit and head of the government's Auto Parts Advisory Committee, who was on the presidential trip, reported after revisiting Japan this month that Japanese automakers are taking steps to buy American-made parts for their plants in Japan and the United States.

Reilly said that American parts manufacturers have been invited to join the design process for 1995 model cars—a crucial step in winning a big share of orders.

On the services side, Maurice R. "Hank" Greenberg said Bush's discus-

See JAPAN, E2, Col. 4



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statement released by the Eco- Policy Institute, a Washington group financed in part by labor funds, Galbraith and the other economists said the rise in long-term rates, and the continued wide between long- and short-term suggest that the Greenspan "a severe credibility problem." "The credibility problem is this: Greenspan and his Fed have made re-inflation and inflationary expectations their top priority. The markets this means that the Federal Reserve will raise short-term interest rates. There is any sign of an uptick in rates," which is why long-term rates do not fall and stay down, the Fed said.

An active policy requires a new Fed Reserve chairman, one who is not to be committed to economic growth—including price stability—like Greenspan, one with a bias in favor of inflation to the detriment of economic growth," the economists de- clared. Greenspan and most other top Fed makers, however, believe the Fed should not let the underlying inflation rate—that is, the rate of change in volatile food and energy prices—accelerate, prices will rise faster until the Fed is forced to raise rates, cool off the economy and the price balloon, they argue. The Fed should try to keep things under control in the first place, they maintain. "We believe that price-level stability is essential to achieve a maximum sustainable rate of growth over time," said William D. Kelley, another member of the seven-person Federal Reserve. "We also do not believe there is a sustainable rate of inflation. If you come out with a 4 percent to 5 percent rate of inflation, first thing you know it is starting creeping up on you, and then it's 7, 8 or 9 percent." "It was the threat the Fed saw 10 years ago, Greenspan told senators in 1988 and early 1989, the Fed's policy was stretched so tight and the unemployment rate so low that inflation was accelerating. "When he was not at the Fed then, Greenspan vividly recalls "the 1979-80 episode when inflation soared and the Fed shocked the economy with the high interest rates since the Civil War, bringing it under control. "I will not repeat that, to the extent of our ability to prevent it," Kelley

economic, according to the AFL-CIO. The labor leaders argued there would be no guarantee that the tax savings resulting from the cuts would be spent on goods and services.

"What a recession-weary nation needs—and needs now—is jobs," the statement said. "The only way to create jobs quickly is through a program of government fiscal stimulus—priming the pump with immediate, direct government spending on public works projects, on education and training, on programs to build new housing for low- and moderate-income Americans, on aid to state and local governments to forestall further public service cutbacks and on the further extension of unemployment benefits to help those who remain jobless ride out the recession."

AFL-CIO President Lane Kirkland later told a press conference that any new tax cuts should be "revenue neutral" to prevent further increases in

should "by no means be the centerpiece of the program to restart the economy."

The federation said it would go along with proposals now before Congress to provide a temporary, two-year credit of 20 percent of Social Security taxes up to \$400 per family and a permanent change in the deduction for children to a credit of \$800. But even here, the labor leaders said they would go along with such a change only if the revenue loss were offset by a tax increase on the richest 1 percent of Americans.

The biggest problem with middle-class tax cuts, the AFL-CIO said in its statement, is that it "threatens to distract Congress from what should be its highest priority—creating jobs through a short-term dose of fiscal stimulus and enacting long-term measures to put the economy on a solid footing and make the nation

the deficit.

The AFL-CIO policy position puts labor somewhat at odds with the Democratic leadership in the House, which has adopted an economic recovery package that includes tax cuts for the middle class as well as cuts in both the capital gains tax and corporate income taxes.

Kirkland said he was not satisfied with the Democratic plan and hoped it could be modified to meet labor objections. He said the AFL-CIO strongly believes that investment income should not be taxed at a lower rate than wages.

While Kirkland had problems with some parts of the Democrats' economic program, he made it clear labor had no use whatsoever for the economic recovery plan being offered by President Bush.

"I think this country needs beef and he's offering us sushi—freeze-dried sushi at that," Kirkland said.

## Key Executives Praise Bush's Japan Trip

JAPAN, From E1

sion in Tokyo will allow his New York-based American International Group Inc. to sell commercial and industrial insurance to Japanese corporations that now deal only with domestic firms related to them through interlocking ownerships.

Robert Galvin, an executive with Illinois-based Motorola Inc. who has more than 30 years' experience in dealing with Japan, told reporters here last month that American companies will begin to see an increase in Japanese orders as a result of the president's trip by the end of this year, but it will take until 1994 for the full impact to be felt.

To make sure that happens, the American side of the U.S.-Japan Business Council, which met here yesterday and Sunday, reportedly are pressing their Japanese counterparts to end their corporate protectionism and set specific targets for including U.S. companies in their buying plans.

"The U.S. executives are calling on Japanese business for a joint program on trade expansion and open markets that is a direct follow-up to the agreements between Bush and Miyazawa,"

said a senior administration official who is working with the business council.

"It needs to be done by the private sector. The Japanese corporations need to open up. They have to . . . change their buying policies and increase their purchases of foreign products," the official said.

This aims directly at the *keiretsu* system, the Japanese business practice of dealing only with a network of companies related by cross-ownership that prevents outsiders from breaking through.

Before the council's meeting, U.S. government officials and business executives had said they wanted the heads of Japan's corporate giants at the U.S.-Japan Business Council meeting to agree to a final communique that places a new stress on imports. A communique is to be released today.

At the same time, government and business leaders want American corporations to be less shy about developing an export culture instead of focusing on the U.S. market.

In a move to bring the squabbling U.S. and Japanese auto industries to-

gether, Bush administration officials said they are urging Japan's Ministry of International Trade and Industry to push the top six Japanese automakers to live up to their commitment, made during the Bush trip, to continue discussions with the Big Three U.S. car companies.

The U.S. side, which wants these talks, invited their Japanese counterparts to Detroit this month to discuss ways to ease the path for American carmakers to sell in Japan. The Americans have no dealer network in Japan, and with most dealerships controlled by Japanese manufacturers, U.S. automakers need their competitors' cooperation to sell in Japan.

After one meeting in Tokyo during the Bush trip, the Japan Automobile Manufacturers Association agreed to further sessions. But late last month, Nissan Motor Co. President Yutaka Kume, the head of the association, lashed out at Chrysler Corp.'s Lee Iacocca, who had sharply criticized the Japanese industry, as "outrageous and insulting." Kume said he has "no intention" of attending another auto summit because they are "legally risky" on antitrust grounds.

October 30, 1991

MEMORANDUM FOR SPEECHWRITERS  
RESEARCHERS

FROM: JENNIFER GROSSMAN  
SUBJECT: ASIA PRE-ADVANCE RESEARCH

JAPAN

SCHEDULE

FRIDAY: --arrival ceremony with Emperor (open press, troop review), then courtesy call on Emperor at Imperial Palace  
--meeting with Prime Minister Miyazawa at Akasaka Palace  
--Imperial Banquet, Imperial Palace, after dinner toast

SATURDAY: --tennis and breakfast with the Emperor  
--visit Mita Senior High School (visit geography lab, then nationally televised 5 min. remarks followed by Q&A with students from around the world).  
--major speech at Japanese Diet, lower house. 15-20 minutes, focusing on the responsibilities of interdependence, and maybe Japan's role in NWO.  
--brief remarks at Kodak R&D plant in Yokohama. First, lunch with U.S. business leaders, Visit Kodak Laboratory, then address to U.S. business leaders and Kodak staff.  
--one on one meeting with PM, then expanded bilaterals, then joint press statement  
--welcoming reception at Hotel New Otani with brief remarks to 2000 -- a kind of welcoming committee of business leaders, politicoes, etc. Tone should be real upbeat.  
--Dinner with PM at PM's residence, after dinner toast

SUNDAY: --private breakfast  
--Emperor makes goodbye call to POTUS  
--attend church (maybe)  
--Embassy greetings  
--AF1 to Kyoto, accompanied by PM  
--walking tour of Imperial Palace  
--lunch with PM at Omiya Palace, (Secretary Alexander may simultaneously lunch with Stanford students and JET, Japan English Teaching Program, teachers).  
Walking tour of Omiya gardens. Brief remarks to American and Japanese students.  
--may visit Nijo Castle

## JAPAN

### POLICY THEMES

Torkel Patterson of the NSC has advised me that while the main focus of the President's trip here will obviously be on trade issues, there will be a strong effort to tie in American domestic concerns wherever possible. The context: the global neighborhood; interdependence in communication/technology revolutionized, politically post-modern (Pinkerton) new world order.

Two challenges. One: selling a responsible trade policy toward Japan back home, when the protectionist/isolationist harangues from the right and left offer such politically hysterical appeal. Two: eliciting concessions and continued progress from the Japanese at a time when tolerance for continued American Japan-bashing is reaching its limits.

A couple of notes on first challenge. Japanese buy more per capita from America than Americans buy per capita from Japan (the "trade deficit" as commonly heralded fails to account for population ration, i.e. far greater U.S. pop than Japan pop). The Japanese buy more from the United States than they buy from the U.K., France, and Italy combined.

When addressing trade issues with the Japanese we might stress "the opportunities and responsibilities of interdependence." We want to challenge Japan to have the most open market by the year 2000. (Incidentally, in technical terms, tariff barriers for instance, Japan's market is more open than ours. Impenetrability more often comes from hidden barriers -- like regulation size paper or car manufacturing standards -- and on Japanese consumer preferences for the familiar.) Anecdote: Japan used to exclude American baseball bats because they didn't carry the right seal, a seal only available to Japanese firms.

Encouraging continued Japanese progress on rectifying environmental abuses: While industrializing, Japan was one of the worst environmental offenders internationally. Since then, they have made great strides in cleaning up their act. For instance, all their taxicabs run on natural gas. While the Japanese are generally willing to move forward on environmental issues, intransigence stems from anxiety over "keeping your rice bowl filled," i.e. concern over loss of jobs in professions with incidental abuse (e.g. fishermen, tortoise shell craftsmen). The Japanese usually ask for "transition time" to retrain, relocate those put out of work by conservation measures, while we want change "now."

### TOKYO SITES

- 1) Imperial Palace: I was unable to go on this walk-through but here's what I gather from other sources. The imperial banquet will be held in a room called Homei-Den Hall. From

postcards, it looks kind of like a hotel ballroom, with some kind of abstract Japanese painting of clouds on the wall. This, apparently, is the way much of the palace looks. The palace is actually only about 20 years old. The initial greeting will take place in the Asahi-no-ma, or "Room of the Rising Sun."

We had bombed the original Imperial Palace in World War II; it was rebuilt in '69. The palace surrounds a huge courtyard. The overriding characteristic of the place is a vast emptiness -- large rectangular rooms with little or no furniture, walls with sliding panels. The dining room table will be a big U-shaped deal.

- 2) Mita Senior High School: President will tour a couple of classrooms, go to larger room with Mita students where he will deliver brief remarks nationally televised. Then he will field questions from students around the country via a satellite hook-up. FYI: There's a concern that Japanese students, generally not encouraged to participate or ask questions in class, will be so awed by presidential presence that they'll simply clam up. Perhaps there's some way (joke? comparison to American students?) that we can sensitively circumvent such a scenario.

School itself not much different looking from American high schools. 1,100 students. Was founded as a public girls' school in 1923. Became coed in 1950, renamed Tokyo Public Mita Senior High School. In 1977, Mita opened a class for students returning from abroad. On a couple of bulletin boards I saw improvised scrawled student demands manifestos, requesting more interesting classes, more understanding teachers, etc. These were the work of such returning students, who are generally more outspoken and participatory than their colleagues.

While part of our purpose is to show admiration for Japanese academic excellence, it's ironic that the Japanese themselves are quite critical of their own system. They in turn look to our institutions for inspiration. The Japanese criticize their schools for their emphasis on rote memorization, aversion to innovation, and lack of encouragement for independent, critical analysis by their students. Recently they even passed legislation to stop Saturday schooling.

I suggest we deal with this by stressing a theme of "we have so much to learn from each other," rather than, "we have so much to learn from you." Moreover, we can touch on several non-school factors that account for Japanese academic excellence -- strong family support, recognition of the link between learning and success, early engendered work ethic, etc.

- 3) Japanese Diet, lower house: parliamentary amphitheater style hall with large balcony. Rich wood detailing and

carving. POTUS to address reps from podium. 500 Diet members. See pictures. In the entrance hall/lobby, there are four pedestals in each corner. Three support statues of great Japanese statesmen/historical figures, the fourth is left empty as a symbol of hope, i.e. looking forward to the great statesmen to come.

- 4) Kodak, Yokahama: POTUS will see several gee-whiz high tech developments in progress, like a super high definition TV. Brief remarks to Kodak staff. Kudos; America can compete; appreciation for their hard work and investment; POTUS is taking steps to improve America's competitiveness.
- 5) Prime Minister's residence: unable to go on walkthrough.

CONTACTS: --Blair Hall of AmEmbTokyo, (03)3224-5336  
--Hiroshi Furusana, MOFA 3581-3802

#### KYOTO SITES

- 1) Kyoto Imperial Palace (FYI, I don't think there are any remarks): Originally built as the Emperor's second palace, Kyoto Imperial Palace was used as the Imperial Palace from 1331-1867 after the original main palace burnt down. The Imperial Throne and the August Seat of the Empress, still used for coronations, are located here. Each rests on a platform, and is covered with an octagonal canopy, decorated with a large phoenix and eight small phoenixes.  
The last "Ceremony of the Enthronement of His Majesty the Emperor at the Seiden" took place in the Imperial Palace on November 12, 1990
- 2) Omiya Palace: remarks to students should focus on building bridges between our two countries through education, facing the future together. See proverbs.  
Some of the students are with the Stanford Japan Center, established by Stanford University, "for the purpose of educating future generations of Americans about Japan. The Center also will provide an institutional link between American and Japanese research in science, technology, and social science with the aim of opening up crucial channels of information and by embarking on new cooperative initiatives in research between the two nations."
- 2) Nijo Castle (again, no remarks): The castle was originally built in 1603 to be the official Kyoto residence of the first Tokugawa Shogun Ieyasu, and it was completed in 1626 by the third Shogun Iemitsu. The lavishly decorated castle stands as a symbol of the power of the Tokugawa military government. It contains the famous "Nightingale Corridor," whose floors are designed to creak with birdlike noises when tread upon, thus foreboding an enemy approach.

### JAPANESE COLOR:

- 1) Finding humor is difficult. Most people I've spoken to say that the Japanese aren't big on jokes, humor. Moreover, they will not know to laugh if POTUS tells a joke.
- 2) The "Japan Series" (similar to our 'world series') in baseball has just started. This years favorites are the Hiroshima Carp and the Seibu Lions.
- 3) Sumo wrestling is Japan's national sport. Recently an exhibition tournament was held in London. Two very popular wrestlers are a pair of American brothers from Hawaii -- Konishiki, who's the biggest Sumo wrestler (600 lbs), and Ake Bono, who's the tallest. Who knows, maybe we could make a joke about "gross national products" to an American audience -- large American exports.
- 4) American movies, rock, and rap music are very popular. Disneyland opened in Japan 6 years ago; Japanese love Mickey Mouse.
- 5) Karaoke is a popular Japanese social activity. Literally meaning "empty orchestra," karaoke bars play music without lyrics so that the patrons can star on vocals. Maybe there's a joke about Barbara wanting to go Karaoke.
- 6) Women control the finances in Japanese families -- when to buy the car, when to invest, etc. The husband often asks his wife for money for his expenses; this allowance is called "Kozu Kai." Maybe POTUS can say, "I wanted to buy some souvenirs, but Barbara cut my kozu kai."
- 7) Of all their qualities, Japanese are proudest of their perseverance, endurance, called "gamman." They rate harmony as highest on their scale of social values.
- 8) Relevant to Omiya in Kyoto: a handbook called A Look into Japan tells us "The Japanese garden is designed to be a faithful representation of nature and to impart a sense of simple, unspoiled beauty."
- 9) December 23 is the Emperor's birthday.
- 10) The speechwriting god (Curt, sit down): Benten, one of the seven deities of good fortune, is the goddess of eloquence, music and wisdom.
- 11) "Banzai," literally meaning 'ten thousand years,' is the Japanese equivalent of 'three cheers.' It's usually expressed at the high point or end of a celebration.

12) Japanese proverbs:

"The past is not to be blamed." (Ki-o wa togamezu) English parallel would be: "let bygones be bygones."

"The lantern-bearer should go ahead." (Chochin-mochi wa saki ni tate) Meaning, he who bears the light, whether material, intellectual, or spiritual, should lead the way.

"A treasure decaying in one's hands." (Takara no mochi-kusare) Meaning, those with talent or money should put them to good use, or else they will rot away.

"To the upper hand there is an upper hand." (Uwate ni wa uwate ari). In other words, everyone has to answer to someone. Maybe there's a first lady joke in here.

"Seven falls and eight rises." (Nana-korobi-ya-oki) Perseverance will win in the end.

"There are no national frontiers to learning." (Gakumon ni kokkyo nashi) i.e. scholarship knows no boundaries.

"To study penmanship at eighty." (Hachiju no te-narai) Meaning, it's never too late to learn. Could apply to lifelong learning, or joke on POTUS computer lessons.

"Books are preserved minds." (Shomotsu wa hozon-sareta kokoro nari) Reminiscent of Hight quote, 'Books aren't lifeless lumps of paper, but minds alive on a shelf.'

KOREA

POLICY THEMES

Korea wants to have its cake and eat it too. On one hand, it wants to have a close relationship with U.S., play the big league with the big boys. On the other hand, it claims the fragility of a developing economy to justify protectionist policies. We think they're strong enough to forgo such a handicap, which ultimately hampers true growth on both sides.

→ (Note: GB visited Korea after he went to Hirohito's funeral)

Politics: Korea only recently became democratized. We want to encourage democracy, praise them for ongoing efforts and progress in that direction.

(War) Heads up: North Korea is developing a nuclear weapon. There are fears of his becoming the region's Saddam Hussein. This issue requires some delicacy because a) we support reunification and b) South Koreans regard their northern neighbors as brethren. Kim Il Sung, the 82 year old "Great Leader" of North Korea, will pass the reigns to his son, Kim Jung Il, widely regarded as less than competent. Fears of a military coup against the latter complicate the situation.

## POTUS SCHEDULE

- SUNDAY: --AF1 to Korea for 3:30 arrival  
--wreath laying ceremony at National Cemetery, no remarks  
--American community greetings at Collier Field House  
--private dinner with President Roh at the Blue House
- MONDAY: --breakfast with US and Korean business community at Hotel Shilla, 5-10 min. remarks (themes similar to Kodak speech: U.S. can compete, we're working together to expand trade, importance of GATT  
--Arrival ceremony at Blue House  
--one on one with President Roh, expanded bilaterals, joint press statement at Blue House  
--State Luncheon at Blue House hosted by Korean President, after lunch toast  
--Address to the National Assembly, 15 minutes  
--travel to Camp Casey, press the flesh with American soldiers, 5 min. remarks. Jovial, what a great job you're doing, last of the front lines type speech. Acknowledge difficulty of 1 year unaccompanied tour

## SITES

- 1) Blue House: not on walkthrough, but the scoop as far as I know is that the Blue House is the official residence of the President of ROK. The Blue House was constructed in 1927 as the Japanese government's residence for its Governor-General. It occupies the grounds of the Yi-Koong palace of the Koryo Dynasty.  
In '48, when ROK was established, the building was designated the Presidential Residence. After the student revolution of 1960, it was renamed Chong Wa Dae (Blue Tile House), a name derived from its unique blue roof tiles.
- 2) National Assembly: not on walkthrough, but apparently it's your usual, rococo, elaborate parliamentary style. I'm told there's a large symbol behind where POTUS will be standing: the Flower of Eternal Life framing a Korean character.  
The Assembly building is located on Yoido, a large island on the Han River. Completed in 1975, it houses offices, meeting rooms, and the Assembly's library. The current National Assembly is composed of 299 members from two political parties. It is the thirteenth National Assembly since the founding of the Republic in 1948. The Assembly Speaker is Park, Jyun Kyu.
- 3) Camp Casey: not on walkthrough, but this base houses U.S. servicemen on a one-year unaccompanied tour. Their duty is an uneasy vigil at one of the world's last front lines. Part of their work is to patrol the DMZ (demilitarized zone) often camping out in no man's land.

While we honor the returning heroes of Desert Storm, we should remember also courage and commitment of our men in Korea -- whose courage and commitment often go unacknowledged. POTUS should recognize the difficulty of a one year unaccompanied tour; Camp Casey is what is commonly referred to as a "hardship post."

CONTACTS: --AmEmbSeoul, 82-2-732-2106

#### COLOR

- 1) Koreans, I'm told, like the Japanese, would have trouble knowing how to respond to a joke by POTUS. One way, however, to break the ice and establish rapport, would be to mention family -- his family, the American family, family values, whatever.
- 2) POTUS was here in '89, and also in '82 as vice president.

#### SINGAPORE

#### POLICY THEMES

Singapore is the only ASEAN country we'll visit -- therefore we'll want to touch on issues common to those countries. (ASEAN is made up of Singapore, Malaysia, Indonesia, Brunei, and the Phillipines.) Singapore is our strongest ally in the region. Singaporeans welcome us as a balance to Japanese investment. They have a longstanding fear that Japan eyes them with military interest.

We'll want to talk about South East Asia and Cambodia, setting the stage for future dealings with Viet Nam. Instability in the region: Thailand just had a coup, Burma has a dictatorship. Cambodia, however, is soon to have UN sanctioned elections. Ultimately, we'll want to resolve the POW/MIA question -- an issue some unscrupulous people in the are have exploited for profit. Resolution will require that Viet Nam be completely open so we can scrutinize all the records. Until we get to the bottom of POW/MIA, we can't really say that Viet Nam is truly over.

I believe there are also some human rights concerns in Singapore itself.

#### POTUS SCHEDULE

MONDAY: --AF1 to Singapore

TUESDAY: --Breakfast meeting at Raffles with U.S. ambassadors to ASEAN countries, no formal remarks  
--Arrival ceremony at Istana Palace

--POTUS makes courtesy call on President and Mrs. Wee Kim Wee at the Istana Palace  
--meeting with Prime Minister Goh Chok Tong, then expanded bilaterals  
--15 min. speech at lecture series to the Singapore/American Business community, held in Westin Hotel (Security and Trade: U.S. engagement in the region; importance of working together towards the future)  
--Business Roundtable meeting at Hewlett-Packard, no formal remarks .  
--groundbreaking ceremony for new American Chancery, embassy greetings type remarks  
--courtesy call on Senior Minister Lee Kuan Yew.  
--State Dinner at Istana Palace hosted by President Wee Kim Wee, after dinner toast

WEDNESDAY:--view static display at Changi airport  
--AF1 to Australia

#### SITES

- 1) Raffles Hotel (just FYI, no formal remarks planned at this point). Wrote Rudyard Kipling, "Feed at Raffles when visiting Singapore." Established in 1887, the hotel symbolizes the exotic charm and colonial nostalgia often associated with the area. The hotel was named after Sir Stamford Raffles, founder of modern Singapore in 1819.  
Celebs who added their aura to Raffles': Joseph Conrad, Charlie Chaplin, Douglas Fairbanks, Somerset Maugham, Nowel Coward, and sundry sultans, kings, and politicians. Raffles embodied colonial high life: tea-dances, Charleston, jazz bands, and billiards. Raffles is the birthplace of the Singapore Sling. In 1902, the last tiger to be shot in Singapore was pursued in Raffles, and finally dispatched under the Bar & Billiard Room.  
The hotel was declared a protected monument in 1987.
- 2) Westin Hotel: the hotel is supposedly the tallest hotel in the world. The lecture series in which the President takes part is designed to give political, academic, and financial eminentoes the opportunity to visit Singapore and mouth off. Singapore gets to bask in their wisdom.  
The series, inaugurated in 1980, is organized by the Institute of Southeast Asian Studies. Previous speakers include Henry Kissinger, Milton Friedman, Brian Mulroney, Raymond Barre, and Giscard D'Estang. 1,500-2,000 will attend speech.
- 3) Groundbreaking ceremony for new American Chancery: this event will basically take the place of Embassy Greetings/American community remarks. Projected completion for new embassy is 1995-6. 150-200 embassy staff, loads of

Singaporean schoolchildren. 2,000 guests in all. Site is basically just a hill. Use your imagination. Building metaphors applied to broader scope of U.S.-Singapore relations might be appropriate.

The U.S. Ambassador in Singapore is Robert Orr. DCM is Arthur Kobler.

- 4) Istana Palace: previously called Government House, the Istana was built in 1869 to house the British Governor of Singapore. The grounds had been the nutmeg estate of Charles Robert Princep. A statue of Queen Victoria was installed in the drawing room to mark her jubilee in 1889. Queen Elizabeth and the Duke of Edinburgh stayed there in February 1972. The edifice itself looks like a cross between a mini-Versailles and a southern plantation. Adorning the entry foyer are a matching set of tusks presented by the Sultan of Singapore to the British government.

The staff of the President, the Cabinet Office, and a section of the Prime Minister's office work at the Istana.

CONTACTS: --DCM, AmEmbSingapore, Arthur Kobler, 338-0251, ext. 217  
--USIS, Dennis Donahue, 244-5233

#### COLOR

- 1) Singapore is a country of many races, languages and cultures. The population is made up of Chinese, Malays, Indians and Eurasians. Harmonious multiculturalism. One often hears the phrase, "many races, one people." Maybe we can make some "E Pluribus Unum" connection.
- 2) The first American consul in Singapore, Joseph Balestier, came to the area in 1834 and took up his post in 1837 -- inaugurating 154 years of diplomatic relations. His wife, Maria Revere Balestier, was the daughter of Paul Revere. Balestier's memory lives on in a bell, now in Singapore's National Museum, cast in Boston's Revere Works. Mrs. Balestier, presented the bell to the original Church of St. Andrew.
- 3) American Embassy Singapore suggests a Pearl Harbor footnote to our Singapore stop: POTUS will be at Pearl Harbor on Saturday, commemorating the 50th anniversary of the Japanese attack, and honoring the resultant 2,400 Americans dead or missing. We might also remember that on the same day, but on Singapore's side of the international dateline, the war began for the Philippines, for Thailand, for Malaysia, and for Singapore. Bombers appeared over Clark Field and over Singapore. Ground troops landed at Songkhla and Pattani (Thailand) and at Kota Baharu (Malaya). Singapore did not then have an army (British and Australian forces were

there); Singaporeans who were either killed or injured were civilians.

- 4) Singaporean suffrage is universal and compulsory.
- 5) Orchids are a major Singaporean product (and they're beautiful).
- 6) While there is no compulsory education in Singapore, attendance is 94% and the literacy rate is over 87%.
- 7) POTUS and FLOTUS visited Singapore when Bush was Vice President.
- 8) When the President called Orr to offer him the ambassadorship, one of his selling points was to tell the future ambassador how comfy the Residence is. (Orr was previously Governor of Indiana).
- 9) Quayle was here on May 22.
- 10) The origin of the name "Singapore" comes from the 13th century's appellation of "Singapura," meaning "Lion City."

#### AUSTRALIA

##### POLICY THEMES

The last President to go down under was LBJ, 21 years ago. Australia feels left out. They've been a strong ally -- there in WWII, there in Nam, there in the Gulf. The Australians have been very grateful to us for saving them from the Japanese in WWII. But those warm feelings are now being tried by their anger over trade policies (agricultural subsidies).

Oops on EEPS: Our Economic Enhancement Programs (an American domestic subsidy so that we can export our products abroad at a lower price) and the EC's strict protectionist policies have left Aussies demonstrably furious -- riots, strikes. Need some stroking action. POTUS needs to show himself as a champion of free trade, "that's why the Uruguay round is so important," blah, blah. Hopefully we'll have GATT progress we can highlight by that time.

Generally, stress "harmony/kinship with the Australians."

#### CANBERRA

##### POTUS SCHEDULE

WED., DEC 4: --arrival ceremony  
THUR., DEC 5: --Embassy greetings, hosted at Ambassador Sembler's residence  
--luncheon hosted by Prime Minister in Australian Parliament Building's Great Hall. Toasts after lunch; PM's toast/speech will be 5-10 mins., intro

POTUS for 3-5 mins. (may have to stretch if PM's speech is longer).  
--15-20 min. remarks to Australian Parliament  
--meeting with Australian academic community;  
talking points (don't know if we're responsible)  
--Australian War Memorial  
--Governor General Hayden's State Dinner at the Government House  
--RON Canberra

## SITES

- 1) Embassy Greetings: The Ambassador's Residence is 50 years old, as are formal Australian-American diplomatic relations. The ground lease for the mansion was signed while the Japanese were bombing Australia. The house was built during the war, and completed in 1943. Mrs. Roosevelt had a personal interest here, and came out after the building's completion to plant a tree.

The current Ambassador to Australia is Mr. Mel Sembler. Ambassador and Mrs. Sembler are from Treasure Island, Florida. In addition to the Embassy in Canberra, the U.S. has three Consulates General in Australia -- one in Sydney, Melbourne and Perth -- and a Consulate in Brisbane. There is also a Consular Agent in Adelaide.

- 2) Address to Australian Parliament:

The building itself is a striking postmodern palace, designed by Roman Giurgola, and completed for the Australian Bicentennial in 1988. The structure incorporates many symbolic features which strive to reflect certain Australian values, and resonate with Australian history, geography, and culture.

For instance, on one side the earth, rather than meeting the building at a right angle, runs gradually from a distance and at an angle right up to the buildings peak flagpole. This design twist represents the accessibility and accountability of Australian government -- that the government are subservient to those they serve.

Another example: in the forecourt of the Parliament, along the walkway POTUS will follow, is a mandelic mosaic design called "Meeting Place" which represents a meeting place for all races and cultures. The work also celebrates Australia's earliest settlers, so it is appropriate that an Aboriginal artist, Michael Nelson Tjakamara, was asked to create the centerpiece. It's pointillist strokes are reminiscent of his tribes sand paintings.

Also neat: one of the original copies of the Magna Carta is housed in the Parliament building.

POTUS will be greeted by the PM, walk up to the mosaic in the middle, walk over and shake some Australian hands. He then goes to lunch (check) in the Great Hall with the ugly tapestry.

Parliament speech: POTUS starts out, "Thank you, Mr. Speaker." (Speaker is Leo McLeay. Speech is not teleprompted. House of Representatives: amphitheater-like, modern, bathroom-tile-green. NOTE: this will be the first time a foreign head of state has addressed a joint session of parliament -- ever (POTUS should stress what a great honor it is).

VERY IMPORTANT: We were going to do an event with the Australia/USA Parliamentary Group which has now been cut -- so a specific reference should be included as to who they are, what they do, kudos. The group is not a standing committee or anything like that, just an association of upper and lower house parliamentarians working to promote US-Australian friendship ties. The group was formed under the auspices of the Inter-Parliamentary Union, Australian National Group in May '88. The bipartisan group is the most active of all Parliamentary Friendship groups. For more info, contact: Nonda on MP Eamon Lindsay's staff at 077-724844.

- 3) Australian War Memorial: (No remarks, just FYI) Built roughly in the shape of a Byzantine church, the memorial is the most popular tourist attraction in the nation's capital.

Event will take place in the rectangular, central courtyard, which includes a commemorative stone, a pool of reflection, the Eternal Flame, a commemorative area, and then, enclosed, the Hall of Memory. The dome inside the Hall bears a radial pattern which represents the spirits of the war dead rising towards the central circle (heaven).

The memorial also contains a museum, whose galleries evoke and explain the Australian experience of war. Australians in combat: New Zealand (1860), Sudan (1885), South Africa (1899-1902), China (1900-01), WW1 (1914-18), WWII (1939-45), Korea (1950-53), Malaya (1950-60), Malaysia (1963-66), Vietnam (1962-72), Persian Gulf (1991) -- we might remember that the Aussies responded immediately in the Gulf, needing no prompting.

Plaque in memorial reads: "The Australian War Memorial commemorates those 100,000 Australians who have died in war and recalls the service and sacrifice of all Australians in wartime." Also, museum holds a mini-copy of Eugeni Vouchetich's famous statue, "Beat the swords into ploughshares." NOTE: Australian repatriation hospitals are still treating men wounded in WWI. 496 Australians died in Viet Nam; 2,398 were wounded.

- 4) (no remarks, just FYI) After dinner, when POTUS toasts, the only thing he says is: "Ladies and Gentlemen, Her Majesty the Queen of Australia," in response to the Governor General's "Ladies and Gentlemen, the President of the United

States of America." Hayden is Queen Elizabeth's representative; there is a such a representative in each of the 6 Australian states (Australia is a commonwealth). Governor Generals are Australian citizens; their posts are purely ceremonial. Hayden is Australia's former Foreign Minister.

The Government House is an old cattle "station," or property. It is a simple, classical mansion on the rim of Lake Burley Griffin.

CONTACTS: --Lew Luchs, Media Counsellor, AmEmbCanberra, 270-5872  
--Ray Burson, USIS, (062)705966  
--Marilyn Meyers, DCM, 270-5000  
--AmEmbCanberra, after hours, 270-5900

## SYDNEY

### POTUS SCHEDULE

#### FRIDAY (DEC. 6th):

--noon arrival at Sydney airport (QANTAS Jet Base)  
--Sydney Convention and Exhibition Centre: 12:30-12:45 pre-lunch reception with South Wales Premier Grenier's 50 guests, 1:00 p.m. State Luncheon with remarks after remarks and intro by Premier, 15-20 mins., 1,000 guests  
--post-lunch reception with Australian American Coral Sea Commemorative Council  
--visit Australian National Maritime Museum, visit American Gallery, brief remarks in dedication of museum.  
--harbor cruise on John Cadman III to Sydney Opera House  
--press conference at Sydney Opera House  
--over to Kirribilli House for dinner?  
--RON Sydney

### SITES

- 1) State Luncheon at Convention Centre: Both anthems played, grace said, lunch served. After lunch, Premier Grenier speaks then intros POTUS. Audience will be a cross-section of the New South Wales Community. Centre is beautiful, yet modern and antiseptic. Themes focus on our trade, joint longterm commitments, the global marketplace, the coming century, thread of education, etc.

If we touch on Asian topics, we might note that, for more than a year, Australia has taken a leading role in seeking a comprehensive solution to the Cambodian conflict under UN auspices.

- 2) Australian National Maritime Museum: Present are Prime Minister and Mrs. Hawke, Chairman and Mrs. Doyle, Premier and Mrs. Grenier, Ambassador and Mrs. Sembler. The event serves as the official opening and USA Gallery Dedication.

2-3 min. remarks required, after brief remarks by Prime Minister.

The building occupies a waterfront site on an arm of Sydney Harbor, described by Mark Twain as "the darling of Sydney and the wonder of the world." The sweeping curves of the museum's white painted roof are reminiscent of waves, clouds, and sails. It's interior is kind of split-level, post-modern white. Almost warehouse looking, with hanging mobiles and high ceilings. Out front, next to the museum's sign, is a large mobile with fluctuating signal flags, the kind used for intership communication. In one section is a model of the Endeavor, presented as a gift by Queen Elizabeth. The Endeavor was the ship commanded by Captain Cooke when he discovered Australia. Also, there's a section with surfboards (joke material?)

The American Gallery was our 1988 bicentennial gift to Australia. Here, POTUS will unveil a plaque and then briefly tour the gallery. The opening exhibit is called: "Linked by the Sea," and that name is carved into the wall. It explores the similar origins of our two countries. We might use that as a theme, touching upon how our two maritime traditions, among many other bonds, help contribute to our mutual sense of kinship. One of the most powerful links: The Australian and US navies fought side by side to turn back the Japanese military advance in WWII. Five months after the outbreak of war in the Pacific, the Battle of the Coral Sea in May 1942 was a crucial strategic victory for the allies, and the first reverse for the Imperial Japanese Army.

**FUN FACTS:**

- \*Australia has a long maritime heritage, going back at least 50,000 years to the probable arrival of the first humans from Asia.
- \*There were three Americans on board Endeavor when Cook discovered the east coast of Australia in 1770 (but they were British loyalists).
- \*The first foreign merchant vessel to arrive in New South Wales was a US ship with a welcome cargo of rum and other supplies.
- \*The first person to ride a surfboard in Australia was a Hawaiian -- Duke Kahanamoku.

**\*\*\*\*Note:** The exhibit houses two periscopes, one of which is from the same class of submarine as the one which collected the President after he was shot down in WWII. More information is on the way via fax.

**CONTACTS:** --Margaret Eubank, Public Affairs Officer (USIS) 261-9244  
--Consulate General (after hours) 963-1209  
--Ian Wilcock, Asst. Sec. Americas Branch, Australian Dept. of Foreign Affairs and Trade, (06)261-2711

--John Wade, Sr. Curator, Australian National Maritime Museum, (02)552-7728

### AUSTRALIA COLOR

(among other materials, files include extensive info on above sites, speech excerpts from American Ambassador Sembler

### GENERAL

- 1) Australians in film: Errol Flynn, Mel Gibson, Paul Hogan (one of screenwriters and main actor in "Crocodile Dundee), Dean Semler (cinematographer of "Dances with Wolves.")
- 2) Australians in music: Olivia Newton John, Men At Work, Bee Gees.
- 3) Washington Post cartoonist Patrick Oliphant is from Australia.
- 4) James Tuckey, a lieutenant aboard the ship which took the first unwilling settlers into Port Phillip Bay (the future Melbourne) in 1803 wrote:  
  
"I beheld a second Rome rising from a coalition of banditti. I beheld it giving laws to the world, and superlative in arms and in arts, looking down with proud superiority upon the barbarous nations of the northern hemisphere."  
  
5) Maybe POTUS could do a joke about vegemite, or vegemite sandwiches. There's potential for humor in the fact that Australians love the stuff while we think it's yucho. Maybe at a luncheon, "Despite our many similarities, Americans have never really developed a taste for your vegemite. In fact, when I asked about today's menu, I was assured -- no vegemite. \ Actually, I was worried about the broccoli."
- 6) On Australian TV there's a very famous show called, "Skippy the Bush Kangaroo." Everyone knows about Skippy, he's kind of equivalent to our Lassie. Maybe a joke about, "I hear that here in Australia, you have 'Skippy the Bush Kangaroo.' Well, back home we have 'Millie the Bush Canine.' (Tony Mauro: Millie the Bush Scoobydoo). Or, "I was a little nervous about playing golf here, what with all the kangaroos running around. \ Fortunately, I've got Skippy on my side."
- 7) In May 1836, President Jackson appointed J.H. Williams as the first American Consul in Australia. The "Colonist," a newspaper of the day, welcomed his arrival, praising America thus: "Scarcely is there a sea which their ships do not plough, or a port in which they do not ride..." (maybe for Maritime Museum?)

- 8) "The Australians did not seem to me to differ noticeably from Americans, either in dress, carriage, ways...or general appearance."  
--Mark Twain, 1895.
- 9) Another link between Australia and the United States during the 19th century: from 1897-1898, Herbert Hoover, later to become the 31st U.S. President, worked in Western Australia as a young mining engineer.
- 10) "Next to our own nation we place our kindred in America."  
--Alfred Deakin, 1905 (Australian statesman?)
- 11) In September 1918, Australian and American troops fought alongside each other in the main attack on the Hindenburg Line which ended World War I, a battle experience to be shared again in WWII, Korea and Vietnam.
- 12) In 1969, an Australian radio telescope and an American antenna brought us the historic television pictures of the first manned landing on the moon. The picture everyone remembers -- Neil Armstrong's leg searching for the surface -- was first seen in a tracking station briefing room near Canberra. As a compliment to Australia, NASA in 1971 named Apollo 15 "Endeavor after Captain Cook's Endeavor.
- 13) Australia's coat of arms consist of a shield containing the badges of the 6 states. The supporters are native Australian fauna -- a kangaroo and an emu. A yellow-flowered native plant, wattle, also appears in the design.
- 14) Note: Australia taxes capital gains. (Individuals and companies pay at different rates)
- 15) Bush has called the Australian-American relationship "an intimate partnership between two peoples."
- 16) In the Persian Gulf, the first combined boarding to enforce UN resolutions was by the USS Brewton and the HMAS Darwin.
- 17) 300,000 US tourists visit Australia annually.
- 18) "It will be a very poor day when little Australia won't be able to summon up its traditional impudence by looking at the U.S. and saying, 'What do you mean, you big stiff?'"  
--Sir Robert Menzies in the Sydney Morning Herald, 27 June 1964. (Possible rejoinder: "Well, Australia is not all that little, and I hope that America is not all that stiff." Could be relevant re. trade disputes)
- 19) "You must be the most beautiful people in the world."  
--Duke Ellington, in the Sydney Morning Herald, 7 Feb. 1970.

- 20) Every year, America sends a high level delegation to participate in the Coral Sea Commemoration. Dan Quayle was here in '89 and Bush was here in '82.
- 21) Rugby and Cricket are Australian national pastimes. Rugby's World Cup will be over by the end of October. It will be the first time an American team has participated.
- 22) One of the most popular Australian television shows is called "The Flying Doctor." Joke potential? LA Law is the most popular American TV show here. The Civil War series was also very popular.

#### CANBERRA

- 1) American architect Walter Burley Griffin designed Australia's capital. Griffin was from Chicago; studied under Frank Lloyd Wright.
- 2) Canberra is known as "The Bush Capital." I think there is joke potential here, e.g. 'I know Australians and Americans are close, but you didn't have to name your capital after me.')
- 3) Canberra's detractors often refer to the capital as "Monumentsville," "a city without a mind," "the city of the gray flannel mind," and "a great waste of sheep country." Canberra's fans call her "the garden city of the Commonwealth" or "the front window of the nation." They also say that "to know Canberra is to love it."
- 4) The name "Canberra" comes from "Canberry," an Aboriginal word meaning "meeting place."
- 5) In Canberra, the kangaroos have a habit of falling people's swimming pools (don't worry, they don't drown) joke potential?
- 6) Australia has the 10 most popular snakes in the world, starting with the Death Adder.
- 7) POTUS visit coincides with the annual advent of fly season. Aussies are constantly waving off the insects, a gesture so common it's nicknamed the "Australian Wave." Maybe POTUS can joke: "Australians have a reputation for warmth and hospitality. In fact when I got off the plane, I told Barbara how flattered I was that they were all waving to me. She said, 'Sorry to burst your bubble, George, but it's fly season.'"

- 8) Kangaroos abound on tennis courts, golfing greens. Maybe there's a joke about POTUS asking PM what kind of penalty you get for hitting a roo.

#### SYDNEY

- 1) In the bay cradled by Darling Harbor stands a little rook named Fort Denison. It was built in the 1840's to keep Americans away at a time when the colonists in Sydney were concerned about possible American aggression springing from Anglo-American contention. It's a cute, little-known fact, which reflects the loyalty of the early Australian colony.
- 2) During World War II, Japanese submarines actually made it in to Sydney Harbor. This illustrates what a mortal threat Japan posed at the time, and provides a sharp contrast with present relations.
- 3) Looking out upon Sydney Harbor, the eye is drawn to the Pacific horizon. Given our policy themes, we might want to talk about Australia's "window on the Pacific," geographically as well as politically and economically.
- 3) Aside from the Sydney Opera House, the Sydney Harbor Bridge is also considered a famous symbol of the City.
- 4) On the state crest of South Wales appear a latin motto that translated means: "Newly Risen, How Brightly We Shine."

#### HONOLULU

THEMES: The stop centers around the 50th Commemoration of Pearl Harbor. We want to recognize the sacrifice of those who lost their lives and those who lost their loved ones on December 7, 1941. Lt. Gen. Fields talked of creating a realization for the American people that the attack changed America forever. We went from being an isolationist nation to an international superpower.

#### POTUS SCHEDULE

FRI, 12/6: --evening AF1 to Honolulu

SAT, 12/7: --7:30 helo to naval base, barge to USS Arizona for memorial ceremony. Presidential honors, brief remarks by Admiral Larson, Rear Admiral White, Moment of Silence, ship whistle, missing man flyover, national anthem, flag raising, 5 min. remarks.  
--8:20 depart for K-8 (Kilo 8, it's like a pier), honors arrival, Joo intros POTUS, remarks 15-20 mins.

--9:00 depart for Hickam AFB, proceed to Kenney Conference room for brief remarks to Asian Ambassadors (in Honolulu attending annual meeting of Chiefs of Missions Conference).

--depart Honolulu

## SITES

- 1) USS Arizona: The memorial itself is a bier-like structure, white, with open windows on the sky. Supported above the water, it straddles the midsection of the sunken Arizona, whose bow and stern are marked by buoys. Toward the back of the memorial is a chapel-like enclosure housing a wall with all the names of Arizona's drowned. POTUS's back will be to this wall, in front of him is a cutaway section in the memorial's floor, where one can peer down on the submerged starboard.

Remarks here are brief, as they are part of a larger, hour-long ceremony. Here, as in the longer speech, **acknowledgments are key**: both sites are far too small to accommodate the vast number of veterans, families, and guests. POTUS will be introduced by a survivor. Acknowledgements should be handled with care to make sure that no group (particular ship vets, vet organizations, etc.) are slighted.

In particular, while the memorial is for the Arizona, mentions should be made of USS Utah. The two downed ships are the only that have people entombed in them (1,177 went down with the Arizona, 58 went down with the Utah). Also, while the longer speech contains a more general Pearl Harbor focus, the memorial speech should be more specific to those who went down with the Arizona and other ships, more of a naval aspect.

### Notes on the Arizona:

\*One-third of all those who died at Pearl Harbor went down with the Arizona.

\*USS Arizona is still commissioned.

\*USS Nevada, there during the attack, will be in port to take part in the ceremony.

\*Over 34 sets of brothers were killed on the Arizona.

\*While I was there, I saw old women throwing leis in the water; they were crying. I'm told Japanese visitors also make their own pilgrimage to give leis.

\*There is still oil leaking from the wreck; its viscous iridescence coats the water under and around the memorial.

\*In the same harbor as the memorial is the Bowfin -- the sister submarine to the one that picked up POTUS when shot down.

\*It's possible that commemoration will include the same vintage plane that POTUS flew in WWII.

\*Sec. Cheney might take part in the day's events.

To come: I'm having faxed extensive detail on the memorial, a history of the attack, letters sent by those aboard Arizona shortly before it was bombed, letters written by family members of the fallen, letters written by contrite Japanese, survivor quotes on reconciliation, and more.

Research: get book, The Day of Infamy. Also, look for recent Approach magazine with Bush on cover; it has a detailed description of his involvement in WWII.

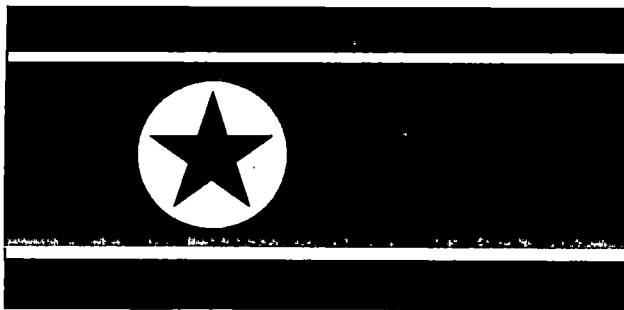
- 2) Major speech at K-8: Kilo 8 is a fairly nondescript pier, though apparently they'll fix it up for the commemoration. These longer remarks will be teleprompted. POTUS will be speaking with his back to the water, historical battleship row, and then Ford Island. Behind his right shoulder is the Arizona, behind his left, the Missouri. Note: look at above, Arizona info for color, etc.
- 3) Remarks to Asian Ambassadors: Conference room within AFB administrative building. Building exterior retains strafed pocks of Japanese attack. Remarks are kind of wrap up of themes and policy objectives of whole Asia swing. Asst. Secretary for East Asia Solomon is the host of the ambassadors, but he probably won't be in on meeting. Remarks are brief; wouldn't be surprised if talking points get substituted.1

80 KORAI

KOREA



STATE ARMS

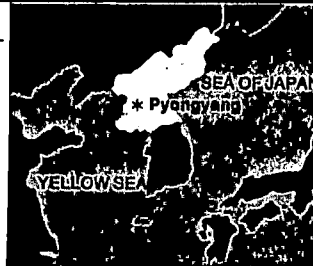


1:2

Officially adopted  
8 September 1948.

Vladimir Lenin—Communist theoretician and leader of the Russian Revolution, which led to the establishment of the first Communist state in the world—was well aware that the success of his undertaking would not be complete until it affected the everyday lives and beliefs of individual citizens. His statement that "Communism is Soviet power plus electrification of the whole country" is reflected in the design of the arms of the Korean Democratic People's Republic.

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The Korean Democratic People's Republic sees the white in its flag as a symbol of purity, strength, and dignity. White has, however, been the traditional color of the Korean nation for centuries. The blue stripes represent a commitment to peace, while the red indicates that the nation is on the path to socialism.

81 KORAI

KOREA

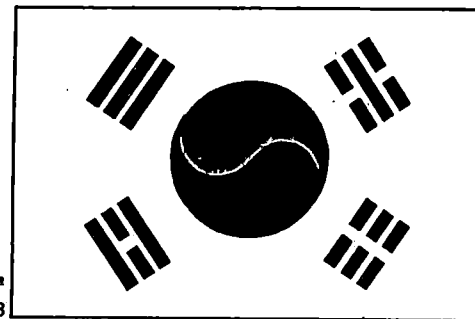


STATE ARMS



When the Exclusion Doctrine, which closed the country to foreign intercourse, was ended in 1876, Korea recognized the necessity of a national flag. The flag hoisted in August 1882, when the first envoys were sent to Japan, became official on 27 January 1883. It differed from the present flag only in minor details.

Officially adopted  
25 January  
1950.



2:3



PRESIDENTIAL FLAG 2:3



2:3

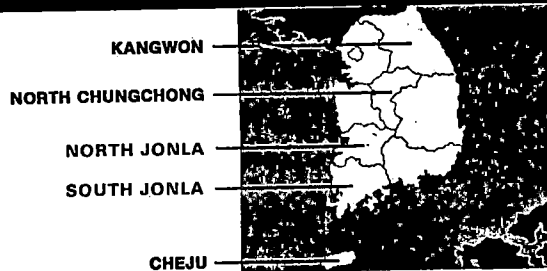
From 1910 to 1945 Korea was under Japanese occupation, followed by three years of American and Soviet administration. In 1948 the Republic of Korea reestablished the *t'aeguk* flag which was given its present form two years later.

Its white field stands for peace and the white clothing Koreans have traditionally worn.

The *t'aeguk* in the center resembles the yin and yang of Chinese philosophy and expresses the diversity of forces in the universe and their interaction. The *kwae* on either side correspond to the four cardinal directions, the seasons, and the sun, moon, earth, and heaven.

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KOREAN PROVINCES



북함경도  
Officially hoisted 1960



충청북도



전라북도  
Officially hoisted 31 July 1989



전라북도



강원도  
Officially hoisted 20 October 1982

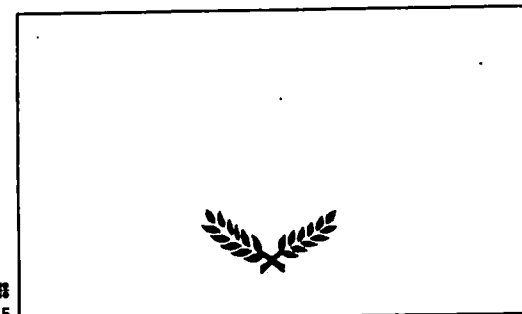
82 KUPROS/KIBRIS  
CYPRUS



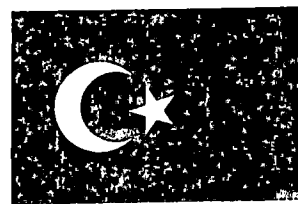
STATE ARMS

Composed partially of Greek and partially of Turkish populations, Cyprus chose a flag of neutral design and colors when it became independent. The yellow color of the island is said to stand for the copper, mined since Roman days, which gave Cyprus its name. The olive branches below are for peace and prosperity; essentially

Officially hoisted 16 August 1960.



3:5

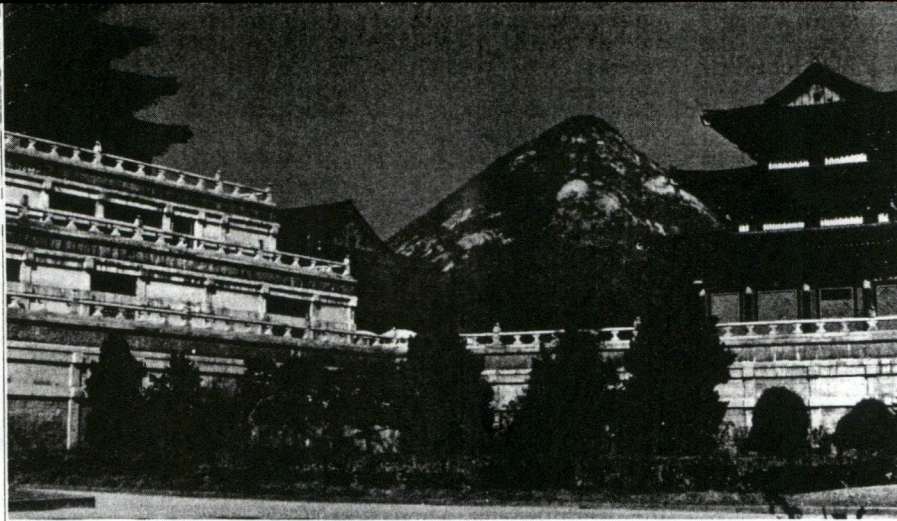


2:3  
TURKISH FEDERATED STATE OF CYPRUS FLAG (above) AND ARMS (right)

the same symbolism is reflected in the coat of arms. The Cypriot national flag is rarely seen in the north of the island where the Turkish Federated State of Cyprus exists under the protection of troops from Turkey.



Certain parts of Cyprus known as the Sovereign Base Areas remain under the control of the former colonial power, Great Britain, and fly only the Union Jack.



© AL MICHAUD/FFG

The Kyongbok Palace complex in Seoul stands at the foot of Mt. Pugak. The palace was built for the Yi dynasty, which governed a united Korea from 1392 to 1910.

**SEOUL**, *söl* (Korean: Söl, sə-ōl), the political, economic, and cultural center of the Republic of Korea (ROK), or South Korea. Completely rebuilt and modernized since the Korean War (1950–1953), the ROK capital is one of the world's largest cities.

The government's ambitious postwar programs of economic development attracted millions of workers to Seoul. Nearly half of the ROK's factory employees make their livelihood in the city, and Seoul provides the national economy with a quarter of all value added by manufacturing. Leading industrial products are textiles and clothing, machinery and electronic equipment, chemicals, and food. The city is also the financial and publishing center of the ROK.

Modern highway and rail systems connect Seoul with all corners of the ROK. Kimp'o Airport on the western edge of the city handles an ever-increasing volume of traffic with the world. Nearby Inch'on, on the Yellow Sea, is the city's seaport, but expressways permit Seoul to make efficient use also of the distant port of Pusan.

### 1. Setting and Description of the City

Seoul is situated on the lower Han River in the west-central part of the Korean Peninsula. The Korean War left the capital only 35 miles (55 km) from the Demilitarized Zone established between the South and North in 1953.

The city has a monsoonal climate characterized by cold, dry winters and hot, moist summers. Mean monthly temperatures range from 23.2°F (−4.9°C) to 77.7°F (25.4°C). Rainfall is heavily concentrated in the summer. Spring and autumn are the most pleasant times of the year.

From its historic core in a mountain bowl north of the river, Seoul has expanded in every direction, going up valleys, over hills, and around mountains. On the south, for example, where in 1950 the city was bounded by the Han, the municipal limits now include extensive areas beyond the river. Yōido, an island in the river, and Kangnam, on the south bank, have become major population centers, complete with high-rise apartment complexes, office buildings,

and shopping centers. Only in the north was the city's growth restricted. There the Pukhan Mountain massif rises to 2,743 feet (836 meters), compressing urban spread into a narrow valley that leads to Ūibōngju.

**The City Center.** The heart of Seoul is the ancient capital of the Yi dynasty state of Chosŏn (1392–1910). Traces of the old walls remain on the Yi city's mountain rim. Although skyscrapers crowd historic sites, the central city retains the layout of the royal capital, which was designed according to traditional Chinese principles of urban planning. Main streets run north-south and east-west. Chong-no, "Bell Street," extends from the East Gate to where the West Gate once stood. At the foot of Mt. Pugak in the north is Kyongbok Palace, the primary royal complex of the Yi dynasty, overshadowed by the former Capitol Building, which is now in use as the National Museum of Korea. From the palace entrance the broad Sejong-no, "(King) Sejong Street," leads down to the old city's South Gate. South Mountain (Nam-san) marks the southern limit of the Yi capital.

Several other palace areas are prominent within the central zone. Tōksu Palace, originally a detached villa, is next to City Hall Plaza. Not far away is a complex of royal sites that includes two more palaces, Ch'angdōk and Ch'anggyōng, a royal park of great scenic beauty called the Secret Garden (Piwon), and the ancestral shrines of the Yi dynasty (Chong-myō). Nearby, on the grounds of Sōnggyun'gwan University, is the old Confucian Academy and shrine to Confucius.

City Hall Plaza is the hub of much of the ROK's economic life. Converging on it are two subway routes and streets lined with large corporate office buildings, banks, hotels, and department stores. Beyond lies the fashionable Myōngdong shopping district, noted for its boutiques and restaurants. Myōngdong and adjacent streets east of City Hall Plaza are the center of night life in downtown Seoul.

**Outlying Areas.** Seoul is divided into wards (*ku*), two of which encompass most of the old roy-

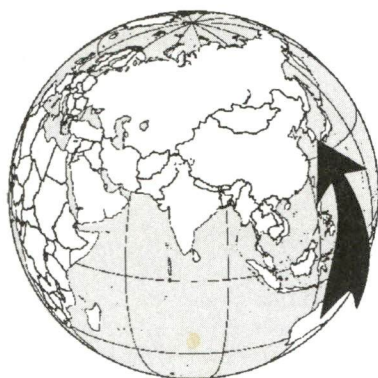
# background notes

# South Korea



United States Department of State  
Bureau of Public Affairs

April 1991



**Official Name:**  
Republic of Korea

## PROFILE

### Geography

**Area:** 98,500 sq. km. (38,000 sq. mi.); about the size of Indiana. **Cities:** *Capital*—Seoul (10 million). *Other major cities*—Pusan (3.5 million), Taegu (2 million), Incheon (1.4 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** (1988): 43 million. **Annual growth rate:** 1%. **Ethnic groups:** Korean; small Chinese minority. **Religions:** Buddhism, Christianity, Shamanism, Confucianism. **Language:** Korean. **Education:** *Years compulsory*—6. *Number of students*—11,182,000. *Attendance*

(1988)—of those eligible, 99% attended middle school, 94% attended high school. **Literacy**—98%. **Health** (1987): 1 doctor/1,000 persons. **Infant mortality rate** (1988)—6/1,000. **Life expectancy** (1988)—men 67 yrs., women 73 yrs. **Work force** (17 million, 1988): **Agriculture**—21%. **Industry**—28%. **Services**—50%.

### Government

**Type:** Republic with powers shared between the president and the legislature. **Independence:** August 15, 1948. **Constitution:** July 17, 1948; last revised 1987.

**Branches:** *Executive*—president (chief of state). *Legislative*—unicameral National Assembly. *Judicial*—Supreme Court and appellate courts, Constitutional Court.

**Subdivisions:** 9 provinces, 6 administratively separate cities (Seoul, Pusan, Incheon, Taegu, Kwangju, Taejon).

**Political parties:** *Government party*—Democratic Liberal Party (DLP). *Opposition parties*—New Democratic Union (NDU) and Democratic Party (DP).

**Suffrage:** Universal at 20.

**Central government budget** (1991): **Expenditures**—\$38 billion.

**Defense:** \$11 billion, about 4% of GNP in real terms and 29% of government budget; about 650,000 troops.

**Flag:** Centered on a white field is the ancient Chinese symbol of yin and yang; at each corner of the white field is a different trigram of black bars.

### Economy

**GNP** (1990 est.): \$224 billion. **Annual growth rate** (1965-86): 7%; (1986-88): 12%; (1990 est.): 9%. **Per capita GNP:** \$5,500. **Consumer price index** (1990 avg. increase): 9%.

**Natural resources:** Limited coal, tungsten, iron ore, limestone, kaolin, and graphite.

**Agriculture, including forestry and fisheries** (9% of 1990 GNP): **Products**—rice, barley, vegetables. **Arable land**—22% of land area.

**Mining and manufacturing** (35% of 1990 GNP): Textiles, footwear, electronics, shipbuilding, motor vehicles, petrochemicals, industrial machinery.

**Trade** (1990): **Exports**—\$65 billion: manufactures, textiles, ships, electronics, footwear, steel. **Major markets**—US, Japan, European Community, Middle East. **Imports**—\$70 billion: crude oil, food, machinery and transportation equipment, chemicals and chemical products, base metals and articles. **Major suppliers**—Japan, US, Middle East.

**Official exchange rate** (December 1990): 715 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 (Economic and Social Commission for Asia and the Pacific, Geneva Conventions of 1949 for the Protection of War Victims, Asian Development Bank, INTELSAT, the Administrative Council of the International Telecommunications Council, 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.



million), Japan (700,000), the United States (1.2 million), and the Soviet Union (500,000).

### 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 15th century, it still commands the greatest number of adherents of any faith—about 20% of the population. Shamanism (traditional spirit worship) is still practiced in some rural areas. Although Confucianism remains the dominant cultural influence, its religious adherents are few and tend to be 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 Christians (about 78% Protestant)—the largest figure for any East Asian country except the Philippines. There are estimated to be 4 million adherents of *Chondogyo*, a native religion founded in the mid-19th century that fuses elements of Confucianism and Christianity.

### HISTORY

According to Korean legend, the god-king Tangun founded the Korean nation in BC 2333, after which his descendants reigned over a peaceful kingdom for more than a millennium. By the first century AD, the Korean Peninsula, known as Chosun ("morning calm"), was divided into the kingdoms of Silla, Koguryo, and Paekche. The Silla kingdom unified the peninsula in

### PEOPLE

Korea was first populated by a Tungusic branch of the Ural-Altai family, which migrated to the peninsula from the northwestern regions of Asia. Some also settled parts of northeast China (Manchuria); Koreans and Manchurians still show physical similarities—in their height, for example. Koreans are racially and linguistically homogeneous, with no sizeable indigenous minorities, except Chinese (50,000).

South Korea's major population centers are in the northwest area of Seoul-Inchon and in the fertile southern plain. 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 a 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 US 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 43 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 only 20 million people. Ethnic Koreans now residing in other countries live mostly in China (2.6

AD 668. The Koryo dynasty (from which is derived the Western name "Korea") succeeded the Silla kingdom in 935. 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. Korea was under Mongolian occupation from 1231 until the early 14th century and was devastated by a large number of Chinese rebel armies in 1359 and 1361; the Japanese warlord Hideyoshi launched major invasions in 1592 and 1597. In the mid-19th century under the Yi kings, Korea adopted a closed-door policy to ward off Western encroachment, earning Korea the name of "Hermit Kingdom." Although the Yi Dynasty paid nominal fealty to the Chinese throne, Korea was, in fact, independent until the late 19th century. At that time, Japanese, Chinese, and Russian competition in Northeast Asia led to armed conflict. Japan defeated its two competitors and established dominance in Korea, formally annexing it in 1910. The Japanese colonial era, which lasted until the end of World War II, was characterized by tight control from Tokyo and ruthless efforts to supplant Korean language and culture. Korean resistance to such colonialism, notably in the 1919 Independence Movement, failed.

At the April 1945 Yalta Conference, the United States and the Soviet Union agreed to establish a joint trusteeship for Korea. The trusteeship was intended as a temporary administrative measure pending democratic elections of a Korean government. The US proposed—and the Soviet Union agreed—that Japanese forces surrender to US forces south of the 38th parallel and to Soviet forces north of that line.

In the north, the Soviets initially transferred the administrative powers of the former Japanese colonial government to "people's committees," and later to a 5-province administrative bureau under the nationalist, Cho Man-Sik. Cho was later purged by the Soviets for opposing the decision of allied foreign ministers at the Moscow Conference in December 1945 for a 5-year trusteeship, during which a Korean provisional government would prepare for full independence.

In the south, the US military government in Korea (1945-48), headed by Lt. Gen. John R. Hodge, was marked by uncertainty and an unclear US policy toward Korea. The Moscow conference's decision for a trusteeship also generated a

firestorm of protest in South Korea. Trusteeship was unacceptable to nationalist leader Syngman Rhee and other rightist Korean leaders associated with the provisional government established in Shanghai in 1919 by Korean nationalists living abroad. It was also opposed by groups within southern Korea who had established local self-governing bodies after the Japanese surrender.

The US military government initially relied on the advice of conservative elements but later tried to put together a moderate coalition to provide it with a broader base of political support. In December 1946, the military government established an interim legislative assembly to draft legislation and appointed moderates to half the seats. (The others were indirectly elected seats that went to rightists.) But the July 1947 assassination of a prominent leftist in the coalition and the decision of a coalition moderate to enter into unification talks with the north led to the demise of the coalition effort.

The joint Soviet-American commission provided for by the Moscow conference met intermittently in Seoul but became deadlocked over the issue of free consultations with representatives of all Korean political groups for establishment of a national government. The US submitted the Korean question to the UN General Assembly for resolution in September 1947.

### Korean Conflict

The Soviet Union and the Korean authorities in the north ignored the UN General Assembly resolution of November 1947, which called for UN-supervised elections throughout Korea. Elections, nonetheless, were carried out under UN observation in the south, and on August 15, 1948, the Republic of Korea (ROK) was established. Syngman Rhee, became the republic's first president. On September 9, 1948, the Soviet Union established the Democratic People's Republic of Korea (DPRK) in the north under Kim Il Sung, a former anti-Japanese guerrilla who served with the Soviet Army in the Far East during World War II.

Guerrilla fighting between southern and northern forces intensified during 1948-50. During this period, although the US provided modest military aid to the south, it planned and executed a withdrawal of its occupation forces which was completed by June 1949.

A year later, on June 25, 1950, North Korean forces invaded South Korea. The UN, in accord with its charter, engaged in its first collective action by establishing the UN Command (UNC), under which 16 member nations sent troops and assistance to South Korea. At the request of the UN Security Council, the United States, which contributed the largest contingent, led this international effort.

After initially falling back to the Pusan perimeter, UN forces conducted a successful surprise landing at Inchon and rapidly advanced up the peninsula. As the main UN force approached the Yalu River, large numbers of Chinese "people's volunteers" intervened, forcing UN troops to withdraw south of Seoul. The battle line seesawed back and forth until the late spring of 1951, when a successful offensive by UN forces was halted to enhance ceasefire negotiations prospects. The battle line thereafter stabilized north of Seoul near the 38th parallel.

Armistice negotiations began in July 1951, but hostilities continued until July 27, 1953. On that date at Panmunjom, the military commanders of the North Korean Army, 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 replaced the 1953 armistice pact, which remains in force. Thus, a condition of belligerency still exists on the divided peninsula. A Military Armistice Commission (MAC), composed of 10 members, five appointed by each side, supervises implementation of the armistice.

In April 1954, an international conference on Korea met in Geneva but ended without agreement or progress after 7 weeks of futile debate.

### Postwar Developments

Syngman Rhee served as president of the Republic of Korea until April 1960, when university students forced him to step down. A caretaker government was established, the constitution was amended, and national elections were held in June. The opposition Democratic Party easily defeated Rhee's Liberals, and the new National Assembly named Chang Myon prime minister in August. Chang's democratic but 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 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, greatly strengthening presidential and executive branch powers. Key provisions included indirect election of the president, presidential appointment of one-third of the national assembly, and presidential authority to issue decrees restricting 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 industrial modernization and extraordinary economic growth, 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 close military colleagues removed the army chief of staff and soon effectively controlled the government.

University student-led demonstrations spread in the spring of 1980. The government declared martial law in mid-May, banned all demonstrations, and arrested many political leaders and dissidents. Special forces units in the city of Kwangju reacted harshly to any who ignored the ban, setting off a confrontation which left 200 civilians dead. This incident left a wound that has proven slow to heal. By September 1980, President Choi had been forced to resign, and General Chun, by then retired from the army, was named president.

In October 1980, 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 (1981-1988).

Although martial law ended in January 1981, the government retained

broad legal powers to control dissent. An active and articulate minority of students, intellectuals, clergy, and others remained critical of the Chun government and demonstrated against it. Demonstrations at Incheon in May 1986 and at Konkuk University in fall 1986 were marred by violence.

In April 1986, the president responded to a signature campaign by the opposition New Korea Democratic Party (NKDP), which called for direct election of the next president by amending the constitution. The NKDP soon split into two opposition parties—Kim Dae Jung's Peace and Democracy Party (PPD) and Kim Young Sam's Reunification Democratic Party (RDP). They agreed on eight demands for reform including constitutional revision, repeal or revision of onerous laws, and release of political prisoners.

President Chun, who could not succeed himself, pledged in early 1987 that he would step down at the end of his term in February 1988. Chun suspended all discussion of constitutional revision in June 1987, and the ruling Democratic Justice Party approved Chun's hand-picked successor, Roh Tae Woo. Students, and then the general public, took to the streets to protest Chun's suspension of constitutional revision. On June 29, in a surprise move, presidential candidate Roh Tae Woo distanced himself from President Chun by announcing that he would implement democratic reforms if elected. The constitution was revised in October to include direct presidential elections and a strengthened National Assembly consisting of 299 members.

In December 1987 Roh Tae Woo won with 37% of the vote in the first direct presidential election since 1971. The two leading opposition leaders, Kim Dae Jung and Kim Young Sam, unable to agree on a single candidate, both ran and lost. Kim Dae Jung, Kim Young Sam, and former prime minister Kim Jong Pil polled 27, 28 and 10%, respectively.

The new constitution entered into force in February 1988, when President Roh assumed office. Elections for the national assembly were held on April 26. In a stunning upset, President Roh's ruling Democratic Justice Party (DJP) won only 34% of the popular vote, thereby losing control of the assembly for the first time since 1952. The final count was 125 seats for the DJP, 70 seats for Kim Dae Jung's Party for Peace and Democracy (PPD), 59 seats for Kim Young Sam's Reunification Democratic Party (RDP),

35 seats for Kim Jong Pil's New Democratic Republican Party (NDRP), and 10 for independent candidates.

The new opposition-dominated national assembly quickly challenged the president's prerogatives. In July 1988 it turned down President Roh's choice for chief of the Supreme Court. In the fall, the assembly conducted the first government audit in 16 years and began televised hearings into practices and policies of former President Chun's Fifth Republic. By late November, Chun was forced to make a public apology to the nation, turn over his personal wealth to the nation, and go into internal exile in a Buddhist temple. In December, the government and the assembly for the first time worked together to pass the budget, which the government had previously handed down.

After months of speculation and demands from the opposition that President Roh hold the interim assessment on his administration that he had promised while campaigning, Roh decided in March 1989 to postpone the evaluation indefinitely, citing the unstable political situation. Labor, farmer, and student unrest continued despite Roh's promises of further reforms.

In April 1989, the government began cracking down against leftist elements it maintained were destabilizing the country. The nation was shocked by the deaths of seven policemen in Pusan in a confrontation with students. This was soon followed by the illegal visit of 71-year old dissident Rev. Moon Ik Kwan to North Korea. Rev. Moon embraced North Korean leader Kim Il Sung while in Pyongyang and was arrested upon his return to South Korea. In July, student activist Yim Su Kyong made an unauthorized visit to the North to attend Pyongyang's World Youth Festival and was arrested. In August opposition leader Kim Dae Jung was indicted in connection with unauthorized visits to North Korea by one of his party members, Suh Kyong Won. In October the government acknowledged that 1,315 people had been arrested in the first 9 months of 1989, including 284 for security violations.

South Korean politics have changed dramatically because of the 1988 legislative elections, the assembly's greater powers under the 1987 constitution, and the influence of public opinion. There has been significant political liberalization since 1987, including freedom of the press and greater freedoms of expression and

assembly than in the past. In 1988, the government released several hundred political prisoners and restored the civil rights of former detainees. In 1989, the government asserted its prerogatives to maintain public stability, raising concerns over human rights issues.

The nation was stunned in January 1990 when the 3 political parties led by President Roh, Kim Young Sam, and Kim Jong Pil merged to form a new majority party, the Democratic Liberal Party (DLP). This new alliance left Kim Dae Jung and his Party for Peace and Democracy (PPD) as the primary opposition, since the tiny Democratic Party (DP) controlled just eight seats in the National Assembly. In July 1990, the DLP passed several significant bills without debate, and the PPD and the DP precipitated a legislative crisis by announcing a boycott of the national assembly. The PPD returned to the assembly in November, only after getting assurances on several issues, including greater local autonomy. In March 1990 the ROK held its first local elections in 30 years. Further local elections were planned for June 1991, and the trend toward greater democratization continued to gain momentum.

#### Principal Government Officials

President—Roh Tae Woo  
Prime Minister—Roh Jae Bong  
Deputy Prime Minister; Chairman,  
Economic Planning Board—  
Lee Seung Yun  
Minister of Foreign Affairs—Lee Sang  
Ock  
Minister of National Defense—Lee  
Jong Ku  
Ambassador to the United States—  
Hyun Hong Choo  
Ambassador to the UN—Roe Chang  
Hee  
Speaker of the National Assembly—  
Park Jyun Kyu

Korea maintains an embassy in the United States at 2320 Massachusetts Avenue NW., Washington, DC 20008 (tel. 202-939-5600).

#### ECONOMY

Over the past 25 years, the Republic of Korea's economic growth has been spectacular. Despite the need to maintain a large military, South Korea, one of the world's poorest countries only a generation ago, is now the United States' seventh largest trading partner and a

middle-ranking industrial power. Lacking natural resources, Korea's greatest asset is its industrious, literate people.

The division of the Korean peninsula in 1945 created two unbalanced economic units. North Korea inherited most of the peninsula's mineral and hydroelectric resources and most of the 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. Both north and south suffered massive destruction in the Korean war, but an influx of refugees added to the south's economic woes. South Korea began the postwar period with a per capita gross national product (GNP) far below that of the north. It received large amounts of US foreign assistance until the 1970s. All US direct aid was stopped in 1980.

South Korea's meager mineral resources include tungsten, anthracite coal, iron ore, limestone, kaolinite, and graphite. There is no oil, and energy is a continuing concern for the ROK's economic planners. An ambitious program to develop nuclear power is well underway; Korea now has eight nuclear plants in operation, one under construction and two planned. 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%, resulting in a 20-fold increase in per capita GNP. Per capita GNP, which reached \$100 for the first time in 1963, now exceeds \$4,000, or four times that of North Korea.

The political and social unrest that followed the 1979 assassination of President Park and the effect of world economic developments, including the drastic increase in world oil prices in 1979, triggered a severe recession in Korea. In the early 1980s, external debt was a serious concern, peaking at \$47 billion in 1985. The economy had already recovered

somewhat by the spring of 1988 when a strengthening US economy helped stimulate Korean economic performance. From 1986 to 1988, booming exports led once again to high growth rates averaging 12% per year. Current account surpluses reached a total of \$14 billion by the end of 1988, at which time foreign debt had decreased to \$31 billion—18% of GNP and 44% of exports.

Korea registered bilateral trade surpluses of about \$10 billion with the US in 1987 and 1988. In 1989, Korea's global trade and current account surpluses and bilateral surplus with the US declined dramatically, due to a number of factors: appreciation of the *won*, labor disputes, cumulative wage increases and strong domestic demand. The surplus remained approximately \$4 billion in 1990. It has yet to be demonstrated, however, whether a structural, lasting decline in Korea's surplus has begun. Long-term growth prospects remain bright. External factors will remain important. Korea continues to emphasize exports, while the quickly expanding domestic market provides greater economy of scale. The ability to adapt to a more open system suitable to a growing democracy and to Korea's greater role in the world economy are important to the continued success of the Korean economy.

#### FOREIGN RELATIONS

South Korea is committed to peaceful settlement of international differences, a commitment best illustrated by its restrained response to a number of provocations by North Korea over the past 15 years. These include the 1968 Blue House raid, the October 1983 bombing in Rangoon, Burma, which killed six of the ROK's most prominent leaders, and the November 1987 bomb explosion aboard Korean Air Lines flight 858, in which 115 lives were lost. Captured North Korean agents confessed to all of these acts.

South Korea is becoming increasingly active in international affairs. Although not a UN member, it has launched a campaign to join that organization. However, North Korea opposes separate admission to the UN on the grounds that it would perpetuate the division of the peninsula; some of its allies support this contention. South Korea presently has a UN observer mission headed by an ambassador and is active in most UN

specialized agencies. In addition, South Korea has made efforts to join or participate actively in many other international fora, ranging from the Antarctic Treaty to the Organization for Economic Cooperation and Development (OECD).

South Korea today has diplomatic relations with 148 countries and an even broader network of trading relationships. It has hosted a series of prestigious international events, including the 1988 summer Olympics. A total of 159 countries participated in the Seoul Olympics, making it the largest Olympics ever. Only six nations followed North Korea's call to boycott. Chinese, Soviet, and Eastern European participation in the Seoul Olympics underscored and accelerated President Roh's policy of "Nordpolitik"—the pursuit of wide-ranging relations with socialist nations and contacts and dialogue with North Korea.

Nordpolitik has so far met with notable success. In February 1989, Hungary became the first communist nation to establish full diplomatic relations with the ROK. The ROK now has diplomatic relations with all the countries of Eastern and Central Europe except Albania. Nordpolitik's crowning achievement came in September 1990, when the ROK and USSR opened formal diplomatic relations. In early 1991 the ROK and People's Republic of China exchanged trade offices, a clear sign of improvement in relations and a possible first step toward eventual diplomatic relations.

The South Korean government and politicians have long been concerned over the fate of the 35,000 Koreans on Sakhalin Island, now under Soviet control. Koreans were originally brought to Sakhalin by the Japanese as forced labor. A series of semi-official Korean delegations visited Moscow and Sakhalin in 1989. These contacts resulted in Soviet agreement to increase the flow of ethnic Koreans in Sakhalin allowed to visit South Korea. In addition, 20 first-generation Koreans from Sakhalin were repatriated in 1988 after more than 40 years away from their homeland.

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 the legacy of historic antipathies 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 also concentrated on broadening its international base of support with Third World nations, the Association of Southeast Asian Nations (ASEAN), and Middle Eastern states. Korea wants to participate actively in Pacific basin economic affairs. It has offered to host in 1991 the third ministerial meeting on Asia-Pacific Economic Cooperation initiated by Australian Prime Minister Hawke.

#### **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, the two governments had no direct, official communication or other contact.

In August 1971, North and South Korea agreed to hold talks through their respective Red Cross societies with the aim of reuniting the many Korean families separated following the division of Korea and the Korean war. After a series of secret meetings, both sides announced on July 4, 1972, an agreement to work toward peaceful reunification and an end to the hostile atmosphere prevailing on the peninsula. Officials exchanged visits and regular communications were established through a south-north coordinating committee and the Red Cross, but the two sides made no substantive progress. These initial contacts quickly broke down and finally ended on August 13, 1973. The breakdown reflected basic differences in approach, with Pyongyang insisting on immediate steps toward reunification before discussing specific issues and Seoul maintaining that, given the long history of mutual distrust, reunification must come through a gradual, step-by-step process.

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 (US, USSR, PRC, and Japan), and the admission of both Koreas to the United Nations, pending peaceful reunification. North Korea currently rejects these ideas, although it applied for UN membership in 1949 (following the lead of the ROK) and supported a Soviet Union draft in 1957, resubmitted in 1958, which called for "simultaneous UN admission." The North now argues that this proposal would perpetuate the peninsula's division.

Tension between North and South Korea increased dramatically in the aftermath of the 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 in January 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 US troops and set the stage for a declaration of non-aggression 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—led to revived dialogue on several fronts: Red Cross talks to address the plight of separated families, economic and trade talks, and parliamentary talks. However, in January 1986, the north unilaterally suspended all talks, arguing that annual ROK/US military exercises were inconsistent with dialogue. The north also announced a unilateral moratorium on large-scale military exercises and called upon the US and ROK to do the same. The US and the ROK responded by reiterating their longstanding offer to allow DPRK officials to observe exercises and by proposing pre-notification of military exercises. These proposals were rejected by the north, and in 1987 the north resumed large-scale exercises.

In a major new initiative on July 7, 1988, South Korean President Roh Tae Woo called for new efforts to promote exchanges, family reunification, inter-Korean trade and contact in international fora. President Roh called on Korea's friends and allies to pursue contacts with the north and said that the south intended to seek better relations with the USSR and China.

Roh's initiative provided renewed momentum to a dialogue suspended since late 1985. Over the following months, the two sides met several times at Panmunjom to try to arrange a joint meeting of the two Korean parliaments. In early 1989, both sides also met in preliminary meetings to discuss arrangements for prime ministerial-level talks. In other fora, the two national Olympic committees met to discuss forming a joint team for the 1990 Asian Games in Beijing.

In February 1989, North Korea suspended the parliamentary talks over US-ROK military exercises. In April the north suspended the prime ministerial talks and the sports talks until July, blaming South Korea's arrest of a dissident clergyman who visited North Korea without government approval. In the fall of 1989, the dialogue resumed in four fora—athletic, Red Cross, parliamentary, and prime ministerial. In the Red Cross talks, there were attempts to reach agreement on reunions of separated family members and exchanges of cultural arts troupes.

Prime ministerial-level talks were initiated in 1990. Delegations met three times, although little concrete progress was made. The north cancelled the fourth meeting, scheduled for February 1991, once again citing annual exercises as the reason.

Hopes for a summit (proposed repeatedly in the past) have also been unfulfilled. President Roh, in a speech to the UN General Assembly in October 1988, offered to go to Pyongyang at any time to discuss any issue, including North Korea's call for a mutual declaration of non-aggression. North Korean President Kim Il Sung did not respond positively. Kim had earlier stated that a summit must first take up his proposal for Koryo confederation and withdrawal of US forces. In his 1989 New Year's address, Kim suggested that Roh come to

Pyongyang as a party head in a group with southern opposition and dissident leaders. However, he later referred to Roh by his official title and, in his 1991 New Year's address, offered a revised version of his confederal proposal in which he suggested that regional governments would exercise independent foreign and defense policy.

Following the ROK government's 1988 decision to allow trade with the DPRK, South Korean firms began to import North Korean goods, all via third-country contracts. The DPRK has denounced and denied this trade. Nevertheless, the north publicized a late January 1989 visit by Hyundai Corporation founder Chong Chu Yong as

well as a private protocol he signed to develop tourism and other projects in the north.

## US-KOREAN RELATIONS

The United States remains committed to maintaining peace and stability on the Korean peninsula. The United States agreed in the 1954 US-ROK Mutual Defense Treaty to help the Republic of Korea defend itself from external aggression. In support of that commitment, the US maintains about 43,000 service personnel in Korea, including the army's Second Infantry Division and several air force tactical squadrons. To coordinate operations between these units and the 650,000-strong Korean armed forces, a combined forces command (CFC) was established in 1978. The CFC is headed by a US general who serves concurrently as commander in chief of the UN Command (CINC-UNC).

Several aspects of the security relationship are changing as the US moves from a leading to a supporting role. South Korea has agreed to pay more of the US defense costs, to fund relocation of the large US headquarters garrison at Yongsan from Seoul, and to accept changes in the CFC command structure.

The United States supports direct, government-to-government talks between the authorities of South and North Korea. The US believes that the fundamental decisions on the future of the Korean peninsula must be taken by the Korean people themselves. Therefore, the US has refused to be drawn into separate negotiations on Korean issues with North Korea, as Pyongyang has insisted.

The most rapidly developing area in Korean-US relations is that of economics and trade. Korea is now its seventh largest trading partner, and the US seeks to improve its trade imbalance, through greater access to Korea's expanding market and improved investment opportunities for US business. Although Korea is reluctant to abandon industrial protection and the state-directed industrial policy which played such an important role in its industrialization, Korean policy-makers increasingly claim to recognize the benefits of liberalized trade for their economy. Korean leaders seem determined to manage successfully

### Principal US Officials

Ambassador—Donald P. Gregg  
 Commander in Chief, UNC—  
 Gen. Robert R. Cassi  
 Deputy Chief of Mission—  
 Raymond F. Burghardt  
 Counselor for Political Affairs—  
 E. Mason Hendrickson, Jr.  
 Counselor for Economic Affairs—  
 Richard Morford  
 Counselor for Administrative Affairs—  
 Oliver P. Garza  
 Counselor for Public Affairs—  
 John Fredenberg  
 Consul General—Edward H. Wilkinson  
 Counselor for Commercial Affairs—  
 Peter Frederick  
 Counselor for Agricultural Affairs—  
 George J. Pope  
 Chief, Joint US Military Advisory  
 Group, Korea—  
 Gen. Robert J. Jellison  
 Defense Attache—  
 Col. William McKinney, USA

The US Embassy is located at 82 Sejong-Ro, Chongro-Ku, Seoul; APO San Francisco 96301. Tel. 82-2-732-2601, Fax no. 82-2-738-8845.

The US Agricultural Trade Office is located at 63, 1-Ka, Ulchi-Ro, Choong-Ku, Seoul. Fax no. 82-2-752-5626.

The US Export Development Office/US Trade Center is c/o US Embassy. Fax no. 82-2-739-1628. Director: William M. Yarmy.

the complex economic relationship with the United States and to take a more active role in international economic fora as befits Korea's status as a major trading nation.

Since the 1950s, the US-Korean relationship has developed into one of the most important in Asia. The 1982 celebration of the centennial of Korean-American diplomatic relations and President Reagan's 1983 visit to Korea underscored the quality of US-Korean relations. In 1989, a succession of high-level visits—President Bush (February), Vice President Quayle (September) and President Roh (October)—reaffirmed a determination to develop and strengthen the bilateral relationship further. President Roh visited the US again in June 1990. ■

## 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.

**Visas:** Visas are not required of tourists travelling to South Korea if their stay is less than 15 days or if they are simply transiting the country and have a ticket for an onward destination. Tourist visas, which should be obtained from a Korean consulate for longer stays, are issued for a 5-year period with multiple entries, but the length of any one visit should not exceed 90 days. Visas are required for all official and business visitors. No immunizations are required of travelers from the US.

**Health:** Health services are fair to good in most major cities. Most 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. There is an excellent network of local bus, taxi, and, in Seoul, subway services.

**Tele-communications:** 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.

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Table 5

Top 50 Partners in Total U.S. Trade in 1990  
(Domestic and Foreign Merchandise, F.a.s.; General Imports, Customs; Millions of Dollars)

	1984	1985	1986	1987	1988	1989	1990
Canada.....	118,255	122,293	123,764	130,899	153,020	166,762	175,238
Japan.....	80,710	91,414	108,793	112,824	127,244	138,046	138,240
Mexico.....	30,012	32,767	29,693	34,853	43,888	52,144	58,348
Germany.....	26,365	29,453	35,839	38,956	40,929	41,927	46,946
United Kingdom.....	26,701	26,210	26,814	31,455	36,341	39,156	43,772
Taiwan.....	19,771	21,096	25,315	32,034	36,843	35,647	34,149
Korea, South.....	15,335	15,969	19,084	25,086	31,337	33,195	32,892
France.....	14,150	15,578	17,344	18,673	22,478	24,593	26,776
Italy.....	12,309	14,299	15,446	16,569	18,351	19,148	20,711
China.....	6,069	7,717	7,877	9,791	13,532	17,745	20,031
Netherlands.....	11,623	11,350	11,913	12,180	14,675	16,174	17,988
Singapore.....	7,654	7,735	8,105	10,254	13,741	16,347	17,859
Hong Kong.....	11,329	11,182	11,921	13,837	15,925	16,014	16,328
Belgium/Luxembourg.....	8,440	8,305	9,405	10,360	11,904	13,077	15,027
Saudi Arabia.....	9,305	6,381	7,061	7,806	9,396	10,731	14,009
Brazil.....	10,261	10,666	10,698	11,905	13,561	13,214	13,038
Australia.....	7,468	8,277	8,179	8,500	10,514	12,204	12,967
Venezuela.....	9,920	9,936	8,238	9,165	9,769	9,796	12,554
Switzerland.....	5,679	5,764	8,229	7,400	8,808	9,626	10,396
Malaysia.....	4,576	3,839	4,150	4,818	5,833	7,614	8,697
Spain.....	4,952	5,039	5,317	5,987	7,419	8,113	8,518
Sweden.....	4,786	6,049	6,290	6,652	7,684	8,030	8,335
Thailand.....	2,439	2,277	2,684	3,764	5,172	6,668	8,285
Nigeria.....	3,085	3,678	2,939	3,869	3,635	5,774	6,529
Israel (incl Gaza).....	3,945	4,702	4,657	5,770	6,216	6,067	6,513
Philippines.....	4,196	3,524	3,336	3,863	4,545	5,270	5,854
India.....	4,121	3,937	3,820	3,992	5,440	5,772	5,677
Indonesia.....	6,678	5,364	4,257	4,161	4,209	4,775	5,240
Colombia.....	2,596	2,798	3,193	3,644	3,915	4,479	5,213
Ireland.....	2,198	2,243	2,437	2,922	3,558	4,048	4,285
USSR.....	3,838	2,831	1,806	1,904	3,355	4,993	4,153
Iraq.....	788	901	968	1,178	2,644	3,584	3,746
Algeria.....	4,158	2,763	2,284	2,425	2,544	2,585	3,593
Turkey.....	1,682	1,896	1,793	2,304	2,829	3,375	3,433
South Africa.....	4,753	3,276	3,523	2,627	3,200	3,190	3,433
Dominican Republic.....	1,663	1,724	2,006	2,305	2,769	3,291	3,405
Norway.....	2,763	1,830	2,016	2,246	2,375	3,028	3,128
Chile.....	1,586	1,428	1,644	1,777	2,247	2,707	2,993
Denmark.....	2,023	2,370	2,515	2,671	2,633	2,586	2,990
Argentina.....	1,855	1,791	1,799	2,170	2,490	2,430	2,688
Egypt.....	2,874	2,402	2,093	2,675	2,553	2,838	2,645
Finland.....	1,132	1,333	1,288	1,514	1,964	2,339	2,392
New Zealand.....	1,492	1,584	1,856	1,864	2,101	2,326	2,333
Austria.....	1,089	1,275	1,328	1,478	1,821	2,008	2,189
Angola.....	1,113	1,191	764	1,388	1,317	2,025	2,108
Ecuador.....	2,350	2,428	2,065	1,887	1,909	2,117	2,058
Costa Rica.....	895	923	1,124	1,251	1,470	1,844	2,000
United Arab Emirates.....	1,882	1,267	849	1,283	1,284	1,922	1,887
Portugal.....	1,438	1,241	1,190	1,246	1,442	1,724	1,755
Pakistan.....	1,337	1,315	1,155	1,138	1,549	1,657	1,752

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Table 6

Top 50 Purchasers of U.S. Exports in 1990  
(Domestic and Foreign Merchandise, F.a.s.; Millions of Dollars)

	1984	1985	1986	1987	1988	1989	1990
Canada.....	51,777	53,287	55,512	59,814	71,622	78,809	83,866
Japan.....	23,575	22,631	26,882	28,249	37,725	44,494	48,585
Mexico.....	11,992	13,635	12,392	14,582	20,628	24,982	28,375
United Kingdom.....	12,210	11,273	11,418	14,114	18,364	20,837	23,484
Germany.....	9,221	9,123	10,628	11,802	14,457	16,956	18,752
Korea, South.....	5,983	5,956	6,355	8,099	11,232	13,459	14,399
France.....	6,037	6,096	7,216	7,943	9,970	11,579	13,652
Netherlands.....	7,554	7,269	7,847	8,217	10,117	11,364	13,016
Taiwan.....	5,003	4,700	5,524	7,413	12,129	11,335	11,482
Belgium/Luxembourg.....	5,301	4,918	5,399	6,189	7,410	8,522	10,448
Australia.....	4,793	5,441	5,551	5,495	6,973	8,331	8,535
Singapore.....	3,675	3,476	3,380	4,053	5,768	7,344	8,019
Italy.....	4,375	4,625	4,838	5,530	6,775	7,215	7,987
Hong Kong.....	3,062	2,786	3,030	3,983	5,687	6,291	6,840
Spain.....	2,561	2,524	2,615	3,148	4,215	4,796	5,208
Brazil.....	2,640	3,140	3,885	4,040	4,266	4,804	5,062
Switzerland.....	2,562	2,288	2,976	3,151	4,196	4,911	4,944
China.....	3,004	3,856	3,106	3,497	5,021	5,755	4,807
Saudi Arabia.....	5,564	4,474	3,449	3,373	3,776	3,574	4,035
Malaysia.....	1,856	1,539	1,730	1,897	2,141	2,870	3,425
Sweden.....	1,542	1,925	1,871	1,894	2,700	3,138	3,404
Israel (incl Gaza).....	2,194	2,580	2,239	3,130	3,244	2,828	3,201
Venezuela.....	3,377	3,399	3,141	3,586	4,612	3,025	3,107
USSR.....	3,284	2,423	1,248	1,480	2,769	4,284	3,088
Thailand.....	1,113	849	936	1,544	1,962	2,288	2,991
Ireland.....	1,354	1,342	1,434	1,810	2,183	2,483	2,539
India.....	1,570	1,642	1,536	1,463	2,500	2,458	2,486
Philippines.....	1,766	1,379	1,363	1,599	1,878	2,202	2,472
Turkey.....	1,249	1,295	1,160	1,482	1,850	2,003	2,253
Egypt.....	2,704	2,323	1,982	2,210	2,332	2,612	2,249
Colombia.....	1,450	1,468	1,319	1,412	1,754	1,924	2,038
Indonesia.....	1,216	795	946	767	1,059	1,247	1,897
South Africa.....	2,265	1,205	1,158	1,281	1,688	1,659	1,732
Chile.....	805	682	823	796	1,066	1,414	1,672
Dominican Republic.....	646	742	921	1,142	1,359	1,645	1,658
Denmark.....	605	706	758	893	969	1,051	1,311
Norway.....	859	666	937	842	929	1,037	1,281
Argentina.....	900	721	944	1,090	1,054	1,039	1,179
Pakistan.....	1,092	1,042	830	733	1,090	1,134	1,143
New Zealand.....	708	727	881	819	940	1,117	1,133
Finland.....	350	438	381	514	761	969	1,126
United Arab Emirates.....	695	596	493	619	705	1,238	998
Costa Rica.....	423	422	483	582	696	882	992
Algeria.....	520	430	453	426	730	756	948
Jamaica.....	495	404	457	601	762	1,006	944
Portugal.....	961	695	638	581	749	925	922
Austria.....	375	441	464	549	746	873	873
Panama.....	757	675	711	742	637	723	857
Bahamas.....	555	786	761	782	740	772	801
Peru.....	751	496	693	814	795	695	778

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Table 7

Top 50 Suppliers of U.S. Imports in 1990  
(General Imports, Customs; Millions of Dollars)

	1984	1985	1986	1987	1988	1989	1990
Canada.....	66,478	69,006	68,253	71,085	81,398	87,953	91,372
Japan.....	57,135	68,783	81,911	84,575	89,519	93,553	89,655
Mexico.....	18,020	19,132	17,302	20,271	23,260	27,162	30,172
Germany.....	17,145	20,331	25,210	27,155	26,472	24,971	28,194
Taiwan.....	14,768	16,396	19,791	24,622	24,714	24,313	22,667
United Kingdom.....	14,492	14,937	15,396	17,341	17,976	18,319	20,288
Korea, South.....	9,353	10,013	12,729	16,987	20,105	19,737	18,493
China.....	3,065	3,862	4,771	6,293	8,511	11,990	15,224
France.....	8,113	9,482	10,129	10,730	12,508	13,014	13,124
Italy.....	7,934	9,674	10,607	11,040	11,576	11,933	12,723
Saudi Arabia.....	3,741	1,907	3,612	4,433	5,620	7,157	9,974
Singapore.....	3,979	4,260	4,725	6,201	7,973	9,003	9,839
Hong Kong.....	8,266	8,396	8,891	9,854	10,238	9,722	9,488
Venezuela.....	6,543	6,537	5,097	5,579	5,157	6,771	9,447
Brazil.....	7,621	7,526	6,813	7,865	9,294	8,410	7,976
Nigeria.....	2,508	3,002	2,530	3,573	3,278	5,284	5,977
Switzerland.....	3,117	3,476	5,253	4,249	4,611	4,714	5,452
Thailand.....	1,326	1,428	1,748	2,220	3,210	4,379	5,294
Malaysia.....	2,721	2,300	2,421	2,921	3,692	4,744	5,272
Netherlands.....	4,069	4,081	4,066	3,964	4,559	4,810	4,972
Sweden.....	3,244	4,124	4,419	4,758	4,985	4,892	4,931
Belgium/Luxembourg.....	3,139	3,387	4,006	4,171	4,493	4,555	4,578
Australia.....	2,675	2,836	2,628	3,006	3,541	3,873	4,433
Philippines.....	2,430	2,145	1,972	2,264	2,666	3,068	3,383
Indonesia.....	5,461	4,569	3,312	3,394	3,150	3,529	3,343
Israel (incl Gaza).....	1,751	2,123	2,418	2,639	2,972	3,239	3,313
Spain.....	2,391	2,515	2,702	2,839	3,204	3,317	3,310
India.....	2,551	2,295	2,283	2,529	2,940	3,314	3,191
Colombia.....	1,146	1,331	1,874	2,232	2,161	2,555	3,175
Iraq.....	124	474	440	495	1,488	2,415	3,015
Algeria.....	3,638	2,333	1,831	1,999	1,814	1,829	2,645
Angola.....	1,010	1,053	677	1,294	1,216	1,928	1,958
Norway.....	1,904	1,164	1,079	1,404	1,446	1,991	1,848
Dominican Republic.....	1,017	982	1,085	1,163	1,410	1,646	1,747
Ireland.....	844	901	1,003	1,112	1,375	1,566	1,745
South Africa.....	2,488	2,071	2,364	1,345	1,513	1,531	1,701
Denmark.....	1,418	1,665	1,757	1,779	1,664	1,535	1,678
Argentina.....	954	1,069	856	1,080	1,436	1,391	1,509
Ecuador.....	1,695	1,837	1,464	1,266	1,228	1,474	1,377
Chile.....	781	745	820	981	1,181	1,292	1,321
Austria.....	714	834	864	929	1,074	1,135	1,316
Finland.....	782	895	908	999	1,203	1,370	1,267
New Zealand.....	784	857	975	1,046	1,161	1,209	1,199
Turkey.....	433	602	633	821	979	1,371	1,180
USSR.....	554	409	558	425	586	709	1,065
Trinidad & Tobago.....	1,360	1,258	793	815	719	768	1,016
Costa Rica.....	473	501	641	670	774	962	1,008
United Arab Emirates.....	1,187	671	356	664	579	684	889
Portugal.....	477	546	552	664	693	800	833
Peru.....	1,342	1,087	803	769	658	814	803

All items in U.S. total exports (F.a.s. value) to Korea, South  
(Thousands of dollars)

SITC rev 3 commodity	1986	1987	1988	1989	1990
0--Food and live animals.....	444,213	667,220	858,351	1,222,952	1,197,035
1--Beverages and tobacco.....	12,045	8,100	67,904	120,452	119,194
2--Crude materials, inedible, except fuels.....	1,611,445	2,093,736	2,692,734	2,928,684	2,979,668
3--Mineral fuels, lubricants and related materials....	238,382	331,709	308,244	345,790	728,339
4--Animal and vegetable oils, fats and waxes.....	23,366	35,812	45,198	43,271	51,852
5--Chemicals and related products, n.e.s.....	751,090	986,119	1,383,628	1,644,963	1,717,714
6--Manufactured goods classified chiefly by material..	404,597	483,796	798,061	1,067,850	987,412
7--Machinery and transport equipment.....	2,034,018	2,566,443	3,813,800	5,163,704	5,362,152
8--Miscellaneous manufactured articles.....	339,591	408,641	562,163	811,735	1,081,760
9--Commodities & transit not class elsewhere in sitc:	50,469	83,091	101,331	128,628	173,594

Note: Data before 1989 are estimated.  
Compiled from official statistics of the U.S. Department of Commerce.  
Commodity trade data before 1989 exclude special category exports.  
Refer to the bilateral total trade tables for the data on total trade by country and region.

Leading items in U.S. total exports (F.a.s. value) to Korea, South  
(Thousands of dollars)

SITC rev 3 commodity	1986	1987	1988	1989	1990
776--Thermionic, cold cathode, photocathode valves etc.:	485,651	597,338	797,825	815,870	1,011,333
792--Aircraft & associated equipmt; spccrft veh) & pts:	272,543	315,534	767,690	1,155,789	918,008
211--Hides & skins (except furskins), raw.....	467,587	600,690	669,906	700,074	758,574
094--Maize (not including sweet corn) unmilled.....	129,877	356,490	429,920	641,024	604,234
263--Cotton textile fibers.....	155,860	313,890	445,495	429,260	481,651
334--Oil (not crude) from petrol & bitum minerals etc.:	67,914	134,032	102,480	91,671	456,147
874--Measuring/checking/analysing & contr inst&apt nos:	167,500	189,804	229,525	314,346	412,251
282--Ferrous waste & scrap; rmlng iron or steel ingots:	247,171	213,550	271,158	406,760	410,638
251--Pulp and waste paper.....	227,725	307,104	397,069	459,336	405,095
752--Automatic data process machs & units thereof.....	135,590	158,397	235,749	342,158	387,175
247--Wood in the rough or roughly squared.....	105,995	158,388	247,050	274,892	287,126
764--Telecommunications equipment, n.e.s. & pts, n.e.s.:	140,523	174,013	214,921	211,380	280,530
728--Machry etc specializd for particular industries nos:	120,916	154,022	247,916	461,540	270,445
759--Parts etc for office mach & auto data process mach:	126,633	188,031	282,502	298,201	260,743
391--Arms and ammunition.....	2,924	2,790	4,790	144,675	252,179
311--Hydrocarbons nos & specified derivatives.....	139,030	141,064	253,164	319,982	248,045
741--Heating & cooling equipmt and pts therof, n.e.s.:	55,229	90,890	99,899	182,836	219,417
041--Wheat (including spelt) and meslin, unmilled.....	237,984	211,216	283,266	297,903	216,230
222--Oil seeds/oleaginous frt for extr soft fix veg oil:	206,104	232,220	260,148	220,025	196,601
743--Pumps, air or other gas compressors and fans.....	28,569	43,686	76,442	118,259	187,214
321--Coal, pulverized or not, but not agglomerated.....	152,305	167,174	167,701	171,786	185,664
778--Electrical machinery and apparatus, n.e.s.....	45,097	62,940	79,344	174,404	176,795
288--Nonferrous base metal waste & scrap, n.e.s.....	45,142	62,859	147,620	140,816	151,890
714--Engs and motors, nonelct & pts, n.e.s.....	66,567	36,174	74,109	82,298	144,034
723--Civil engineering & contractors' plant & equipment:	76,833	67,146	71,311	118,397	136,100
784--Parts and accessories of motor vehicles, etc.....	21,262	74,919	70,619	102,963	134,858
514--Nitrogen-function compounds.....	59,825	96,149	133,992	137,102	126,051
598--Miscellaneous chemical products, n.e.s.....	14,326	20,328	26,928	100,199	119,676
011--Meat of bovine animals, fresh, chilled or frozen..	1,936	1,513	25,058	78,814	116,664
513--Carboxylic acids etc halides etc & derivatives....	106,700	127,373	168,244	149,533	115,102
375--Plastics, n.e.s., in primary forms.....	54,282	93,495	100,653	96,961	113,947
311--Leather.....	54,662	55,325	70,727	65,428	111,897
294--Est. low value shp; canadian low value and n.i.k.:	15,379	37,821	42,588	67,443	111,651
713--Internal combust piston engs, and pts, n.e.s.....	24,422	28,386	43,285	59,225	108,940
325--Radioactive and associated materials.....	2,242	8,862	16,613	56,170	104,926
441--Paper and paperboard.....	61,608	67,432	90,263	102,137	102,962
22--Tobacco, mfg whether containing tobacco substitute:	5,645	6,163	56,443	107,466	101,344
284--Aluminum.....	25,297	31,226	126,064	114,745	88,330
772--Electrical apparat for switchng or protectg elec circ:	66,111	78,200	115,960	85,708	86,519
034--Fish, fresh (live or dead), chilled or frozen.....	21,642	23,196	20,311	39,561	83,161

Note: Data before 1989 are estimated.  
Compiled from official statistics of the U.S. Department of Commerce.  
Commodity trade data before 1989 exclude special category exports.  
Refer to the bilateral total trade tables for the data on total trade by country and region.  
Top 40 commodities sorted by total exports, F.a.s. value in 1990.

All items in U.S. general imports (customs value) from Korea, South  
(Thousands of dollars)

SITC rev 3 commodity	1986	1987	1988	1989	1990
0--Food and live animals.....					
1--Beverages and tobacco.....	180,191	294,564	263,264	188,332	176,060
2--Crude materials, inedible, except fuels.....	6,662	17,224	14,950	6,171	5,449
3--Mineral fuels, lubricants and related materials...	13,286	17,954	26,951	51,637	47,561
4--Animal and vegetable oils, fats and waxes.....	42,634	29,197	14,606	28,746	9,572
5--Chemicals and related products, n.e.s.....	74	428	478	1,385	947
6--Manufactured goods classified chiefly by material..	134,746	152,334	187,568	184,883	252,527
7--Machinery and transport equipment.....	1,840,400	2,031,539	2,359,488	2,047,807	2,124,898
8--Miscellaneous manufactured articles.....	4,537,304	7,075,728	9,101,804	8,860,493	7,544,678
9--Commodities & transact not class elsewhere in sitc:	5,897,461	7,266,554	8,090,586	8,234,725	8,187,132
	76,481	101,420	129,378	137,691	144,339

Note: Data before 1989 are estimated.  
Compiled from official statistics of the U.S. Department of Commerce.  
Refer to the bilateral total trade tables for the data on total trade by country and region.

Leading items in U.S. general imports (customs value) from Korea, South  
(Thousands of dollars)

SITC rev 3 commodity	1986	1987	1988	1989	1990
851--Footwear.....					
776--Thermionic, cold cathode, photocathode valves etc.:	1,509,139	1,774,695	2,325,718	2,182,898	2,573,003
781--Motor cars & oth motor vehicles.....	648,034	805,710	1,390,651	1,851,948	1,798,590
752--Automatic data process machs & units thereof.....	798,671	2,062,202	2,486,562	1,593,997	1,125,622
848--Apparel & cl acc exc textile headgear, all materl:	388,294	617,159	924,439	1,091,002	1,053,031
845--Articles of apparel of textile fabrics nos.....	447,640	651,994	819,278	1,035,978	1,008,942
842--Women/girls coats, capes etc, tex fabric, not knit:	774,761	889,582	785,073	963,757	728,480
784--Telecommunications equipment, n.e.s. & pts, n.e.s.:	459,972	544,471	609,889	595,867	659,079
894--Baby carriages, toys, games and sporting goods....	577,790	662,909	701,896	686,265	608,640
841--Men's or boy's coats, jackets etc, text, not knit.:	698,373	947,676	825,471	714,828	588,063
843--Sound recorders, tv recorders, recording media unr:	552,516	611,631	641,380	692,061	585,624
831--Trunks, suitcases, vanity cases, briefcases, etc.:	119,404	202,695	234,146	695,136	464,099
762--Radiobroadcast receivers.....	331,346	436,175	448,016	450,212	446,355
898--Musical instruments and parts, records, tapes etc.:	271,298	436,969	540,621	541,486	427,919
775--Household type elec & nonelec equipment, n.e.s.....	241,877	244,465	329,357	360,818	357,344
773--Iron & nonalloy steel flat-roll prod, not clad etc:	340,004	425,018	437,919	432,985	344,415
825--Rubber tires, inter treads, tire flaps & inn tubes:	170,198	160,839	162,781	123,146	245,825
853--Nov fabrics, mm text mat (not narrow or spec fab).:	186,487	185,814	196,622	196,980	229,636
899--Miscellaneous manufactured articles, n.e.s.....	191,452	203,443	241,577	213,706	227,691
744--Mechanical handling equipmt, & pts thereof, n.e.s.:	103,550	139,456	192,366	210,229	225,658
759--Parts etc for office mach & auto data process mach:	60,654	100,129	170,131	266,511	219,554
761--Television receivers.....	68,511	70,863	122,937	200,231	208,573
778--Electrical machinery and apparatus, n.e.s.....	573,537	723,215	713,611	296,715	207,459
779--Iron & steel tubes, pipes & hol profiles, fittings:	198,348	263,472	305,197	224,655	205,864
897--Household equipment of base metal, n.e.s.....	197,303	162,338	265,576	197,209	195,262
897--Jewelry, goldsmiths' & silversmiths' wares etc....	112,620	141,170	178,183	178,012	158,687
893--Articles, nos of plastics.....	83,186	115,978	126,068	138,912	155,311
894--Nails, screws, nuts etc, iron, steel, copp, alumin:	68,253	108,298	138,516	141,352	150,752
844--Women's or girls' coats, capes etc, textile, knit.:	111,883	127,276	133,781	124,742	134,005
844--Parts and accessories of motor vehicles, etc.....	147,102	157,003	141,562	124,678	122,243
831--Special transactions & commod not classif by kind.:	46,895	65,086	82,301	94,397	111,456
899--Manufactures of base metal, n.e.s.....	47,646	65,322	89,318	102,269	104,059
851--Office machines.....	84,470	104,611	123,296	93,294	89,668
858--Made-up articles of textile materials, n.e.s.....	53,633	79,521	142,393	118,390	89,569
93--Wire products (excl insulat elect) & fencing grills:	83,520	101,827	88,713	77,881	89,484
741--Iron & na steel flat-rolled products, clad, etc....	74,017	75,559	100,784	102,660	87,006
841--Heating & cooling equipmt and pts thereof, n.e.s.:	78,445	89,837	71,674	57,980	84,600
772--Electrical apparat for switchg or protectg elec circ:	52,795	91,219	153,212	58,077	83,395
843--Men's or boys' coats, jackets etc, text, knitted.:	73,287	78,206	108,827	87,965	82,046
842--Plates, sheets, film, foil & strip of plastics....	85,278	109,501	101,379	115,990	79,422
	36,283	45,073	73,865	73,224	76,441

Note: Data before 1989 are estimated.  
Compiled from official statistics of the U.S. Department of Commerce.  
Refer to the bilateral total trade tables for the data on total trade by country and region.  
Top 40 commodities sorted by general imports, customs value in 1990.

## THEMES FOR ASIA TRIP

### Overall

- America is an Asia-Pacific partner for the long haul  
(America will not retreat into isolationism/protectionism)
  - Economically
  - Politically
  - Security

- As outlined in the President's Asia Society speech, there are six keys to America's long-term vision for the Asia Pacific. The trip will highlight each of these:

#### **I. PROGRESSIVE TRADE LIBERALIZATION**

- Aggressively pursue Uruguay Round Settlement (if still pending) (Japan, Korea, Australia)
- Promote APEC (All countries)
- Push access for American products and services (Japan, Korea)
- Encourage American investment in the region (Singapore, Japan, Korea)

#### **II. SECURITY COOPERATION**

- Maintain pressure on DPRK nuclear program. Stress need for united action against DPRK nuclear program (all countries; encourage Singapore to get ASEAN action during upcoming ASEAN Summit)
- U.S. will restructure, but remain engaged
  - Continued air and naval presence at current levels in Japan for the foreseeable future
  - Korea presence dependent on progress for lasting peace on the peninsula; however, envision long-term air presence for regional deterrence into the future
  - Singapore agreement as model for access arrangements of the future in other parts of the region

#### **III. A SHARED COMMITMENT TO DEMOCRACY AND HUMAN RIGHTS**

- Continue pressure on ROK (last visit by Pres. Bush made a difference)
- Lay out position on Vietnam (Singapore)
- Highlight China if necessary

**IV EDUCATIONAL AND SCIENTIFIC INNOVATION**

- Show link between domestic agenda and foreign policy
- Highlight S&T progress (all countries)
- Examine educational differences that we can learn from (Japan, Korea)

**V RESPECT FOR THE ENVIRONMENT**

- Note progress made and areas for improvement (Japan, Korea)
- Announce SE Asia initiative (if ready)

**VI APPRECIATION OF DISTINCT CULTURAL HERITAGES**

- Announce various cultural exchange initiatives (all countries)

# ROH'S TRACK RECORD

Korean Overseas Information Service/Seoul, Korea  
February 1991

## Political Development

The Administration of President Roh Tae Woo came into being on February 25, 1988. This event marked the establishment of genuine democracy in the Republic of Korea for the first time since it was founded in 1948. Furthermore, the Roh Administration was brought into being through the first peaceful transfer of power in the 40-year history of the Republic.

Roh Tae Woo was elected President through the first direct popular vote in 16 years. This ended perennial domestic and international controversy over the legitimacy of the Republic of Korea Government and set the stage for the successful hosting of the Seoul Olympics and the effective implementation of a northern diplomacy aimed at opening and expanding ties with the socialist world.

A priority task of the Roh Administration upon its inauguration was to eliminate all vestiges of past authoritarian rule, while promoting the basic rights of the people. Sweeping amnesties and restoration of political rights were granted to large numbers of "political prisoners" and "purged politicians." A total of 1,673 laws and decrees—about 50 percent of the total—were revised or repealed to do away with undemocratic provisions and restrictions on basic rights. Thus amended were 291 laws, 733 presidential decrees, 578 prime ministerial decrees and 71 treaties.

A particularly notable development has been the realization of unrestricted freedom of the press and speech in keeping with the Declaration of Democratic Reforms on June 29, 1987, which swiftly led to the demise of authoritarianism. Press

censorship was abolished with the repeal of the Basic Press Law. The system of requiring the registration of media was liberalized, leading to the mushrooming of increasingly diverse print and broadcast media.

Measures were taken also to deregulate various other areas of national life with a view to promoting private initiative. Campus autonomy was introduced and restrictions on overseas travel lifted. Creative activities of artists and writers were freed from artificial constraints. Government intervention in the private sector of the economy was scaled down. In 1990 alone, laws and decrees were revised to end or ease government control of 576 categories of economic and business activities.

The Administration exercised moderation and restraint in dealing with disturbances accompanying the transition from authoritarianism to democracy. It patiently waited for the emergence of a public awareness and consensus regarding the need for a democratic order based on self-regulation. As a result, political and social stability has come to prevail with spontaneous public involvement.

In early 1990, three major political parties merged into one large governing party in what may be termed an honorable revolution. This ended the governmental lethargy caused by a legislative logjam due to a minority ruling party having to deal with three disparate opposition groups with a combined majority in the National Assembly. Thus the stage was set for constructive politics based on new thinking about the future of the nation in an increasingly interdependent and shrinking world. The triparty merger represented a major political realignment designed to propel the country into the 21st century and toward the goal of national unification.

Also in keeping with the promise made in the June 29, 1987 Declaration and again in the campaign platform of Roh Tae Woo, legislative and administrative steps have been taken to introduce local autonomy on a phased basis. Local coun-

## Rise in News Media

Media	Number as of June 29, 1987	Number as of end of 1990	Increase
Daily newspapers	28	81	53
Broadcast media	5	10	5
Weeklies and monthlies	1,404	3,488	2,084

cils are to be elected during the first half of 1991, with the heads of local governments to be elected about a year later. To increase the financial self-sufficiency of local governing bodies, a cigarette excise tax and other new taxes have been created as an additional source of revenue for them, along with a system providing for grants-in-aid from the National Government. Much of the authority and power of the National Government has also been developed to local governments.

### External Relations

President Roh Tae Woo has emerged as a regional and international leader of stature, advancing the Republic of Korea towards the world's center stage. Under his presidency, the Republic successfully staged the largest Olympic Games ever. The nation has achieved a speedy but solid democratization, while maintaining rapid economic growth leading to increasing prosperity. President Roh has successfully endeavored to secure for the Republic an international position commensurate with its expanding national clout. For example, he delivered major speeches addressed to international audiences at the following fora: before the General Assembly of the United Nations on October 19, 1988; before a joint session of the United States Congress on October 18, 1989; before the Hungarian parliament on November 23, 1989; before the Japanese Diet on May 25, 1990, and at Moscow University on December 14, 1990.

In the Seoul Olympics in 1988, the East and the West were brought together for the first time in 12 years. It was rated as the largest and best Olympiad ever and was regarded by many as the most successful world festival of peace and harmony. Through the 1988 Olympics, the world had a good look at the Republic of Korea as a democratic, prosperous, modern and peaceful country. This offered a model for the reforms and openness in Eastern Europe, which in turn led to the emergence of a new world order of detente and cooperation. This subsequently helped advance the goals of the Republic's northern policy.

The policy of cultivating ties with East bloc countries was designed chiefly to create an international environment conducive to both unification with North Korea and continued economic

### Dates of Opening Diplomatic Ties With East Bloc Countries

Countries	Agreement to open ties signed	ROK embassy opened	Embassy in Seoul opened
Hungary	February 1989	February 1989	February 1989
Poland	November 1989	November 1989	January 1990
Yugoslavia	December 1989	February 1990	March 1990
Czechoslovakia	March 1990	June 1990	
Bulgaria	March 1990	June 1990	September 1990
Rumania	March 1990	June 1990	July 1990
Mongolia	March 1990	June 1990	February 1991
USSR	September 1990	October 1990	December 1990

development and greater prosperity.

In consequence, increasing trade and other forms of exchanges and cooperation have come to be conducted with all socialist countries, except for Cuba and one or two others. This has opened up, among other things, new, growing markets for the Republic and added new members to the list of its economic and business partners. In fact, trade with the East bloc jumped from US\$3.7 billion in 1988 to US\$5.6 billion in 1990.

Full diplomatic relations were established with the Soviet Union—a longtime major ally of North Korea—in September 1990. On the heels of this, Presidents Roh and Gorbachev jointly issued a "Moscow Declaration" of agreement to develop ties of constructive bilateral cooperation, including mutual efforts toward "the relaxation of tension and the establishment of the climate of trust for the eventual reunification on the Korean Peninsula."

These developments have a greater potential to break the stalemate on the Korean Peninsula than anything else that has happened since the Korean War of 1950-53, for they signaled the extension of the Post-Cold War international order into Northeast Asia with the aim of promoting regional peace. This is expected to nudge the hardline Communist regime in the North into initiating reform and openness, leading to improved relations between the two divided parts of Korea.

In May 1990, President Roh visited Japan as the first chief executive of a democratic Korean Government with universally acknowledged legitimacy. He also became the first Korean President to speak before the Japanese Diet. He dis-

Inter-Korean trade has been slowly but steadily growing from a nearly negligible initial level in 1988.

## **Economy, Infrastructure, Environment**

In light of the fact that speculative activities were sending land and housing prices skyrocketing, legislative program was carried out to enforce a concept of land as public property and to tax excessive or idle land holdings more heavily. Steps were also taken to ban business corporations from holding or acquiring lands not essential to their intrinsic business operations. Government-supported projects were implemented to develop 150 housing tracts totaling 228 million square meters and 45 industrial sites totaling 191 million square meters to help stabilize land prices.

The Government drastically deregulated and decontrolled business activities to promote private initiative and entrepreneurship, as noted earlier. During 1990 alone, laws and executive decrees were streamlined to free 576 categories of economic activities from unwarranted Government control. In particular, deregulation measures were taken to make it easier to newly enter 19 selected industries, including alcoholic beverage manufacturing and the information and telecommunications businesses, with a view to promoting competition.

Labor laws were revised to promote the rights of workers to organize, collectively bargain and strike. As a result, the number of labor unions in the country jumped from 4,086 in December 1987 to 7,883 in June 1990, a 93-percent rise, while their membership swelled from 1.27 million to just under 2 million, a 52-percent increase.

In view of the fact that the sudden removal of restrictions on unionism entailed difficulties in conducting yet unfamiliar collective bargaining, the Administration sponsored educational courses for union leaders and labor relations managers. About 110,000 persons attended such courses between 1988 and 1990. Roundtable discussions between labor and management on the national and regional levels were energized to promote mutual understanding.

Through such efforts, often-bitter labor disputes, which mushroomed in the wake of the Declaration of Democratic Reforms in mid-1987, have greatly decreased in both frequency and intensity. Labor disputes numbered 1,770 in 1988 and slightly decreased to 1,585 in 1989 but dropped to only 316 in 1990. The fact that wages nearly doubled between 1987 and 1990 as the result of newly bursting unionism has also contributed significantly to increasing industrial peace.

A minimum wage law was enacted in 1988, along with legislation to promote equal employment opportunities for both sexes.

Standard working hours per week were reduced from 48 up until 1988 to 46 in 1989 and further to 44 in 1990. A law for promoting the employment of the physically handicapped went into effect in 1990.

In view of the fact that many Korean workers have difficulty finding affordable housing, a program was initiated to build 250,000 low-cost housing units for them. In 1990, the initial year, 60,000 units were completed. In addition, 4,225 rental apartments were built for unmarried female workers.

These are part of a national program to build two million housing units between 1988 and 1992 in order to ease serious housing shortages in Korean cities. By comparison, 1.55 million units were constructed between 1981 and 1987.

Under the new, accelerated housing program, the number of units built increased from 320,000 in 1988, to 460,000 in 1989 and further to an estimated 750,000 in 1990. This program incorporates projects to create five new towns around Seoul. Special emphasis is placed on providing more adequate shelter to low-income families, especially by building 250,000 rental apartments, still a rarity in Korea, between 1989 and 1992. In addition, measures are being taken to encourage private construction of small-scale multifamily housing units in urban areas as part of efforts to stabilize rent, which has sharply increased in recent years. A total of 380,000 such units were built between 1988 and 1990. Assistance will also be provided to improve existing housing for low-income families.

The budget for promoting social development,

with focus on the welfare of the poor, was increased from 4.43 trillion *won* (US\$6.3 billion) in 1987 to 7.43 trillion *won* (US\$10.6 billion) in 1990. The expanded 1990 budget provides for, among other things, monthly subsistence aid of 39,000 *won* (US\$56) to each needy incapacitated person, educational funds to 418,000 children of poor families and vocational training for 15,000 persons, and the establishment of 419 day care centers.

The income tax exemption point for wage earners has been hiked, while a more sharply progressive taxation has been applied to the upper income brackets. Special tax deductions have been newly created or expanded for employees. Credit facilities for ordinary citizens have been enlarged to help them meet emergency financial requirements, start small businesses, deposit key money for living quarters or educate their children. Bank loans allocated for such purposes totaled 1.6 trillion *won* (US\$2.2 billion) in 1990.

A national medical insurance system was introduced on a phased basis and came to cover the entire population in 1989, whereas only 61 percent of the population benefited from the system in 1987. A national pension fund was created, with 4.61 million employees of 63,000 workplaces joining it by the end of 1990. Eligibility to join the fund will be progressively expanded, with the goal of benefiting the entire population by the end of the 1990s.

Environmental protection has been yet another priority of the Roh Administration. The Office of Environment was elevated in status to the Ministry of Environment in January 1990 to more vigorously and effectively clean up the environment, in part by more closely orchestrating environment-related policies of all Government agencies. To that end, nine environment-related laws and executive decrees have been revamped, in particular to require environmental assessment prior to undertaking major development projects. A total of 17.1 trillion *won* (US\$20 billion), rough-

ly half in Government and half in private funds, is scheduled to be invested in antipollution projects by the year 2000.

To expand and improve infrastructure in keeping with the rapid economic growth of the nation, a special infrastructure planning team was created at Chong Wa Dae (the Presidential office and residence) in January 1991. One trillion *won* (US\$1.4 billion) in surplus funds in the Government budget is being invested in such projects as a second Seoul-Inch'on expressway, the widening of the Seoul-Pusan expressway from four lanes to six, the improvement of over 60 feeder roads and the expansion and improvement of all-important Pusan and Inch'on ports, especially to enlarge their container facilities. A new international airport will be constructed to serve Seoul. Communications networks will be expanded and improved, with a view especially to add 5.9 million telephone circuits. An optical fiber cable was laid between the island province of Cheju-do and the mainland for more efficient and expanded communications.

To ensure a steady supply of energy to meet the growing requirements of the nation, the emergency oil stockpile was increased from 31 million barrels in 1987 to 38 million barrels in 1988. Electric power generating capacity of the nation was upped to 21 million kilowatts in 1989 from 19 million kilowatts in 1987.

As the combined result of all such development efforts, the Korean economy has managed to continue to grow at a rapid average rate through the often turbulent first three years of the Roh Presidency. Although various new external and internal impediments have arisen, threatening to decelerate growth while accelerating inflation, the Korean economy is expected to rebound strongly again before long through painful but necessary industrial readjustments, if its past performances are a valid guide.

# KOREA-U.S. TRADE RELATIONS

Korean Overseas Information Service/Seoul, Korea  
February 1991

## Status of Bilateral Trade

By the end of the 1980s, the Korea-U.S. trading relationship had assumed a new importance for both nations. Whereas the United States has traditionally been Korea's number one trading partner, Korea has emerged as America's seventh largest trading counterpart. Two-way trade volume cleared \$36.3 billion in 1990.

In recent years, Korea has focused its efforts on reducing the surplus in trade it registered with the United States since 1982. After peaking at \$9.6 billion in 1987, the surplus has consistently declined, dropping to \$4.7 billion in 1989 and further reducing to \$2.4 billion in 1990. Such rapid progress toward trade equilibrium is largely a result of Korea's market opening policies, such as import liberalization, improvement of import procedures, enhanced protection of intellectual property rights and accelerated market opening in the service and agricultural sectors. As a result, in 1990 Korea imported \$16.9 billion worth of American goods while it exported \$19.4 billion to the U.S. market.

## Import Liberalization

The Korean Government began to actively carry out import liberalization in the early 1980s, gradually expanding the number and range of items eligible for import on an automatic approval basis. As of January 1991, the number of items subject to import restriction was reduced to 283 and the overall import liberalization ratio rose to 97.2 percent. In the manufacturing sector, the liberalization ratio has reached 99.7 percent.

From 1983 onwards, the Korean Government has also been highly responsive to U.S. requests in drawing up its lists and timetables for import liberalization. Since 1986, Korea has also had an import diversification program in effect which has identified some 290 items that are purchased from Japan, with which Korea has run a chronic trade

deficit, and which could be obtained on equal or more favorable terms from the United States. As a result, imports of American goods rose 46 percent in 1988, 25 percent in 1989 and 6.5 percent in 1990, compared to corresponding figures for the overall import growth rate of 26 percent, 19 percent and 13.6 percent.

In 1989, a major package of bilateral trade accords was reached under the auspices of Section 301 of the 1988 U.S. Trade Act, and Korea has since carried out its obligations as scheduled. The agreements addressed a range of market sectors, from agriculture to investment, and have greatly enhanced opportunities for U.S. firms in the Korean marketplace.

In addition to these accords, Korea has also taken special steps to further respond to U.S. concerns on such issues as tobacco, wine, telecommunications and civil aviation. And, while Korea is already the second largest importer of American agricultural products, many items of particular interest to the United States, such as pecans, soybeans, have been included in the liberalization and tariff reduction schedules despite the high sensitivity of Korea's agricultural sector.

## Tariff Reduction

In 1984, Korea initiated a Five Year Tariff Reduction Program, which led to a reduction in the average ad valorem level from 23.7 percent in 1983 to 11.4 percent in 1991. The rate will further drop to 10.1 percent in 1992, 8.9 percent in 1993, and to 7.9 percent in 1994, the current rate of most developed countries. For manufactured goods, the average tariff rate was reduced from 22.6 percent in 1983 to 9.7 percent in 1990 and is scheduled to fall further to 6.2 percent in 1994. The corresponding figures for agricultural tariffs are 31.4 percent in 1983, 19.9 percent in 1990 and 16.6 percent in 1994. Also, in response to U.S. requests, the Korean Government used its concessionary tariff system, to further reduce tariffs on

some 1,877 items of special interest to U.S. exporters in 1987 and 1988 and on an additional 203 items in 1989.

Effective December 1990, the Korean Government abolished the 2.5 percent Defense Tax which led to the decision to postpone the tariff reduction plan by one year. The tax burden on imports will, nonetheless, see a net reduction.

### **Intellectual Property Rights Protection**

Since the mid 1980s, Korea has actively worked to strengthen its intellectual property laws and to enhance their enforcement. Five new items of legislation were enacted as part of this effort and special units were formed to apprehend and prosecute violators. Korea also acceded to five international conventions and, in consideration of a U.S. Government request, agreed to provide special treatment for three categories of U.S. intellectual property. With the revision of the Industrial Property Law in September 1990, Korea's legal framework for IPR is regarded as one of the world's most comprehensive.

### **Cooperation in the Uruguay Round**

Korea has also cooperated with the United States in the Uruguay Round of multilateral trade negotiations. Korea's offer list extends to eight sectors of interest to the U.S.: audio-visual services, where restrictions on the import/distribution of motion pictures and sound and video recordings

will be lifted; business services, in which foreign agencies in joint ventures will be permitted to hold up to a 99 percent share; telecommunications, wherein database and remote computing services will be permitted; construction, where foreign equity restrictions will gradually be reduced; distribution, where all restrictions will be lifted for retail outlets under 700 sq meters; transportation, where foreign participation in joint ventures will gradually be permitted; tourism, and financial services, for which principles of national treatment and reciprocity will be applied.

In the negotiation on agriculture, Korea sharply reduced its list of non-trade concerns to help move the negotiation forward. In the textiles group, Korea supports the plan to phase out MFA restrictions by 2000. In the intellectual property rights discussion, Korea has agreed to revise or enact legislation for the protection of trade secrets and semiconductor mask works. And, on government procurement, in June 1990 Korea submitted its intention to accede to the GATT Code.

Korea is also cooperating with the United States in multilateral negotiations for an international steel consensus and at the OECD Working Group VI negotiation to reform the world shipbuilding and repair industry.

Korea and the United States are also exploring ways to expand regional cooperation at the Asia Pacific Economic Cooperation (APEC) forum. Launched at Canberra, in November 1989, APEC serves as a channel to further trade and industrial cooperation among the members of the Asia Pacific region.

# NORTHERN DIPLOMACY

Korean Overseas Information Service/Seoul, Korea  
February 1991

By far the most significant developments in foreign policy in recent years has been the establishment and steady expansion of ties between the Republic of Korea and hitherto inaccessible socialist countries. Although a relationship with the socialist world began to be sought long before the Sixth Republic, it was not until about a year after the inauguration of President Roh Tae Woo in February 1988 that breakthroughs were achieved, at long last.

The ice was broken with the establishment of diplomatic relations with the Republic of Hungary in February 1989. The significance of this event went far beyond the initiation of bilateral relations between the two countries, for it was symbolic of a new era to unfold in the Republic's diplomatic history.

For a long time, the post-World War II foreign policy of the Republic of Korea generally dealt only with the free world. In the aftermath of the Korean War (1950-53) which was started by an unprovoked invasion from Soviet aided Communist North Korea, Communism and socialism were regarded not only as alien but dangerous and threatening ideologies. This attitude, however, began to undergo subtle change as the early 1970s saw the Sino-American rapprochement and later, as a pragmatic flexibility began to manifest itself in some aspects of East-West relations.

The Republic of Korea embarked on some efforts to adapt itself to the more fluid world situation. President Park Chung Hee's statement in June 1973, announcing a willingness to develop contacts with Communist countries, is the most notable example; arguably this was the harbinger of what is now called Korea's Northern Diplomacy. The conciliatory gesture, however, was not reciprocated.

Many reasons could be cited for the failure of the earlier attempts at improving relations with the East bloc countries. A primary one, however, was that, at the time, apart from the fact that the Cold

War was still dominating world politics, the Republic of Korea had little appeal as a partner for trade and economic cooperation.

## Changing Domestic and International Environment

The 1980s saw crucial changes conducive to a warming of relations with the East bloc. Above all, Korea's economic stature grew conspicuously. It has emerged as the 10th largest trading nation in the world after three decades of rapid economic development. Furthermore, its international reputation was enhanced enormously by the hosting of the 1988 Olympic Games and the democratization process set in motion in 1987. These factors—combined with intensifying moves within socialist countries to restructure their economies and open up to the outside world—were the catalyst for Korea's new era of Northern Diplomacy.

Also by then the Sixth Republic had adopted Northern Diplomacy as a top priority, integrating it into its unification policy. President Roh hinted at this linkage in his inaugural address when he said, "Improved relations with countries with ideologies and social systems different from ours will contribute to stability, peace and common prosperity in East Asia. Such a northward diplomacy should also lead to the gateway of unification." The President has repeated this theme on many occasions but it was perhaps stated in most detail in the "Special Declaration in the Interest of National Self-esteem, Unification and Prosperity" on July 7, 1988. While outlining six policies which he hoped would help create a sense of national community between the two parts of Korea, the President said, "To create an atmosphere conducive to durable peace on the Korean Peninsula, we are willing to cooperate with North Korea in its efforts to improve relations with countries friendly with us... and in parallel with this, we will continue to seek improved relations

with the Soviet Union, China and other socialist countries." Thus while warmer relations with the socialist world are, as has always been the case, based on the expectation of economic and other benefits to both sides, the Republic has attached special significance to its Northern Diplomacy because of the expected additional benefit of an international atmosphere more conducive to peace and security on the Peninsula and eventual unification with the North.

### **Five Principles of Northern Diplomacy**

Northern Diplomacy is based on five principles. First, South Korea will not seek to isolate North Korea, but, on the contrary, hopes that its new ties with North Korea's old friends will lead them to encourage North Korea to institute reforms and become a more responsible member of the international community. Second, as already discussed, the South will pursue its Northern Diplomacy in tandem with its unification policy. Third, both political and economic, as well as other non-political exchanges, should be developed with socialist countries simultaneously, because without an atmosphere of mutual trust created by first forging diplomatic ties, it is impossible to develop full-fledged economic cooperation. Although the Republic understands that a principle of the separation of politics from economics has often been applied to relations between nations without formal ties, it is determined to pursue improvement of economic as well as political relations at the same time as a keystone of its Northern Policy. Fourth, the Government will try to build a public consensus on the goals of its Northern Diplomacy. To this end, a number of inter-ministerial committees have been formed to formulate and coordinate policies. Fifth, the South will maintain close ties with the United States and its other traditional friends. The South's relationship with these old friends is crucial to pursuing the Northern Policy from a position of strength, as it is important not only in terms of national security, but also in terms of trade and other economic activities.

### **Recent Achievements**

As noted above, the first breakthrough in South Korea's move toward rapprochement with socialist

countries came with the establishment of diplomatic relations with Hungary in February 1989. Following the exchange of embassies on February 1, relations between the two countries developed rapidly and in November of that year President Roh made an official visit to Hungary. This was the first visit by a Korean head of state to a East European nation. The following November, President Arpad Goncz of Hungary visited Seoul.

Poland followed. It set up a trade office in Seoul in May 1989, about a month after South Korea opened a similar office in Warsaw. On November 1 of that year, the two countries announced an agreement to establish formal diplomatic relations. The Republic of Korea established its embassy in Warsaw on November 27. Less than two months later, on January 17, 1990, the Polish embassy was opened in Seoul.

A basic pattern has emerged in the cultivation of relations with socialist countries. Following the initiation of academic, athletic or cultural exchanges, trade offices with consular functions are opened, and some months later, full diplomatic relations are established which in turn lead to a steady increase in economic and other types of exchanges. It was also in this way that ties were established with Yugoslavia on December 28, 1989, Bulgaria on March 23, 1990, Czechoslovakia the following day and Romania on March 30. Albania is the only East European country not yet showing any apparent interest in cultivating relations with South Korea.

All along it was hoped that these countries could and would help influence North Korea to end confrontation and improve relations with the South and follow their example in instituting reforms. But it was the Soviet Union and the People's Republic of China which were seen as having the greatest influence with North Korea while at the same time offering the biggest potential markets for South Korean goods and services.

Relations with the Soviet Union are seen in Seoul as being especially important not only because of potential economic benefits—which could be great—but because of their expected salutary influence on national security. The Soviet Union was behind the North Korean invasion of the South in June 1950 and still continues to supply

## Trade with the East Bloc

(Million \$/%)

	Exports			Imports			Two-way Total		
	'89	'90	Percent of Increase	'89	'90	Percent of Increase	'89	'90	Percent of Increase
<b>Total</b>	<b>1,962</b>	<b>2,758</b>	<b>40.6</b>	<b>2,261</b>	<b>2,886</b>	<b>27.6</b>	<b>4,223</b>	<b>5,644</b>	<b>33.6</b>
China	1,438	1,580*	9.9	1,705	2,268	33.0	3,143	3,848	22.4
USSR	208	519	149.5	392	370	-5.6	600	889	48.2
East European Countries	270	541	100.4	117	213	82.1	387	754	94.8
Yugoslavia	47	214	355.3	20	42	110.0	67	256	282.1
Poland	56	113	101.8	18	91	405.5	74	204	175.7
Hungary	49	90	83.7	19	23	21.1	68	113	66.2
Czechoslovakia	79	52	-34.2	24	23	-4.2	103	75	-27.2
Romania	0.3	22	—	19	3	-84.2	19	25	31.6
Bulgaria	18	18	0.0	11	21	81.8	29	38	31.0
Others	46	118	156.5	47	35	-25.5	93	153	64.5
Vietnam	45	117	160.0	42	33	-21.4	87	150	72.4
Mongolia	0.1	0.5	400.0	0.5	2	300.0	0.6	2.5	316.7

Source: The Office of Customs Administration

\* The breakdown of the total does not include all East bloc countries with which Korea trades. Exports to China for 1990 are estimated.

### Products Traded with the USSR

(Million \$/%)

Exports			Imports		
Products	Value	Percent of Increase	Products	Value	Percent of Increase
Ships	181	325.5	Pig iron	67	-10.7
VTRs	66	371.4	Bituminous coal	54	14.9
Textiles	29	107.1	Aluminum	32	255.6
Electric motors	24	700.1	Crude oil	26	—
Cold rolled steel	23	-28.1	Frozen seafood	19	-6.6

modern military hardware to North Korea and remains its major economic benefactor. They are thus seen as one important key to a solution to the complex Korean question. It is hoped that as ties improve between the South and the Soviet Union, as its economy is helped by economic ties with the South and as the Cold War winds down the world over, the Soviet Union will be able to convince North Korea to open up to the outside world and negotiate a peaceful settlement with the South eventually leading to peaceful unification. Seoul's political and economic goals, therefore, basically coincided with Moscow's economic needs to push the two nations into a rapid acceleration of ties which began with the opening of trade offices in April 1989 and culminated in the establishment of full diplomatic relations on September 30, 1990, an event preceded and followed by summit meetings between Presidents Roh and

### Products Traded with the PRC

(Million \$/%)

Exports			Imports		
Products	Value	Percent of Increase	Products	Value	Percent of Increase
Fabrics	328	43.7	Fabrics	307	4.8
TVs and parts	142	-8.4	Crude oil and petroleum products	201	97.4
Plastics	78	-7.5	Yarns and fibers	139	-22.5
Yarns and fibers	61	-24.1	Bituminous coal	103	39.1
Paper and cardboard	48	31.9	Cement	95	—

Gorbachev.

On March 26, 1990, diplomatic relations were opened with Mongolia, the first Asian Communist country to initiate formal ties with the South. This should favorably affect South Korea-Vietnam relations which are being improved gradually, particularly in terms of economic cooperation. It may also influence Seoul's relations with China.

The People's Republic of China is North Korea's other major ally and though the Soviet Union has supplied more military aid to the North, China is closer ideologically and is also a source of economic aid. China is attracted by the South's rapid economic development but improvement in ties have been complicated by their desire not to unduly upset their North Korean comrades. Nevertheless, the constantly increasing economic ties between the two countries led in October 1990

to an agreement to establish trade offices with consular functions. The Korean trade office in Beijing opened in January 1991 and the Chinese office is expected to open in Seoul in early March. Two-way trade which rose from \$3.1 billion in 1989 to \$3.8 billion in 1990 is expected to increase even more rapidly in the months ahead as the two trade offices lay a foundation for better and closer economic relations. Seoul hopes that full diplomatic relations with Beijing will follow in the near future as has been the case with other socialist countries but is also well aware that China may be more reluctant to move quickly than was the Soviet Union.

### **Future Prospects and Conclusion**

In a short span of time, Korea's Northern Diplomacy has made dramatic progress due to the convergence of several factors as already discussed. Korea has by now established diplomatic ties with nearly all the East European nations plus Mongolia and is turning its attention to the remaining hardline Communist countries, especially those of East Asia. While relations have certainly warmed even with these holdouts, it may take a relatively long time to come to terms with them because of their still continuing adherence to Communist ideology and their closer ties and sense of comradeship with North Korea. Nevertheless, the events of recent years point to the slow but steady germination of relations with the remaining socialist countries as well.

As far as relations with former and present socialist countries with which Korea has already established ties, the focus will be on ever expanding scientific, technological, academic and cultural exchanges. The benefits to Korea will come not only from the increasing diversification of markets which will certainly help strengthen the economy but also from exposure to various hitherto-unknown ideas and cultural experiences. The extent to which both sides will benefit from the new ties will depend to a great extent on the ability of the East bloc nations to make a success of their brave reforms and put their economic house in order.

The question then remains about whether the new ties are already having or will soon have any

impact on the attitude of North Korea, either to the South or to the Free World in general. While the initial inclination may be to say, "not much," the truth is that some faint signs are appearing that some shifts are occurring in the North Korean attitude. Only time will tell if these represent a real desire for change or only an extension of the North's pet propaganda trickery. The fact that the Prime Ministers of the South and North have met three times can be an indicator of what is in the offing. It is the first time that such high ranking officials have met since the division of the nation. While no substantial agreements have been reached, it is still significant that such meetings have been held between the two hostile parts of Korea. The second sign that North Korea may indeed feel pressured to open up, not only by its own mounting economic problems but by the success of the South's Northern Diplomacy, are the talks which it has begun with Japan on normalizing relations. While all predictions are that the negotiations will be a slow and tortuous process, the fact that P'yongyang has begun to talk to what it has called an imperialist enemy all along is a sign that North Korean attitudes are indeed beginning to change. Durable peace and security on the Peninsula and peaceful unification are top national goals and will thus continue to be a major goal of Korea's Northern Diplomacy. There seems to be cause for guarded optimism that some progress can finally be made toward that end, in spite of the apparent futility of efforts along that line so far.

A corollary of the success of the Northern Diplomacy has been an increase in Korea's international stature, enabling it to contribute a greater share to the international community. This may well lead in the near future to Korea's being admitted into the United Nations, either with North Korea or on its own. This will mean that the Republic will have been accepted into the world community as a full-fledged member.

# THE ECONOMY

## Past Performance, Current Policies and Future Prospects

Korean Overseas Information Service/Seoul, Korea  
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In the last quarter century, Korea's economic growth has been among the fastest in the world. The country has overcome obstacles and challenges to transform itself from a subsistence-level economy into one of the world's leading newly industrializing countries. Today, however, the Korean economy faces new challenges; internally, it must deal with the inevitable demands that come with the process of political democratization and externally, it is confronted by an increasingly complex international trading environment.

### Past Performance and Policies

Since Korea launched its First Five-Year Economic Development Plan in 1962, the country's real GNP has expanded by an average of more than 8 percent per year. As a result, Korea's GNP has grown from US\$2.3 billion in 1962 to US\$210 billion in 1989; per capita GNP has increased from a meager US\$87 in 1962 to about US\$5,000 in 1989 at current price levels.

The industrial structure of the Korean economy has also been completely transformed. The agricultural sector's share of GNP has declined from 37.0 percent in 1962 to 10.2 percent in 1989. The manufacturing sector's share has increased from 14.4 percent to 31.3 percent in the same period. The service sector accounted for only 24.1 percent of GNP in 1962 but generated 46.8 percent in 1989.

### Trends of Major Economic Indicators

	Unit	'62	'70	'75	'80	'85	'89
GNP	US\$ bil.	2.3	8.1	20.8	60.5	89.7	210.1
Per Capita GNP	US\$	87	242	590	1,592	2,194	4,968
GNP Growth Rate	%	2.2	7.6	6.8	-4.8	7.0	6.7
Domestic Savings Ratio	%	3.3	17.9	17.9	22.9	30.0	36.3
Trade Volume	US\$ bil.	0.5	2.7	11.7	38.8	52.9	123.9
Wholesale Price	%	9.4	9.2	26.3	39.0	0.9	1.1
Consumer Price	%	8.3	15.9	25.3	28.7	2.5	5.1

Korea's commodity trade volume increased from US\$500 million in 1962 to US\$123.9 billion in 1989. Korea had continuously posted trade deficits until 1985 when the country's foreign debt reached US\$46.8 billion, the fourth largest in the world. During 1986-1989, Korea recorded current account surpluses and its debt declined.

Inflation in Korea had been one of the major economic problems in the 70s and early 80s, during which consumer prices rose at annual rates of between 10-20 percent. Since 1982, Korea has managed to keep inflation down in single digits. The ratio of domestic savings to GNP grew from 3.3 percent in 1962 to 37.7 percent in 1989.

### Current Developments and New Challenges

The current prospects for the economy, unlike the past, are not so bright. Since 1989, the Korean economy had been experiencing difficulties, including slower growth, high inflation and a deterioration of the balance of payments.

The GNP growth rate fell to 6.7 percent in 1989 from the 12 percent level of previous years. A slump in the growth rate of the manufacturing sector, from 18.8 percent in 1987 and 13.4 percent in 1988 to 3.7 percent in 1989, contributed largely to the declining GNP growth. The export growth rate, which was 36.2 percent in 1987 and 28.4 percent in 1988, fell to just 2.6 percent in 1989. Reflecting this fall in the export growth rate, the current account surplus was lowered to around US\$5.0 billion, a significant drop from the 1988 surplus of US\$14.2 billion.

In 1990, the economic growth rate has shown signs of recovery. Preliminary estimates show that the GNP growth rate during the first three quarters of the year was 9.8 percent. However, most of this growth is attributable to an increase in domestic demand, particularly domestic consump-

## Recent Economic Trends

	Unit	'89	'90 (Jan.-Sept.)
<b>GNP</b>			
•GNP	Growth Rate in %	6.7	9.8
•Manufacturing Sector	Growth Rate in %	3.7	8.5
•Private Consumption	Growth Rate in %	9.8	10.4
•Investment	Growth Rate in %	16.2	24.5
•Equipment	Growth Rate in %	12.3	18.0
<b>Prices</b>			
•Wholesale Price	%	1.1	5.5
•Consumer Price	%	5.1	9.0
<b>Balance of Payments</b>			
•Export	US\$ bil.	61.4	46.0
•Import	US\$ bil.	56.8	46.4
•Current Account Balance	US\$ bil.	5.1	-0.7

tion. The growth rate of exports was only 3.2 percent compared to the same period of 1989, while the growth rate of imports was 10.4 percent. The trade balance fell rapidly to a US\$0.5 billion deficit in the first three quarters of last year from the \$4.5 billion surplus in 1989. In addition, price stability, which had served to boost Korea's competitiveness, weakened; consumer prices, which had risen on annual average of 2-3 percent between 1984 and 1987, rose to 9.0 percent in the first three quarters of 1990.

The eruption of war in the Gulf has made future performance of oil prices uncertain. If the ongoing conflict results in a substantial and sustained rise in oil prices, then Korea's balance of payments would plunge further into deficit. The cumulative effects of external and internal price hikes will raise production costs which in turn will diminish economic growth and the competitiveness of exports.

In a nutshell, the current Korean economy faces many new challenges in both the internal and external front. Part of the economic slowdown may be explained by the cyclical adjustment of the economy after three consecutive years of high growth. However, concerns have been growing that a large share of the slowdown is attributable to structural problems, particularly regarding the international competitiveness of Korea's industry.

## Major Tasks and Policy Directions

To cope with the new challenges to economy, the Korean Government has made and implemented economic measures, including the 'Economic Revitalization Package of April 4', the 'Anti Real Estate Speculation Package' and 'Stabilization Policies'. The major objectives and policy directions contained in these measures are as follows:

### *Structural Adjustment and Technology Development*

First, the Government has made and will make efforts to improve the international competitiveness of Korean industry. To induce capital investment in the manufacturing sector and to stimulate sagging exports, the Government increased special loans for capital investment in the manufacturing sector and provided funds for the restructuring of small and medium firms. The Government will increase R&D investment and encourage private enterprises to actively invest in technology development on their own. The Government is also placing emphasis on promoting the development of basic science and technology-intensive sectors such as semiconductors and new materials industries. For the traditional sectors, product innovation for higher value-added products is being encouraged. Industrial restructuring through measures such as overseas investment will be promoted as well.

### *Price Stability*

Second, the Government will focus on stabilizing prices, wages and real estate speculation. Breaking the vicious circle of high wages, high prices and low growth is critical for further development and also for pursuing economic reforms. In this regard, the Government is encouraging management and labor unions to set up a "wage increase rule" whereby wage increases will remain within the scope of productivity growth.

The Government will try to contain the prices of staple goods such as rice by containing the rise of the Government purchase price. To prevent the increase of housing price, a primary source of inflationary concerns in Korea, the Government will institute measures to restrict real estate speculation. Additionally, the Government will increase investment for the supply of affordable housing.

## *Resolution of Imbalances and Inequalities*

In order to resolve imbalances and inequalities that have arisen in various segments of the economy during the process of rapid industrialization, the Korean Government will put more emphasis on the following: the development of rural areas, supporting low-income urban classes and the poor, development of regions which have lagged behind the national development standards, and supporting small and medium-sized firms. In particular, a set of regulations to deter the overconcentration of land ownership by a minority of the population has been implemented since the beginning of 1990.

## **External Policies for Greater International Cooperation**

### *Import Liberalization*

Korea is committed to establishing the strategies and policies necessary for fulfilling its international responsibilities and roles commensurate with its economic status. Import liberalization is, and will continue to be, the guiding principle in Korea's trade policy.

Since 1980, Korea has made continuous efforts towards import liberalization. The import liberalization rate increased from 68.6 percent in 1980 to 96.4 percent in 1990. The average tariff rate decreased from 24.9 percent to 11.4 percent during the same period and is expected to be only 7.9 percent by 1994, the same average level of tariffs found in OECD member countries.

In October 1989, Korea decided to disinvoke GATT balance of payments protection which mostly covers agricultural products. According to the decision, Korea will move to eliminate its remaining restrictions or otherwise make them conform with GATT rules by July 1, 1997.

### *Liberalizing Foreign Exchange Transactions and Capital Markets*

The Korean Government has been pursuing the liberalization of foreign exchange transactions and capital markets. In particular, since Korea joined the list of IMF Article VIII nations in November

1988, the Korean Government has been undertaking appropriate measures to further liberalize foreign exchange transactions and gradually internationalize its currency.

In March 1990, the Korean Government introduced a new foreign exchange system called the "Market-Average System." In this new system, the official rate is determined on the basis of the previous day's inter-bank exchange rates. By 1992, the Korean Government will allow direct participation in the domestic securities market by foreigners and overseas portfolio investment by Koreans.

### *Increasing Opportunities for Foreign Investors*

Korea is broadening the scope of opportunities open to foreign investors. In 1984, the country introduced a negative list system for investment approval which made it clear which industries were open to foreign investment.

Since then, the Government has annually increased the number of industries on the open list. Nearly 80 percent of all industry fall into this category. The manufacturing sector is almost completely open to foreign investors and the service sector is becoming increasingly open as well. By the end of 1992, the current foreign investment approval system will be converted to a notification system.

### *Closer Cooperation with Developing Countries*

Because of its successful economic development in the past quarter-of-a-century, Korea has increasingly been called upon to share its development experiences with other countries. Trainees from other developing countries now come to study the Korean experience while Korea dispatches development experts to work with governments and businesses overseas.

Furthermore, in 1987, Korea established the Economic Development Cooperation Fund (EDCF) to provide bilateral official loans to developing countries. As of October 1990, Korea has arranged to provide loans for seven projects in seven developing countries. The Korean Government also promotes private overseas investment and technology transfer.

*Promoting Economic Exchanges  
with Socialist Countries*

The Government is pursuing a "northern policy," the aim of which is to promote economic relations with socialist countries. The 1988 Seoul Olympics provided the impetus for Korea to establish ties with socialist nations, and "Perestroika" in the Soviet Union and German Unification have expanded opportunities in this area.

The volumes of Korea's trade and investment with socialist countries have expanded markedly since 1988. Trade amounted to US\$3.6 billion in 1988 and to US\$4.2 billion in 1989. Trade with the Soviet Union grew 106.8 percent in 1989 and 62.1 percent during the first three quarters of 1990. Trade with East European countries as a whole grew 80.8 percent and 101.2 percent in these same intervals, respectively. As of September 1990, Korea has invested US\$57 million for 44 projects in China and has invested US\$119 million in other countries.

*Active Participation in  
Multilateral Economic Forums*

Korea has actively participated in virtually all multilateral forums. In the Uruguay Round, Korea has made contributions that are commensurate with its capabilities and played a mediating role between the developed and developing countries. Korea has introduced various proposals in the Uruguay Round negotiations to reduce tariffs, eliminate non-tariff barriers, liberalize textile trade, improve safeguarding measures, and reduce subsidies and countervailing measures.

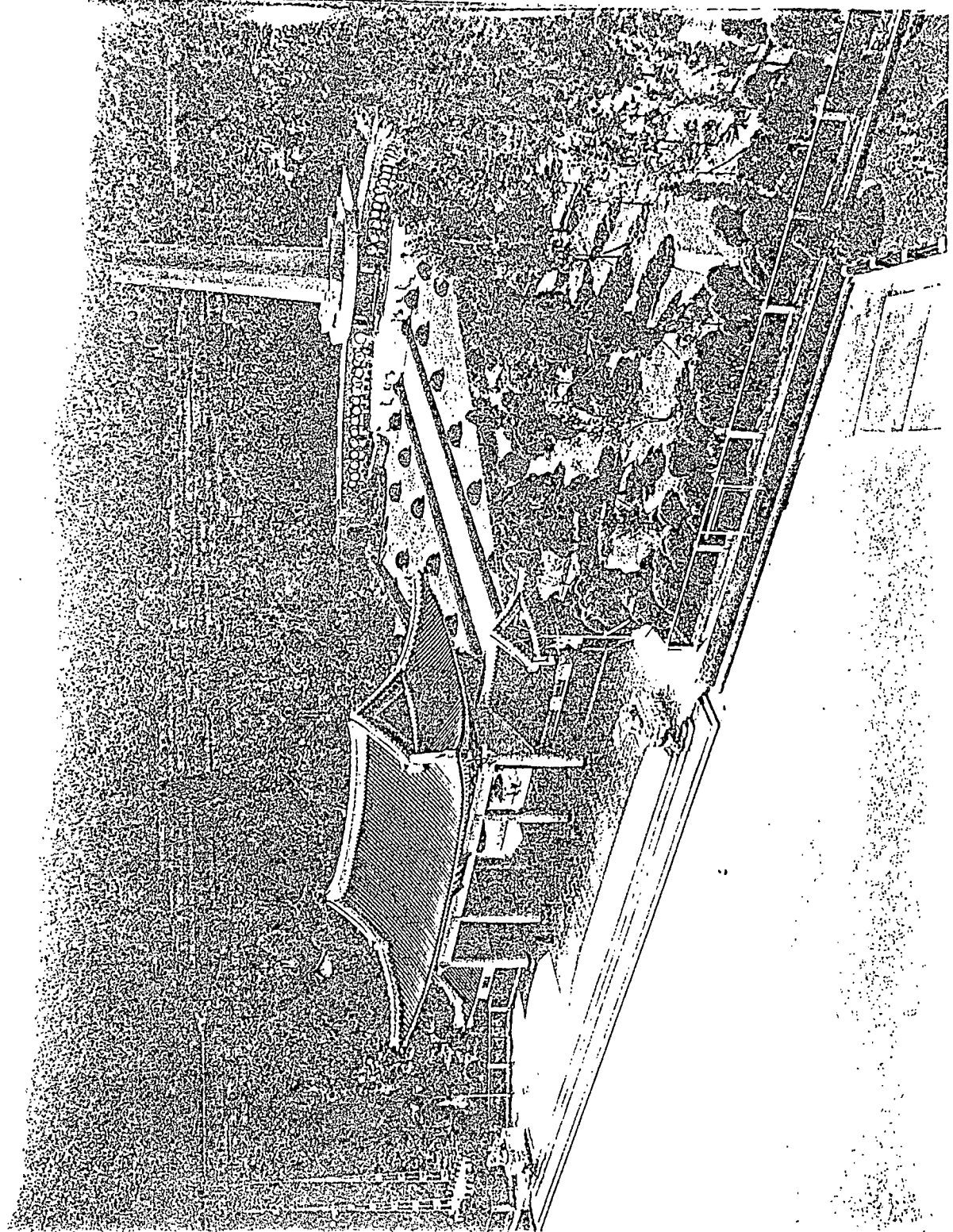
Korea will host the third APEC (Asia Pacific Economic Cooperation) Ministerial Meeting in 1991. Korea has joined the European Development Bank in March 1990 and has committed support to development in Eastern Europe. Korea has also begun an informal dialogue with OECD and has held an OECD-DAEs (Dynamic Asian Economies) workshop in 1990, in Seoul.

Pre-Advance for Presidential Visit  
October 22-23, 1991  
Shilla Hotel

BACKGROUND INFORMATION ON SURVEY SITES

NATIONAL CEMETERY

The cemetery was created in 1954 as the Armed Forces Cemetery and renamed the National Cemetery in 1965. The cemetery covers 343 acres, and more than 47,000 identified members of the Korean Armed Forces and other illustrious Koreans are buried there. The cemetery is also the resting place of 120,000 Korean military personnel whose remains have not been identified. A memorial tower 30 meters high, constructed in 1967, commemorates these dead. The tomb of the unknown soldier is located on the cemetery grounds. President Park, Chong Hui and his wife are also buried at the National Cemetery.



Hyun - Choong Gate

## THE NATIONAL CEMETERY, NATION'S HOLY GROUNDS

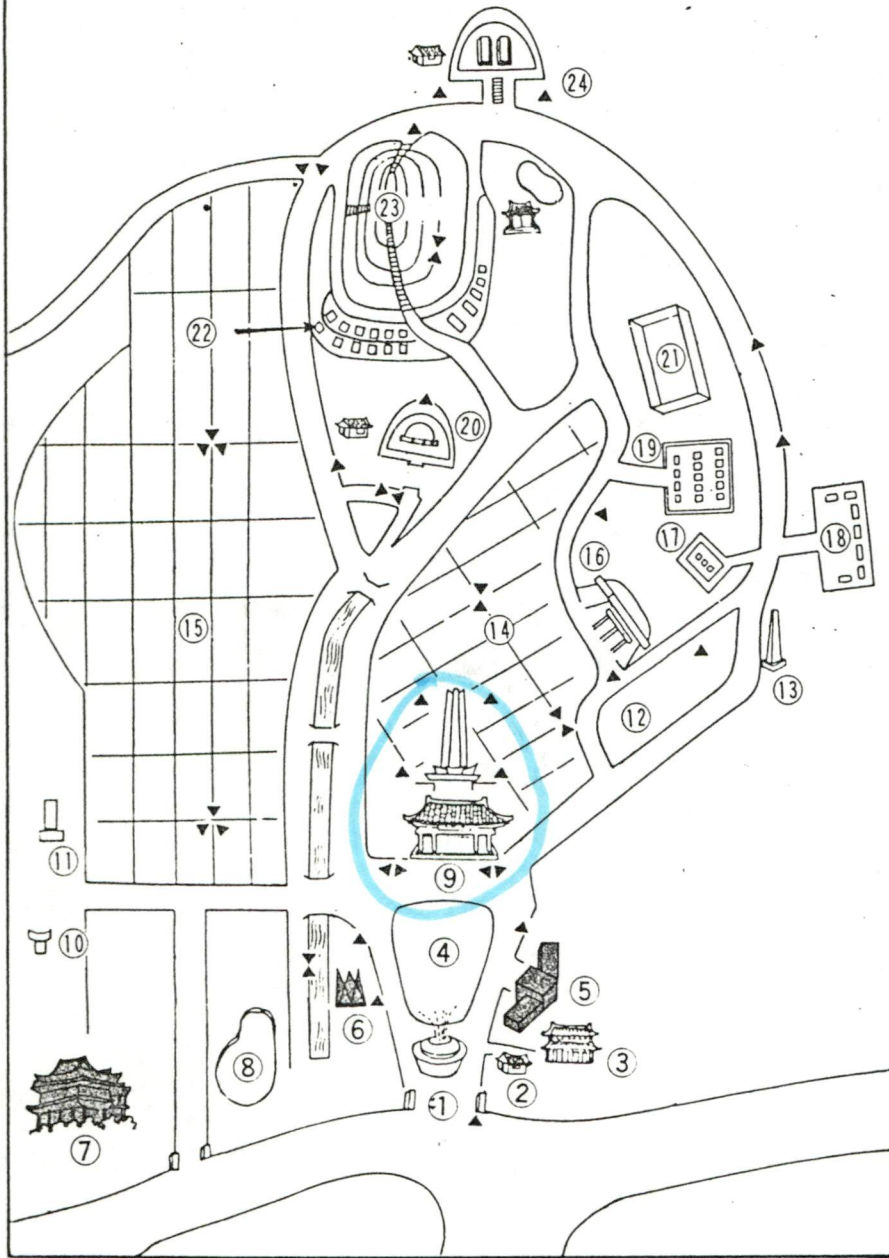
The National Cemetery, as nation's holy grounds where rest the departed patriots and war dead who threw their precious lives for the defense and prosperity of their fatherland, is the centripetal point of strong national spirit where we can meet with one mind and feel patriotism of those deceased who defended our country.

This cemetery in its rear side adjoins the ridges of Tongjak hills which are spread like three-fold screens, whose main peak is Mt. Kongjak, alongside the foot of Mt. Kwanak, and in its front side flows the Han River divinely, and encompasses the soft and comfortable soils covering 1,430,000m<sup>2</sup> (351acres) of area surrounded with the meandering hills, and watches the glorious history of this country.

The National Cemetery was founded on July 15, 1955 as the military cemetery and enshrined only the military officers, enlisted men and military employees, but 10 years thereafter it was elevated as today's national cemetery on March 30, 1965 and now some 162,000 patriotic spirits are enshrined including patriotic martyrs, patriots, meritorious individuals, military officers and enlisted men, police officers and reservists.

As people's self-independence spirit become elevated, some million prayers visit this cemetery yearly throughout the four seasons, and a nationwide memorial ceremony is yearly observed on June 6 to pray the heavenly bliss for those departed patriotic spirits that defended this country throwing their lives and so contributed to what this country is today.

# THE NATIONAL CEMETERY GUIDE MAP



## Introductory Remarks

- ① Main Gate
- ② Information
- ③ Management Office
- ④ Golden Lawn Plaza
- ⑤ Memorial Museum
- ⑥ National Defense Hall
- ⑦ Education and Movie Hall
- ⑧ Hyun—Choong Pond
- ⑨ Hyun—Choong Gate and Tower
- ⑩ Monument for the Ranger Commandos
- ⑪ Monument for the Ten Human Bombs
- ⑫ Police officers Graveyard
- ⑬ Monument for the Police officers
- ⑭ West Graveyard for Soldiers
- ⑮ East Graveyard for Soldiers
- ⑯ Graveyard for Patriots
- ⑰ Second Graveyard for Generals
- ⑱ Second Graveyard for Meritorious Citizens
- ⑲ Third Graveyard for Generals
- ⑳ Tomb of The Late President Syng—Man Rhee
- ㉑ Farm of Deers
- ㉒ First Graveyard for Meritorious Citizens
- ㉓ First Graveyard for Generals
- ㉔ Tombs of The Late Mr. and Mrs. President Chung—Hee Park
- ▲ Speaker Installation

## THE NATIONAL ASSEMBLY

The Assembly building located on Yoido, a large island on the Han River, was completed in 1975. It houses offices, meeting rooms, and the Assembly's library.

The current National Assembly is composed of 299 members from two political parties. It is the Thirteenth National Assembly since the founding of the Republic in 1948, and was elected in April 1988. The Assembly Speaker is Park, Jyun Kyu.

This Assembly has played a larger role in politics and policy-making than previous assemblies. Nonetheless, the ruling Democratic Liberal Party controls the majority of seats. The two opposition parties merged into the Democratic Party in September 1991. The Democratic Party leaders are Kim, Dae Jung and Lee, Ki Taek.

## THE BLUE HOUSE

The Blue House is the official residence of the President of the Republic of Korea. During the Koryo Dynasty, a palace called Yi-Koong, used by the King as a resting place, was located on what are now the grounds of the Blue House.

When Kyongbok Palace was built during the Yi Dynasty, the Blue House area was the rear garden of the Royal Palace. In 1927, the Japanese government constructed the present Blue House as a residence for its Governor-General.

In 1948 when the Republic of Korea was established, the building was designated as the Presidential residence. After the student revolution (April 19, 1960), the building was redesignated as Chong Wa Dae (Blue Tile House), a name derived from its unique blue roof tiles.

## SEOUL SCIENCE HIGH SCHOOL

Seoul Science High School was established in 1989 by the Ministry of Education as a "direct outgrowth of heightening concern for scientific and technological discoveries which represent the strength of a country in the modern world" as one of seven such schools nationwide and the only one existing in Seoul. It has 30 students to a class, about half of the average class size in Korea, and six classes in each grade, totaling approximately 500 students. It is a co-educational school with female students making up about one-sixth of the population.

The applicants must be in the top three percent in their academic records from junior high school and compete in an entrance examination (one in eight is accepted). There are currently 57 teachers. Instruction is highly individualized and non-graded. Many students accelerate their graduation by two years, and about 90 percent enter the Korea Institute of Technology. Students live in dormitories and thus have 24-hour access to computers and laboratories.

## AMBASSADOR'S RESIDENCE

The site of the Ambassador's residence in Seoul has the distinction of being the first property in Korea to be sold to a foreigner. The site has been in U.S. possession for almost a century.

The original residence, which housed all American representatives since 1884, was dismantled in 1973. Construction of the new residence for the American Ambassador was begun in 1974.

The residence is a combination of basic Korean style with modern features. The traditional exposed beams, columns and rafters were made from spruce and douglas fir imported from the U.S.

The representational and private areas are separated by a central court and a broad corridor. A dining room, library, music room, and two guest rooms complete the representational area.

## U.S. FORCES AT YONGSAN

The Yongsan Garrison occupies 714 acres of land just south of Namsan Mountain. The post is divided into three major areas: South Post, North (Main) Post, and Camp Coiner, with several smaller areas adjacent to these three. One hundred and sixty tenant units occupy 1,225 buildings. Additionally, the post provides all the support facilities associated with a small city: a hospital, a fire station, a police force, commissary and exchange facilities, schools, theaters, etc.

The United States Forces Korea has approximately 7,000 military personnel stationed at Yongsan. They are augmented by about 1,400 U.S. civilian and 6,000 Korean civilian employees.

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## U.S. and Asia Statistical Handbook

### 1991 Edition

Compiled by  
**Kenneth J. Conboy**  
with  
**Henry M. Butler**  
and  
**William Randolph Jack**

# KOREA, SOUTH

## LAND

Area: 38,200 square miles  
 Cultivated: 21.6% Forest: 65.8% Pasture: 1.0%  
 Resources: coal, tungsten, graphite, iron ore, limestone, graphite

## POPULATION

1990 Estimate: 43,350,000 Annual Growth: 0.8%  
 Life Expectancy: 69 years Literacy: 93%  
 Infant Mortality: 23 Fertility: 1.6  
 Ethnic Divisions: Korean: 100%  
 Workforce: 17,963,000 Unemployment: 3.0%  
 Commerce and Services: 25.5% Manufacturing: 27.5%  
 Agriculture and Fishing: 20.5% Construction: 6.0%  
 Government and Public Authorities: 20.0%  
 Students: Primary and Secondary: 9,640,000 University: 1,300,000

## POLITICAL

Official Name: REPUBLIC OF KOREA  
 Capital: Seoul  
 Type of Government: Multi-party Republic  
 Chief of State: President ROH Tae Woo  
 Head of Government: same  
 Foreign Minister: LEE Sang Och  
 1991 Freedom House Index (1 is highest, 7 is lowest)  
 Political Freedom: 2 Civil Liberties: 3  
 1989 Voting with U.S. at U.N.: Not a voting member of the U.N.  
 FY 1991 U.S. Assistance (Allocations)  
 Economic: none Military: US\$ 1,000,000

## ECONOMY

Currency: Won, 1 US\$ = 716.4 Won (1990)  
 Major Industries: textiles and clothing, food processing, chemicals, steel, electronics, ship building, automobile production  
 Major Agricultural Products: rice, barley, vegetables, legumes  
 Major Imports: machinery, oil, steel, transportation equipment, textiles, organic chemicals, grains  
 Major Exports: textiles and clothing, electrical machinery, footwear, steel, ships, automobiles, fish  
 Per Capita GDP: US\$ 5,140 (1990)

# KOREA, SOUTH

## ECONOMIC STATISTICS

(Billions of US\$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	87.0	89.7	102.7	128.4	169.2	204.0	223.85
Growth	9.3%	7.0%	12.9%	12.8%	12.2%	6.5%	8.6%
CPI Rise	2.3%	2.5%	2.8%	3.0%	7.1%	5.2%	9.2%
Exports	29.259	30.289	34.792	47.301	60.679	62.371	63.124
to U.S.	10.027	10.713	13.497	17.991	21.164	20.543	18.5
Imports	30.628	31.058	31.734	41.025	51.812	61.556	65.127
from U.S.	5.983	5.956	6.355	8.099	11.290	13.478	14.4
Cur Account	-1.372	-0.887	4.617	9.854	14.161	5.1	-1.8

South Korea is the 7th largest U.S. trading partner.

## MILITARY

1990 Military Budget: US\$ 10,891,000,000  
 Increase over 1989: 10.2%  
 Outlay as a Share of GNP: 4.7%  
 As a Share of Government Spending: 31.1%  
 Total Regular Forces: 750,000  
 Army: 650,000 Reserves: 4,500,000  
 Navy: 60,000 Airforce: 40,000  
 Combat Aircraft: 493  
 Naval Vessels: 3 Attack Submarines, 9 Destroyers, 25 Frigates, 4 Corvettes, 11 Fast-Attack Craft (missile), 68 Inshore Patrol Craft, 9 Minesweepers  
 Security Alliance with U.S.: Mutual Cooperation and Security (1954)  
 Other Security Alliances: none  
 U.S. Military Installations: Kunsan Air Base, Uijong-Bu HQ, Tongduchon Army Base, Osan Air Base  
 U.S. Military Personnel: 32,000 Army, 12,200 Air Force  
 Foreign Military Personnel: none  
 Armed Opposition Groups: none

## INVESTMENT

1990 U.S. Direct Investment: US\$ 2,096,000,000  
 1990 South Korean Direct Investment in the U.S.: US\$ -850,000,000

## KOREA, NORTH

## LAND

Area: 47,100 square miles  
 Cultivated: 19% Forest: 74% Pasture: 1%  
 Resources: coal, lead, tungsten, zinc, graphite, magnesite, iron, copper, gold, phosphates, salt, fluorspar

## POPULATION

1990 Estimate: 21,293,000 Annual Growth: 1.7%  
 Life Expectancy: 72 years Literacy: 95%  
 Infant Mortality: 27 Fertility: 2.1  
 Ethnic Divisions: Korean: 100%  
 Workforce: 8,100,000 Unemployment: officially none  
 Commerce and Services: na Manufacturing: na  
 Agriculture and Fishing: na Construction: na  
 Government and Public Authorities: na  
 Students: Primary and Secondary: 5,000,000 University: 100,000

## POLITICAL

Official Name: DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA  
 Capital: Pyongyang  
 Type of Government: Communist State, one-man rule  
 Chief of State: President KIM Il-Sung  
 Head of Government: same  
 Foreign Minister: KIM Yong Nam  
 1991 Freedom House Index (1 is highest, 7 is lowest)  
 Political Freedom: 7 Civil Liberties: 7  
 1989 Voting with U.S. at U.N.: Not a voting member of the U.N.  
 FY 1991 U.S. Assistance (Allocations)  
 Economic: none Military: none

## ECONOMY

Currency: Won, 1 US\$ = 2.18 Won (1989 official rate)  
 Major Industries: machine building, electric power, chemicals, mining, metallurgy, textiles, steel, cement  
 Major Agricultural Products: corn, rice, vegetables, fruits, fish  
 Major Imports: petroleum, machinery and equipment, coking coal, grain  
 Major Exports: minerals, metallurgical products, agricultural products, manufactures, machinery, chemicals, fish  
 Per Capita GDP: US\$ 930 (1989)

ECONOMIC STATISTICS  
 (Billions of US\$, percentages where appropriate)

	1984	1985	1986	1987	1988	1989	1990
GDP	18.9	19.7	20.1	19.59	20.18	20.78	21.5
Growth	2.7%	4.0%	2.0%	2.0%	2.0%	2.0%	2.0%
CPI Rise	na	na	na	na	na	na	na
Exports	0.691	0.638	0.673	0.796	0.931	na	2.1
to U.S.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Imports	0.813	0.825	0.839	1.120	2.5	2.6	2.6
from U.S.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cur Account	na	na	na	na	na	na	na

Trade with North Korea is illegal.

## MILITARY

1989 Military Budget: US\$ 4,154,000,000  
 Increase over 1988: -10.2%  
 Outlay as a Share of GNP: 24%  
 As a Share of Government Spending: 30%  
 Total Regular Forces: 1,111,000  
 Army: 1,000,000 Reserves: 540,000+  
 Navy: 41,000 Airforce: 70,000  
 Combat Aircraft: 716  
 Naval Vessels: 24 Attack Submarines, 3 Frigates, 3 Corvettes, 34 Fast-Attack Craft (missile), 173 Fast-Attack Craft (torpedo), 6 Coastal Patrol Craft, 148 Inshore Patrol Craft, 20 Minesweepers  
 Security Alliance with U.S.: none  
 Other Security Alliances: Treaty of Cooperation and Mutual Friendship with USSR (1961); Friendship and Non-Agression Treaty with PRC (1951)  
 U.S. Military Installations: none  
 U.S. Military Personnel: none  
 Foreign Military Personnel: none  
 Armed Opposition Groups: none

## INVESTMENT

1990 U.S. Direct Investment: none  
 1990 North Korean Direct Investment in the U.S.: none







