

## KOREA'S INTERNATIONAL ROLES

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In the 1980s, South Korea has emerged as a nation with a prominent international role in its own right. During the past generation, it has transformed itself from a hapless, dependent polity, economy, and military power into one of the world's mid-ranking powers in each area. So rapidly has this occurred that global consciousness has not caught up with the various roles South Korea is already playing. Just as the sudden emergence of Hyundai automobiles as a major force in the Canadian and U.S. markets during 1985 and 1986 respectively took most observers by surprise, so South Korea's rising diplomatic, economic, and military prominence have gone largely unremarked outside specialist circles.

The emergence of South Korea's new international roles can most easily be highlighted against a background of its historic roles. Prior to the modern period, the international roles of Korea, or its component parts, could most easily be described without too much caricature as adopting one of three principal forms. One was a version of what Singapore calls the "poison prawn strategy," in which a small state faced by huge neighbors concentrates on mobilizing its military capabilities and its social organization so as to make itself indigestible. In this strategy, the small state acknowledges that it cannot play the big power game, but determines to maintain its independence by sheer toughness. A second strategy was that of the Hermit Kingdom, becoming the effete snob of Asian nations, minimizing

the role of the military and denying the necessity of shaping domestic socio-political organization to the requirements of international challenges. A third strategy was to ally with one or more of the large neighbors, a strategy that can, like judo, gain advantage from the strength of the opponent, or alternatively lead to colonial submission.

The viability of these strategies hinges on the vitality of the domestic economy and polity, the vitality of the giant neighbors, and the structure of the international system. The Hermit Kingdom strategy works best in a context of great domestic vitality, neighbors who are in a weakened condition despite their great size, and an international system that is unlikely to bring focused pressures to bear on Korea. The poison prawn strategy becomes more necessary when the neighbors are more dynamic and regional rivalries are more focused on the Korean peninsula. Resort to alliances becomes necessary when international or intra-Korean pressures become overwhelming, and such resort can lead to judo success only when the domestic polity and economy are dynamic and when international conditions discourage colonial imposition.

### **The Role Under Syngman Rhee: Faltering Defense**

After World War II, and particularly during the 1950s, all of Korea was devastated and vulnerable, its neighbors were rapidly consolidating themselves and increasing their dynamism, and international rivalries made Korea a focus of international competition. Both North and South necessarily became dependent on allies. But from that time they moved in different directions.

North Korea began to move toward an extreme version of the poison prawn strategy, expressed in total military mobilization (with a great deal of military aid from its communist neighbors), near-total economic autarky, and determination to reunify Korea by military means at any cost. Communist political discipline, and luck in the economic assets it possessed, gave North Korea an advantage which at that time appeared to be overwhelming.

Syngman Rhee chose to combat North Korea on its own terms, stressing military mobilization at the expense of political and economic goals. He relied on American military support, but did not play a sophisticated game of international judo. Lacking both North Korea's totalitarian discipline and its economic luck, Rhee's government ended up as more of a hapless pawn than a poison prawn. In this era, South Korea's international role was that of an economic, political, and military dependency of the United States. It numbered among a handful of the world's most impoverished countries. Its diplomatic relations were entirely a function of America's. Its military was helpless to cope with North Korea in the absence of American support. Its position was a central symbol of what was in the 1950s almost universally regarded as the inherently superior strength that communist organization, political discipline, and economic centralization provided in third world political struggles. Korea was viewed by most of the free world as another China, with South Korea as an analogue of Chiang Kai-shek's forces, and with North Korea and Beijing under Moscow's effective control. Regionally, in the eyes of Tokyo and Washington, the strategic importance of South Korea was that its existence blunted the tip of the "dagger

pointed at the heart of Japan." In other words, its strategic importance was seen exclusively as derived from its relationship to another power, not from Korea's own qualities.

### **The Role of Battleground**

Although such strategic importance was derivative, it was nonetheless important. Korea's geographic position at the confluence of Chinese, Russian, and Japanese (and recently American) power has made Korea one of the most important territories on the face of the earth. Because of this strategic confluence, only central Europe and the Middle East have comparable significance as global flashpoints. Three big power wars in the past century -- the Sino-Japanese War, the Russo-Japanese War, and the Korean War -- testify to that significance. Thus, for Korea, even a derivative strategic role can assume global importance. But this derivative and negative role is maximized when Korea is weak. Koreans would naturally prefer a role of initiative and strength.

The Syngman Rhee-era combination of hard international facts and fuzzy, only partially correct international images added up to South Korea's international role at the time: a minor stage on which other players did most of the acting. This international role could not be enhanced so long as the Rhee government failed to recognize that it was competing with North Korea on the terms most advantageous to North Korea and failed to address the economic and political conditions that made South Korea weaker in any game based on purely military priorities.

Most of what North Korea says about South Korea today is an

anachronistic caricature of South Korea's international role in the post-Korean War Rhee years. That caricature was widely accepted, including in American media and academic circles, because it was not far from the reality of the period when foreign, including American, attention was most intensely focused on Korea. The image has long outlasted the reality. Nonetheless, the image persists even today throughout much of the world.

### **The Role Under Park: Low Posture Defense of the Perimeter**

Park Chung Hee changed South Korea's international posture from pawn to judo expert. It is an appropriate symbol of Park's regime that it began with a coup carried out in explicit defiance of the American commander's orders to desist. (As commander in chief of the United Nations Command, the American commander in principle had Park's troops under his control, but Park established by his defiance what has subsequently become a firm tradition of Korean military autonomy in domestic political matters.) Park acknowledged the inherent weaknesses of the South Korean position, most notably by relying heavily on the American alliance for external security, and by insisting on restoration of diplomatic relations and close economic ties with Japan. But he understood that the precondition for being a judo expert rather than a pawn was domestic discipline and revitalization. Park downgraded the military in national budgetary priorities, spending a proportion of GNP (around four percent until the early 1970s) on the military that typifies a center-left European nation at peace rather than a military-led nation facing a fully mobilized opponent. He levered the

military situation by relying on American military power to free resources for other purposes.

Park also accepted a small and reactive diplomatic role. He spent little of his time on diplomacy, took very few trips abroad, appeared very uncomfortable when he did venture abroad, and throughout his presidency was always on the diplomatic defensive vis a vis North Korea. In international diplomacy, Syngman Rhee spoke loudly but carried a small stick. Park Chung Hee spoke hardly at all and devoted himself to carving a stick that future Korean leaders could carry. As a result, throughout the Park years, South Korea not only played a negligible global role but was constantly threatened with diplomatic disaster. The nadir came in 1975, when the United Nations for the first time passed a resolution supporting North Korea's diplomatic position. (In the same session, the U.N. also passed a completely contradictory pro-South Korean position.) Under Park, it looked as if South Korea's diplomatic position was nearly as vulnerable as Taiwan's. But Park was carving his stick.

Park understood that South Korea had to rely on foreigners and had to seek success at judo. He also understood that success at judo required discipline, skill, and training. He instilled discipline -- at considerable cost to democratic liberties. Most importantly, he revitalized Korean institutions, providing South Korea with the sinews and skills that could lead to success at judo. First, he revitalized the army. He had been described, even by his detractors, as South Korea's only honest general. He gave the army many honest generals. By the late 1960s, the

performance and discipline (although not of course the technology) of South Korea's divisions along the Demilitarized Zone were superior to that of their American counterpart: the North Koreans infiltrated mainly through American lines, seldom through the much more extended South Korean lines, and the Americans had serious discipline and drug problems while the Koreans did not. Park accomplished this goal despite his reductions in the proportion of national resources going to the military.

Park infused the civilian ministries with similar discipline and skill. He assembled in Blue House a group of advisors touched with genius. He dismissed incompetent and corrupt officials, summoned back from abroad two successive generations of Koreans with the most advanced education America had to offer, and through a system of think tanks, Blue House advisor positions, and rapid promotions offered them opportunities to become the managers of Korea's fate.

He achieved the same results in the civilian economy. Despite earlier statist inclinations, he created a system of competing private industries. The profit motive and competition made them disciplined and efficient. But Park was no advocate of laissez-faire. He required major industrialists to be politically loyal. He pressed the major firms for extraordinary performance. He believed (probably correctly in the 1960s and early 1970s) that his brilliant Blue House advisors knew more about development and world markets than the businessmen, and the government sponsored certain industries (successively textiles, consumer electronics, heavy industry...) by providing favorable

interest rates, import licenses, and other subsidies in return for the industrialists' acceptance of very ambitious production and export targets. What evolved was an extraordinary government-business partnership.

By creating a system of domestic competition, and then focusing that competition on certain well-chosen industries, while demanding extraordinary performance, South Korea in the Park years created an environment of hyper-competition. Government plans overcrowded the target industries. But the flow of talent, the government subsidies, and the government safety net that Park provided (for firms which were efficient and patriotic but occasionally let their ambition outrun their financing) created an environment in which hyper-competition led more often to hyper-efficiency and success than to failure. If a firm could survive the hyper-competition at home, it could easily succeed abroad. Hyper-competition revitalized South Korea's economy at home and then began to create an economic empire abroad and to fund the defense of the nation. Along with the policies that created comparable efficiency in the military and the government, this government-stimulated hyper-competition, which even Korea's extraordinarily talented economists have never sufficiently articulated in their analyses, is the basis of South Korea's contemporary international roles.

Thus, Korea's international role in the Park years was the diplomatic equivalent of defending the Pusan perimeter in 1950: the area defended was small, the tactics were almost purely defensive, the priority was reorganizing within the perimeter,

and the primary resources came from abroad. There was another similarity: just as South Korea broke out of the Pusan perimeter primarily through a brilliant naval end run around the coast to Pusan, so South Korea broke out of its defensive diplomatic perimeter primarily by a brilliant end run through economics. Creating the organization to conduct the end run was the primary legacy of Park Chung Hee.

### **The Role of Economic Model**

In the process, Park created a second legacy, a legacy which for the coming generation will constitute one of South Korea's most important and fastest growing international roles. That is its role as an economic model. South Korea has achieved the goals of economic development to a degree that overshadows virtually all competitors. It has achieved real GNP growth in excess of 8 percent compounded for more than 20 years. This has carried it from being one of the Fourth World's poorest countries (an analogue of Bangladesh's position today) to being one of the Third World's richest. In the process, it has achieved technological advancement to a degree matched only by Taiwan: from a country of primitive rice farming to a nation of nuclear power and advanced computers. Unlike India and China, which have achieved technological advance in a few sectors at the expense of relegating most of society to unspeakable poverty, South Korea has managed to combine rapid growth with an extremely equitable distribution of income. (The country has some very rich men, whose existence gives rise to a myth of unequal distribution, but its overall Gini index of inequality compares favorably with the

more egalitarian Western democracies.) It has acquired a resilience that allows it to grow in years of world recession like 1975 and 1982, to expand exports even when world trade contracts, to exploit the oil crises of 1973 and 1978 as opportunities to expand exports rather than collapsing as oil-importing competitors like Brazil did, and to manage huge debts with aplomb even in the midst of a world financial crisis. While being inextricably connected to the world economy, it owns its own means of production and directs its own economic destiny to an extent rare in either the Third World or the First.

Although other Third World countries have achieved substantial economic successes, none serves as a model for other developing nations to the extent that South Korea does. Singapore and Hong Kong have achieved comparable growth of GNP, but they are city-states, not nation-states, and Hong Kong is a colony whose economic administration is difficult to replicate in a non-colonial setting. Taiwan has achieved higher incomes than South Korea and broader distribution of ownership, while South Korea has achieved superior domestic ownership and control of its economy and an ability to produce and manage enterprises of far greater scale. Both have achieved very high levels of technology and very egalitarian distributions of income. Taiwan's broader distribution of enterprise ownership and its more institutionalized political system make it a socially more appealing model, and its \$50 billion surplus of foreign exchange is more appealing financially than South Korea's \$45 billion of debt, but as one wanders around the world one finds that South Korea's gigantic enterprises have captured Third World

imaginations to a greater extent than Taiwan's economic successes. The achievements of China, India, Brazil, Malaysia, and Thailand are impressive in their own right, but lack the breadth, depth, and diversity of South Korea's successes.

As a result, South Korea's economy is the most widely studied and widely emulated economy in the Third World. By now the West's most eminent professors of economics have written several shelves of books and articles about South Korea's economic successes. More consequentially, from all over Asia, national managers of economic development have journeyed to South Korea to study the Saemaul rural development program, the balance between protection of infant industries and open competition, the intricate government-business relationships of Korea Incorporated, and other aspects of Korean economic management. Throughout Southeast Asia, pieces of South Korea's policies have been emulated, with local variations. Politicians and technocrats who promise to copy South Korea's successful programs have risen, and advocates of older approaches have lost ground. (1) Ferdinand Marcos obtained early support for his dictatorship based on promises to implement programs similar to South Korea's and, when he failed to deliver, Senator Aquino offered a similar program. (2) Mahathir's "Look East" program in Malaysia was modelled in roughly equal parts on South Korea and Japan. More successfully, Thailand's technocratic managers have carefully studied and partially emulated aspects of South Korea's model. Sri Lanka and (at a much lower level) Bangladesh have sought to benefit from aspects of the South Korea/Taiwan

experience.

The breadth of interest in benefitting from the lessons of South Korea's successes sometimes almost stuns credibility: this writer once spent a long evening explaining South Korea's development programs to two of Afghanistan's top leaders, both of whom were fascinated by South Korea's achievements and requested copies of any literature available on how South Korea did it. With more concrete results, although their Marxist principles and North Korean military advisors would never allow them to admit it, Zimbabwe's leaders were persuaded to incorporate some key South Korean lessons into their early development plans; this is one of the reasons their economy did not suffer the catastrophic economic consequences from drought and global financial crisis that most of their neighbors experienced. (3) Most importantly, China's leadership in the early 1980s paid a great deal of attention to the South Korean model and attempted to master its lessons.

This kind of influence by example is more subtle than military conquest or diplomatic demarche, but it is equally important. Just as widespread admiration is one of the prerequisites of stable empire for a big power, so also it is an important base of long-term influence for an emerging middle power like South Korea. South Korea's spreading influence by example in Asia and beyond is gradually becoming similar to West Germany's influence by example in Europe. (That influence also encounters roughly parallel political obstacles to full public acknowledgement and full implementation of the lessons.)

In coming years, this kind of influence will rise

exponentially. The world's current fascination with Japan provides a precursor of what will soon happen with South Korea. Today, American managers study books about Japanese "quality circles," labor-management relations, and inventory management. In a decade they will be studying South Korean methods with equal diligence. The impact of the South Korean economy on the world should, barring domestic upheaval or collapse of the global economy, be at least as great as Japan's. If South Korea's exports were to keep growing at the rate they have grown from 1980 to 1986 (14.1 percent compounded), which is only about half the long-term 1970-86 growth rate (27.1 percent) due to the difficult international environment of the 1980s, South Korea's exports in the year 2000 (a projected \$244.3 billion) would be on the same order of magnitude as America's and Japan's exports in 1986.(4)

Today, Korea's economic position bears some resemblance to Japan's in the early 1960s. At that time, Japan was exporting its first cars to America, it was hosting the Olympics as a symbol of reentry into the community of important nations, and it was beginning to get its foreign deficits under control. In the mid-1980s, South Korea is exporting its first cars to North America (1985-86), hosting the Olympics (1988) as a symbol of diplomatic emergence, and achieving its first current account surplus in decades (1986). But in some ways South Korea is ahead of Japan at a comparable phase. South Korea's economic management is far more widely admired, studied, and emulated than was Japan's in the 1960s. (The **New York Times** review of Herman

Kahn's book, **The Emerging Japanese Superstate**, which maintained that Japan's rapid economic growth would make it an important world influence, concluded, "This is a silly book." Zbigniew Brzezinski's subsequently published view to the contrary, which characterized Japan as **The Fragile Blossom**, received much more admiring reviews.) South Korea does not suffer from Japan's early-1960s reputation for poor quality goods, nor, despite its history of diplomatic problems and poor political image, does it suffer from opprobrium on a scale comparable to post-World War II Japan.

South Korea experiences both advantages and disadvantages from emerging later than Japan. The disadvantages are clear. Japan is already there as a formidable competitor. And the world environment for export led growth is much harsher than in the 1960s: slower growth in rich countries and poor countries alike, more competition, more financial problems, and more protectionism. But there are also advantages. South Korea has learned much from Japan's experience. As Japan moves upward, it creates an enormous competitive vacuum into which South Korea and Taiwan move. International trade networks are better established, the size and diversity of global markets are greater, and commercially interesting technologies are more diverse. Despite the harsher global environment of the 1980s, the empirical evidence is that South Korea and the other small countries of Asia are so much more resilient than their competitors elsewhere that they actually have gained in share of world trade much faster in the difficult years of the early 1980s than they did in the more auspicious conditions of earlier years.

South Korea also has important long-run advantages over Japan stemming from the fact that it is a more open and cosmopolitan society than Japan. The two countries are equally nationalistic, but Japan's nationalism is more xenophobic, South Korea's more cosmopolitan. The Japanese who studies at a foreign university will be penalized, the South Korean accelerated in his career. South Koreans learn foreign languages more readily and more frequently than Japanese. South Korea's protectionist barriers (which are formidable) come down more rapidly than Japan's, and South Korean business relationships are more mobile and less incestuous than Japan's. (As will be noted below, South Korea's primary disadvantages derive from unsettled domestic politics, a less predictable variable.) Thus, South Korea may achieve a role as far-reaching, and as surprising to skeptical observers, as Japan once did.

As attention becomes increasingly focused on the South Korean economic model, that country's experience will likely create profound changes in many currently popular ideas. South Korea's rise to prosperity, equality, high technology, and economic resilience, despite its impoverished colonial beginnings and its lack of raw materials, make nonsense out of Latin American theories about economic dependency; to the contrary, the South Korean experience shows that in a single generation a country can come from the "periphery" of the world economy to a position that poses the gravest challenges to the richest countries of the global "center." And the means of doing so are not primarily through the aid, self-reliance, and rejection of

the global economic system prescribed by dependency theory, but by competition, efficiency, exploitation of global markets, and leveraging of cooperative relationships with multinational corporations and international banks to obtain financing, training, and technology.

An equally popular set of ideas that will be overthrown by South Korean success is the view that spectacular economic growth in Asia is an artifact of the cultural esoterica of Japanese economic management: quality circles, company songs, bottom-up decision-making, and the like. South Korea and Taiwan show that economic success can occur with or without quality circles, with bottom-up or top-down decision-making, with lifetime employment or frequent changes of employer, with large interconnected firms or numerous atomistic small firms, and so forth. The lesson of the smaller countries is that the secret of success is not in the cultural esoterica but in the economic fundamentals: competition, market prices, market interest rates, openness to the world economy, policies that reward savings rather than consumption, and cooperative relationships among business, labor, government, and academia.

### **Chun Doo Hwan and South Korea as the Diplomatic Debutante**

Under President Chun Doo Hwan, South Korea has moved to take maximum advantage of the stick that Park carved. The posture of defensive maintenance of a constantly threatened diplomatic perimeter has been replaced by a high posture of diplomatic activism and assertiveness.

Toward North Korea, President Chun from the beginning

rejected a reactive stance. Immediately after taking office, he put Kim Il Sung on the defensive by suggesting a summit meeting in either country and by preferring a sensible step-by-step approach to national reunification that highlighted the emptiness of North Korean demands for overnight political unification. To this day, North Korea has not found a formula for regaining the initiative on national reunification.

Chun has also reversed Park's overwhelming priority for domestic strengthening over diplomatic initiative. He has been an active global traveller: to Washington in 1981 and 1985, to Southeast Asia in 1981, to Africa in 1982, to South Asia (abortively, because of the North Korean massacre of his advisors during a visit to Rangoon) in 1983, to Japan in 1984, and to Western Europe in 1986. He has been an indefatigable promoter of assemblages in Seoul that will symbolize and publicize South Korea's diplomatic emergence: the International Parliamentary Union meeting in 1983, the global IMF meeting in 1985, the Asian Games in 1986, and the Olympics in 1988. In some ways, President Chun's term of office has been a gigantic debutante's party.

### **The Role of Diplomatic Bridge**

In its search for broader diplomatic recognition and new economic markets, South Korea has in the 1980s increasingly performed a role as diplomatic bridge. This seems an unlikely role for a country that earlier scorned diplomatic relations with communist countries and earlier was a pariah in gatherings of Third World countries. But South Korea has reached out to Eastern Europe. It has successfully sponsored a large, albeit

officially clandestine, trade with China, while promoting political contacts in all sorts of imaginative and unofficial ways. It has proved willing to forsake ideological ties and to separate its stance from Taiwan's as necessary. It has promoted, even in the wake of Soviet fighter planes' downing of a Korean Airlines jetliner, the emergence of direct communications with the Soviet Union, initially using sports contests as a means of opening contacts. Thus, it has increasingly become a bridge between East and West, and a key leading indicator of developments in East-West relations.

Likewise, it has become a bridge in North-South relations. The rhetoric of the Group of 77 still diverges as much as ever from Korean approaches, but South Korea has sought common ground with Third World proponents in certain areas, such as aspects of Middle East policy, and a broad variety of Third World countries have grudgingly acknowledged respect for South Korea's successes. The New Industrializing Countries (NICs) are now recognized, albeit somewhat resentfully, as the respected elder brothers of the Third World, and South Korea is the most prominent of the NICs.

#### **Diplomatic Relations: From Symbol to Substance**

The key to South Korea's ability to promote broader diplomatic ties and to perform a bridging role has been its economic success. A decade ago, Korean diplomacy was primarily a matter of symbolism. A large proportion of the Third World enjoyed the symbolic process of applauding North Korea's rigid self-reliance and deploring South Korea's alliance with the

United States and its cooperative economic relationships with the developed world. Today, in contrast, Korean diplomacy is primarily a matter of substance. South Korea provides aid, trade, and investment, and as a byproduct receives broader diplomatic support. This is most obvious in Asia, where it occurs on a very large scale, but it has also reversed the diplomatic tides in Africa. It is crucial even in relations with the principal communist powers. Chinese leaders, who have always aligned themselves publicly with North Korea, studied South Korea's economic successes in great detail, and privately came to deplore North Korea's comparative economic mismanagement. They have put a bit of diplomatic distance between Beijing and Pyongyang and have made mild efforts to prod North Korea into less rigid economic and diplomatic stances.

This change in the Korean diplomatic balance derives primarily from the superior economic performance of South over North Korea. It was greatly facilitated in the Third World by revulsion over the Rangoon massacre on 1983. Toward China, it was facilitated by Chinese revulsion over the "cult of personality" cultivated by Kim Il Sung after China had so dramatically rejected its own cult of personality. But without the economic takeoff, these things would have been diplomatic chaff. South Korea's economic performance and institutional resilience have made it a global, substantive power rather than a regional, symbolic problem.

## Future Prospects

In addition to following, and potentially surpassing, Japan as an object of international economic emulation, South Korea's international roles are likely to evolve rapidly in other dimensions also.

South Korea is already one of the world's most formidable military powers. It has been preoccupied with North Korea, whose combined military power, readiness, and capability for surprise attack remain unique. But South Korea's economic growth and technological progress have been so great that soon 6 percent of South Korean GNP (the proportion currently spent on defense) will begin to overshadow anything the North can muster. Electronic technologies may begin to make the North's extraordinary investment in heavy equipment obsolete. As a country where the military is universally acknowledged as necessary and respected, however much the civilian population resents its domestic political role, South Korea will emerge much more easily and quickly than militarily inhibited postwar Japan has done as a regional military power.

Because of Japan's military inhibitions (the 1 percent of GNP limit on military expenditure has been rejected for the first time only in 1987), Japan's and South Korea's emergence as regional military powers will occur simultaneously. In the next few years, South Korea will be physically capable for the first time of playing a regional defense role. Japan will be politically interested for the first time since World War II in playing a defensive military role beyond its own borders. The significance of Nakasone's period as prime minister is that his

nationalistic determination to lay aside the residue of World War II and adopt a high posture for Japan has made him the most popular Japanese prime minister in a generation. Old rivalries between Japan and Korea inevitably will reassert themselves in the military arena. As in the economic and political arenas, these military rivalries will probably remain covered by a facade of friendship and cooperation, but they will exist just beneath the surface.

South Korean relationships with the United States are likely to become both more balanced and somewhat more distant (although still close in absolute terms). South Korea's economic, military, and diplomatic successes give it the wherewithal to become more assertive in the alliance relationship. On the American side, the legacy of the Reagan administration will be a weakening of the American position. While Reagan warmed South Korean-American diplomatic ties and, fortunately, substituted stronger military cooperation for Carter's desire (open in 1977 and early 1978, frustrated afterwards) to reduce that cooperation, some unintended side-effects of Reagan's policies will likely weaken the American role in the partnership.

First, Reagan's diplomatic stance antagonized the domestic South Korean opposition more than his predecessors'. All predecessors of Reagan, Republican and Democrat alike, have adopted a stance of being allied with the Korean people rather than with a particular leadership. The extent to which such a stance was accepted at face value varied widely among different segments of Korean society, but this view of the relationship

maximized American opportunities to maintain communications and working relationships with the opposition. The Reagan administration began with an uncritical embrace of the present leadership, symbolized by President Chun's being the first foreign head of state to visit Washington after Reagan's inauguration. This warmed government to government relations, a needed and welcome improvement after Carter, but the way it was done has stimulated a depth and breadth of anti-Americanism among the student and radical opposition that did not previously exist. This will be an important legacy after Reagan and Chun. It should not be overstated: anti-Americanism in South Korea is still only a small fraction of its counterpart in West Germany. Nonetheless, the legacy will be a bit more distance in the overall relationship.

Far more important is the legacy of American economic policy during the Reagan years. Reagan's intention as president has been to strengthen America's position as a world leader by rebuilding its military strength. After Vietnam and after Carter, this was important and necessary, and Reagan has fulfilled his promise. But the economic consequences of the Reagan years will weaken the American global role far more than the military buildup will strengthen it. In time, the economic problems may even undermine the increased military strength.

The polarization of American political leaders over military spending, social spending, and taxation levels has created economic problems which will undermine the American leadership role in Asia and elsewhere. South Korea will be the Asian country most profoundly affected. Budget deficits just over \$200

billion, and trade deficits just under that amount, year after year will limit for many years the American ability to play its traditional role. When a foreign policy crisis occurs, as in the Philippines during 1986, America now finds that its domestic budget deficit inhibits it from taking decisive action. When allies, particularly South Korea succeed in running huge trade surpluses, America used to celebrate their success, applauding the strengthening of the allies' economies and the resulting improvement of their security vis a vis communist neighbors. Now, feeling overwhelmed by its own deficits, America begrudges it even when Thailand, an important ally with a serious debt problem, runs even a 1 billion dollar trade surplus. As the world's largest debtor, both domestically and in foreign exchange terms, regardless of how warmly America feels toward South Korea, it will simply lack the money to be helpful in a crisis and it will simply lack the trade flexibility to be the magnanimous leader which celebrates allies' victories even at its own expense.

The consequence of America's domestic polarization on economic issues during the Reagan years will be an America that cannot muster the funds necessary for global leadership on the old scale and and America forced to play a mercantilist role rather than one of magnanimous beneficence. It will be -- and already is -- an America that whines a lot when discussing foreign policy and economic issues with South Korea. It will demand a level playing field rather than celebrating South Korea's victories. South Koreans will undoubtedly experience some

culture shock and require some time to acclimate themselves to this new America, whose relations with South Korea in the future will bear a great deal of resemblance to contemporary Japanese-American relations. There is reason for some sadness in this, especially from the American viewpoint, but there is also reason to celebrate some of it as a symbol of South Korea's diplomatic maturation. Fortunately, South Korea is ready, economically, militarily, and diplomatically, to take on broader responsibilities.

### **Back to the Fundamentals**

The emerging diplomatic role that Park made possible, and that Chun has begun with great success to implement, is exciting and important. South Korea is on the verge of becoming a middle power and by the end of the century could be moving into position to claim a future role as more than a middle power.

At the same time, as Park Chung Hee recognized, an international role must be built upon a firm domestic foundation. It is noteworthy that Japan has begun asserting itself internationally this time around only after two decades in which its domestic economic and political institutions had been firmly established as effective and legitimate.

South Korea is in a somewhat different position. It is launching a major international role without first resolving two fundamental problems, the problem of inter-Korean relations and the problem of domestic political legitimacy.

The relationship with North Korea is South Korea's single most important foreign problem and its first or second most

it has gained public consensus on those aspects of the South Korean system (except that many would like to see some reduction of the role of the great companies) to a degree that is rare elsewhere in the Third World. But South Korea's political structure remains controversial, and the country is deeply divided as to future directions. As this is written, the government is making a great effort to move toward a new constitution and to elicit general acceptance. But its prospects for early success remain in doubt, because of the polarization of today's Korean polity.

During the 1980s, both the government and the opposition have adopted postures of confrontation rather than compromise. The current system of government has in its background the bloody confrontation in Kwangju of May 1980 and the (subsequently commuted) condemnation of Kim Dae Jung to death. Throughout most of recent years, the government has adopted a very hard line toward all forms of opposition. Until recently, the Chun government gave international diplomacy much higher priority than any resolution of domestic political divisions. The initiatives toward North Korea and China are much more impressive than the initiatives toward the NKDP. This reversal of Park's priorities, from domestic institution building as the highest priority to international diplomacy as the highest priority, is probably the Chun government's most important single decision. Likewise, in recent debates, Kim Dae Jung has successfully led the opposition in refusal of any kind of compromise with the government. Thus, government, political

## NOTES

1. On models of development in Asia, see William H. Overholt, "The Moderation of Politics," in James Morley, ed., **The Pacific Basin** (New York: Academy of Political Science, 1986).
2. See William H. Overholt, "The Rise and Fall of Ferdinand Marcos," **Asian Survey**, November 1986.
3. The Afghanistan conversations were in Kabul, November 1978, the Zimbabwe programs the result of a conference in New York in early 1980 and of decisions taken later in 1980 and in subsequent years.
4. Based on historical export data from Bank of Korea, **Monthly Bulletin**, issues from 1970 to 1986. Export figures are given in current dollars. As a result, the projected Korean exports for the year 2000 are substantially higher than either America's current exports, which are just over \$200 billion, but Korea's projected year 2000 exports would be significantly less in constant dollars, depending on the rate of inflation. What is interesting is the rough order of magnitude, because the rough order of magnitude determines potential influence abroad.