

Center for Korea Studies Publications

The Northern Region of Korea: History, Identity, and Culture
Edited by Sun Joo Kim

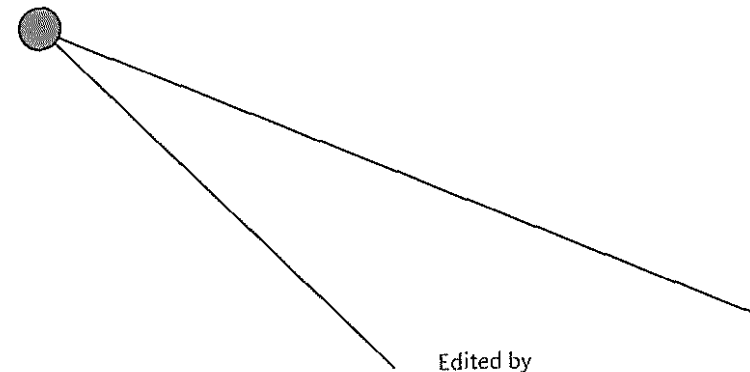
The Center for Korea Studies Publication Series published by the University of Washington Press is supported by the Center for Korea Studies and the Academy of Korean Studies.

The Center for Korea Studies Publication Series is dedicated to providing excellent academic resources and conference volumes related to the history, culture, and politics of the Korean peninsula.

Clark W. Sorensen | Director & General Editor
| Center for Korea Studies

Reassessing the Park Chung Hee Era, 1961-1979

Development, Political
Thought, Democracy,
& Cultural Influence



Edited by

HYUNG-A KIM and
CLARK W. SORENSEN



A CENTER FOR KOREA STUDIES PUBLICATION
UNIVERSITY OF WASHINGTON PRESS | SEATTLE & LONDON

This book is published by the Center for Korea Studies at the University of Washington with the assistance of a grant from the Academy of Korean Studies.

© 2011 by the Center for Korea Studies, University of Washington
Printed in the United States of America
17 16 15 14 13 12 11 1 2 3 4 5

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopy, recording, or any information storage or retrieval system, without permission in writing from the publisher.

CENTER FOR KOREA STUDIES
Henry M. Jackson School of International Studies
University of Washington
Box 353650, Seattle, WA 98195-3650
<http://jjsis.washington.edu/Korea>

UNIVERSITY OF WASHINGTON PRESS
P.O. Box 50096, Seattle, WA 98145 U.S.A.
www.washington.edu/uwpress

LIBRARY OF CONGRESS CATALOGING-IN-PUBLICATION DATA
Reassessing the Park Chung Hee era, 1961–1979 : development, political thought, democracy & cultural influence / edited by Hyung-A Kim and Clark W. Sorensen.

p. cm. — (A Center for Korea Studies publication)

Includes bibliographical references and index.

ISBN 978-0-295-99140-5 (pbk. : alk. paper)

1. Korea (South)—Politics and government—1960–1988. 2. Park, Chung Hee, 1917–1979. I. Kim, Hyung-A, 1948– II. Sorensen, Clark W., 1948–

DS922.35.R43 2011

951.9504'3092—dc23

2011025231

The paper used in this publication meets the minimum requirements of American National Standard for Information Sciences-Permanence of Paper for Printed Library Materials, ANSI Z39.48-1984.

Contents

Preface | vii

List of Illustrations | ix

Introduction HYUNG-A KIM and CLARK W. SORENSEN | 3

PART ONE—Development

1 Heavy and Chemical Industrialization, 1973–1979: South Korea's Homeland Security Measures | 19

HYUNG-A KIM

2 POSCO: Building an Institution | 43

SEOK-MAN YOON

3 The Cold War and the Political Economy of the Park Chung Hee Regime | 66

TADASHI KIMIYA

SPECIAL ESSAY

4 How to Think about the Park Chung Hee Era | 85

NAK-CHUNG PAIK

PART TWO—Political Thought, Democracy, and Labor

5 Park Chung Hee's Governing Ideas: Impact on National Consciousness and Identity | 95

YOUNG JAK KIM

6 Democracy in South Korea: An Optimistic View of ROK Democratic Development | 107

JAMES B. PALAIS

7 Labor Policy and Labor Relations during the Park Chung Hee Era | 122
HAGEN KOO

PART THREE—Cultural Influence and Civil Society

8 Rural Modernization under the Park Regime in the 1960s | 145
CLARK W. SORENSEN

9 Compressed Modernization
and the Formation of a Developmentalist *Mentalité* | 166
MYUNGKOO KANG

10 The Park Chung Hee Era and the Genesis
of Trans-Border Civil Society in East Asia | 187
GAVAN MCCORMACK

Bibliography | 205

Contributors | 220

Index | 222

Preface

This book grew out of the International Korean Studies Conference (IKSC) held at the University of Wollongong, Australia in November 2004 under the theme “The Park Era: A Reassessment After Twenty-Five Years,” which examined some of the key questions surrounding the Park era, especially how it affected Korea’s development into what it is today. The conference was sponsored by POSCO, BHP, Rio Tinto, and the Australia-Korea Foundation, Department of Foreign Affairs and Trade, Australia. The IKSC attracted many distinguished participants, including twenty-six prominent figures and scholars from Australia, Korea, Japan, and the United States.

As the organizers of the IKSC, we strove to ensure that the presenters would deliver diverse viewpoints with a sharp focus on Korea’s modern experience under Park’s rule, while including a broader perspective beyond the hitherto prevailing dichotomies of industrialization versus democratization.

Reassessing the Park Chung Hee Era, 1961–1979, is distinctive in the sense that several authors with ideological differences, that is conservatives and progressives, are engaged in a face-to-face discussion on the Park era. In this respect, we are particularly pleased to secure a special chapter from Professor Paik Nak Chung (Paek Nakch’ōng), a prominent literary critic and editor of the leading quarterly journal, *Ch’angbi* who was also one of the two keynote speakers at the IKSC and has generously revised his original keynote paper for this book.

Paik’s chapter, entitled “How to Think About the Park Era,” reflects on one of the key questions to which many Koreans try to find answers in the public debate on the Park era. With his understanding of such on-going public interest, whether positively or negatively, Paik examines Park’s version

1

Heavy and Chemical Industrialization, 1973–1979: South Korea's Homeland Security Measures

HYUNG-A KIM

The goals of developing an “independent economy” (*charip kyōngje*) in the 1960s and an “independent defense” (*chaju kukpang*) in the 1970s were at the core of the political economy of the Park Chung Hee (Pak Chōnghŭi) era. These two phases of South Korea's development are explained predominantly in terms of the impact of the cold war, particularly the change in U.S. foreign policy in the Northeast Asian region that led to the historic East-West détente when U.S. President Richard Nixon visited China in February 1972. What is not fully explained is South Korea's response under President Park to national security as a countermeasure to North Korea's intensified armed attacks on the South on the one hand, and U.S. reduction of troops in South Korea on the other.¹

In the aftermath of the North Korean commando attempt to assassinate Park in January 1968,² an unequivocal act of terrorism in today's terms, Park sought to build weapons factories in order to arm a reserve force of 2.5 million, which he founded as the Homeland Guard (*Hyang't'o Yebigun*) on April 1, 1968. Park's plan to build a defense industry in fact turned into the South Korean government's Military Modernization Program when the United States initiated the normalization of relations with China. By then, Park's confidence in the U.S. security commitment to the Korean peninsula had reduced to the extent that he became determined to build South Korea's own defense posture by producing military weapons in response to North Korean armed aggression.

Park's top development priority, in other words, was national security, especially through the implementation of the Heavy and Chemical Industrialization (HCI) Plan, officially declared on January 12, 1973. To carry out this forced-draft industrial revolution, Park had already introduced the controversial Yusin (Restoration) political reforms on October 17, 1972. A narrow core of power, a triumvirate of Park himself and two of his secretaries in the Blue House, Senior Economic Secretary O Wŏnch'ŏl (1971-79) and Chief of Staff Kim Chŏngnyŏm (1969-78), subsequently implemented the HCI Plan. In this context, the South Korean model of rapid industrialization, or what was dubbed "compressed modernization," (apch'uk chŏk kundae-hwa) during the Park era consisted of Park's own ideas and plan for industrialization rather than some U.S.-inspired economic theory. Similarly, South Korea's HCI Plan was inseparable from Park's authoritarian Yusin reforms because the HCI Policy itself was designed and implemented within the Yusin system, like a double-edged sword.

With the power of the Yusin Constitution, Park imposed almost monolithic control over all governmental and non-governmental institutions: the army, private big business (chaebŏl), unions, workers, students, and the young and old without exception. Thus political oppression became the norm under the Yusin system (1972-80) while South Korea's top-down military modernization through the HCI Program was in full gear, even at the risk of breaking up relations with the United States. Park's pursuit of his "independent defense" policy, however, did not mean that South Korea found its own line of national security outside the ROK-U.S. alliance. To the contrary, Park and his key advisors, especially his two HCI triumvirs, had no illusions about the importance of the ROK-U.S. alliance to South Korea's security. In this regard, their attitude toward the United States was cunningly realistic in the sense that they were eager to secure a U.S. security commitment to South Korea without compromising the ROK's own national interest, particularly political and economic independence. Nevertheless, ROK-U.S. relations deteriorated to their worst when in December 1976 the U.S. learned about South Korea's clandestine nuclear weapons and missile development program, officially unveiled as the Korean Nuclear Fuels Development Corporation (Han'guk Haegyŏllyo Kaebal Kongdan, KNFDC).³ This clandestine program, guarded especially against U.S. interference, was an important cause of the deterioration of relations with the United States.

Ironically, President Jimmy Carter's plan to withdraw U.S. troops from South Korea further drove Park's determination to build South Korea's own solution for national security. In this light, the aspect of military modernization within the framework of HCI has not been sufficiently analyzed despite its profound impact on South Korea's national defense capability building, not to mention economic modernization.

This chapter examines how South Korea's defense industry development stood at the core of the HCI Program, and how that program provided the fundamental infrastructure for South Korea's homeland security. I will first trace the connection between Park's pursuit of defense industry construction and the HCI Program in South Korea, and then analyze Park's Military Modernization Program, with particular attention to how Park and his technocrat advisers sought to overcome U.S. policymakers' unilateralism and to exploit inconsistencies in the American policy of troop withdrawal from South Korea. With the view that national security essentially means the security of the state, especially within the "division system" of the Korean peninsula,⁴ this chapter argues that HCI was Park's second phase of industrial revolution to build South Korea's security posture and, as such, it became one of the most visible legacies of the Park era, defining the character of today's South Korea as an industrialized nation.

PARK'S PLAN FOR A DEFENSE INDUSTRY

Park's pursuit of constructing South Korea's defense industry began in 1968 after he established the ROK Homeland Guard, following the North Korean attempt to assassinate Park at the Blue House presidential residence on January 21. A total of twenty-three South Korean soldiers were killed and fifty-two injured in this attack, while twenty-seven North Korean commandos were killed and one North Korean officer, Kim Sinjo, was captured. Park called for immediate retaliation and demanded U.S. support, which was flatly refused.⁵ The tension between the United States and South Korea over this incident quickly escalated when, on January 23, the North Koreans captured the U.S. military spy ship, *Pueblo*, and the U.S. decided not to retaliate against North Korea but instead unilaterally negotiated with North Korea for the eighty-one captured American crewmates. Park launched a raft of protests against the American containment policy towards North Korean

terrorism, while simultaneously criticizing the United States for unilateralism in their negotiations with North Korea on the *Pueblo* incident.

President Lyndon B. Johnson's personal envoy, Cyrus B. Vance, flew to Seoul on February 12, 1968, to offer appeasement to Park, including financial support for the construction of a munitions factory to manufacture M-16 rifles, plus an extra \$100 million in military aid. In spite of this offering, which South Korea accepted, Park's doubts about the U.S. commitment to the defense of South Korea increased. In fact, just four days before Vance's arrival in Seoul, Park publicly announced that he would create the South Korean Homeland Guard consisting of 2.5 million reserves. By then, the friendly alliance between the Johnson administration and the Park government had effectively ended as Park had cancelled his commitment to deploy South Korea's Third "Light Division" to Vietnam,⁶ to which he had previously agreed with President Johnson in late December 1967 while visiting Canberra, Australia.⁷ This cancellation was far too expensive for Park to have taken lightly because in return for South Korea's additional deployment, President Johnson, in a personal letter to Park, had promised hefty rewards, which included a mixture of military hardware, a special program to strengthen the ROK national police, and assistance in the construction of a modern highway between Seoul and Pusan, among other gifts.⁸

Park seemed to have already made up his mind that the United States had become less reliable in ensuring ROK's security against North Korean armed attacks. By this time Park had, in fact, already anticipated the U.S. intention to withdraw its forces from Vietnam, following his meeting with President Johnson in Honolulu in April 1968.⁹ Not only did Park publicly declare a zero-tolerance policy against the North by declaring that "there is a limit to [our] patience and self-restraint,"¹⁰ but he also campaigned to build ROK's "self-reliant" defense posture, especially by mobilizing the South Korean Homeland Guard. Park saw that the future of South Korea's economic prosperity and security depended on the strength of its national security posture, and thus he was determined to arm every member of the Homeland Guard with "Korean-made" weapons, which they could use to guard their own homes, villages, towns, and cities. Park's approach to national security, however, ironically resembled that of Kim Il Sung, the "Great Leader" of North Korea, who commanded a North Korean National Guard of almost 1.2 million workers and peasants, including the Red Young Guards with 700,000 members.

Just as Kim called his National Guard a "flawless defense system," Park defined the South Korean Homeland Guard as "the soldiers of homeland security who would work while fighting and also fight while working."¹¹

Park's skepticism about the U.S. containment policy on the Korean peninsula, as well as in Asia, turned out to be well founded. In July 1969, President Richard Nixon (1969-74) not only declared the new U.S. foreign policy, the Nixon Doctrine on Far East Asia, but also officially announced in July the same year the withdrawal of the Seventh Infantry Division's 20,000 troops.¹² The U.S. made these decisions less than a month after North Korea had abducted a South Korean navy patrol boat on the west coast of the peninsula, which was followed by further North Korean terrorism—detonating a bomb at the main gate of the National Cemetery in an attempt to assassinate government members and officials, including President Park, who had been scheduled to attend the twentieth anniversary of the Korean War on June 25, 1970.

This string of North Korean provocations drove Park to order Kim Hangyŏl, deputy prime minister and minister of the Economic Planning Board (EPB, Kyŏngje Kihogwŏn), to build what was initially known as the "Four Great Core Factories" (*sa taehaek kongjang*), comprised of cast iron, steel, heavy machinery, and shipbuilding plants.¹³ Needless to say, Park's aim was to build the basic material factories necessary for producing weapons with which to arm the Homeland Guard of 2.5 million reserve soldiers. He also created the Agency for Defense Development (ADD, Kukpang Kwahak Yŏn'guso) in August the same year, which soon became the leading agency governing the production of Korean-made weapons. Park's attempt to build the Four Great Core Factories, however, became bogged down with a lack of funds. Despite more than fifteen months of desperate searching for foreign loans from Japan and several European countries, Kim Hangyŏl's EPB utterly failed to raise the necessary funds because the United States, with its suspicions about Park's intent behind the construction of these four key factories, prevented South Korea from obtaining loans from these countries. When the EPB reported to Park about its failure to raise the funds at the cabinet meeting on November 10, 1971, he is known to have become exceedingly frustrated, demanding that Chief of Staff Kim Chŏngnyŏm find a solution. This desperate situation ironically led to a most extraordinary development when O Wŏnch'ŏl, then assistant vice minister in the Ministry of Commerce and

Industry (MCI) and member of the ROK defense industry's "Four-Member Committee,"¹⁴ suggested to Kim Chŏngnyŏm his idea for solving this problem.¹⁵ Kim was so impressed with O's idea that he, with O, instantly met with Park in Park's study.

O's idea was that South Korea could immediately manufacture weapons without spending extra funds by mobilizing South Korea's existing resources and technological capability, available particularly among big business, the *chaebŏl*. O suggested that South Korea should develop independent defense industries by restructuring South Korea's industries within the framework of heavy and chemical industrial development. O's idea, which convinced both Park and Kim, was based on the engineering principle that, "all weapons can be disassembled into parts, and these parts can be separately produced, as long as they are manufactured in accordance with a plan and within strict specifications."¹⁶ At this meeting, Park approved a five-point directive, which outlined the framework for the development of South Korea's defense industry based on the existing production system of private *chaebŏl*. The building of Korean-made weapons factories to arm 2.5 million reserve soldiers was, of course, just one of many projects that were decided at this extraordinary meeting between Park, Kim, and O on that day.

Another extraordinary development that came out of this meeting was the appointment of O on the following day, November 11, 1971, as head of the newly created Second Economic Secretariat (SES; *Kyŏngje Che-2 P'isŏsil*) at the Blue House (*Ch'ŏngwadae*). O's key responsibility of being in charge of defense industry development, however, was deliberately undisclosed for security reasons. Instead, his responsibility was officially stated to be the development of heavy and chemical industries. This development was the beginning of what was to become President Park's HCI triumvirate consisting of himself, O Wŏnchŏl, and Kim Chŏngnyŏm.

Park and his HCI Triumvirs

Born to an impoverished tenant farming family in North Kyŏngsang Province on November 14, 1917, Park Chung Hee began his career as a primary school teacher before he miraculously transformed himself into an officer in the 8th Corps of the Japanese Kwantung Army after graduation at the Manchukuo Military Academy (1942) and the Japanese Military Academy in Tokyo (1944).

When Japan surrendered unconditionally on August 15, 1945, Park, at the age of twenty-nine, became a second lieutenant in the South Korean army, but in February 1949 he was sentenced to life imprisonment for his communist activities that implicated him in the Yŏsu Rebellion. The outbreak of the Korean War in June 1950 brought Park a second chance by his being reinstated in the ROK army, and his army career from then on continued relatively smoothly until he rose to the rank of major general. Nevertheless, Park was rarely content with his career in the army, and he ultimately led the military coup on the dawn of May 16, 1961.

As leader of the military junta (1961-3), Park relentlessly promoted anti-communist "guided capitalism" through the first Five-Year Economic Development Plan which, in June 1964, took off under its export-oriented industrialization strategy. The first half of the Third Republic, from 1963 to 1967, was epoch making, not only in terms of Park's leadership over South Korea's rapid economic growth, but also in terms of South Korea securing American support as a reward for Park's foreign policies, including Japan-ROK normalization (ratified in August, 1965), and troop deployment to Vietnam. Park's alliance with the United States, however, became abruptly strained in January 1968 when, as I explained above, the United States showed indifference toward the North Korean commando attempt to assassinate Park.

Just as the establishment of the Homeland Guard with a 2.5 million reserve force demonstrated Park's fury over U.S. containment strategy toward North Korea, the creation of the HCI triumvirate showed Park's centralized approach to power, which he saw as necessary in order to carry out the restructuring of the government and industries as the means to achieving South Korea's all-out industrial revolution.

In contrast to Park's turbulent personal past, blotted with pro-Japanese collaboration and communist activities, O Wŏnch'ŏl was born into a wealthy landlord family in North Korea on October 2, 1928. In his final year in chemical engineering at Seoul National University, O entered the Korean Air Force when the Korean War broke out and served until August 1957 as a major. In May 1961, as an aspiring young engineer at the age of thirty-three, O was drafted by the Military Revolutionary Committee, which appointed him to the Ministry of Commerce and Industry (MCI).

O's subsequent career in public service was entirely within the MCI. Understanding O's role in South Korea's rapid development is important

because, as the chief architect of the Heavy and Chemical Industrialization Program, he not only implemented the HCI Program, but also managed the ROK's Military Modernization Program—later known as the Yulgok Operation—together with President Park's clandestine nuclear weapons and missile capability development. It could be said that O's role epitomized the character of the South Korean model of industrial revolution, especially the *modus operandi* of the HCI triumvirate: President Park's strong leadership, O's industrial and engineering skills, and Kim's financial-economic expertise.¹⁷

The third member of the HCI triumvirate, Kim Chŏngnyŏm, responsible for economic management, especially for raising funds for the HCI Program, was born on January 3, 1924. Kim began his career in 1943 at the Bank of Chosŏn (the Bank of Korea after liberation) after graduating from the Oita College of Commerce in Kyushu, Japan. Kim obtained his fiscal planning expertise and reputation after he drew up a draft plan for South Korea's first currency reform (carried out in February 1953). With an MA degree in economics from Clark University in America, obtained in 1959, Kim was appointed director-general of the finance bureau in the Ministry of Finance, which was later known among South Korean economic bureaucrats as the "Republic of Finance" (*ijae konghwaguk*) for the key role it played in ROK's fiscal management. Like O Wonch'ŏl, Kim was also recruited by the military junta in 1961, and by June 1962 he rose to the rank of vice minister in both the Ministry of Finance and the Ministry of Commerce and Industry (MCI) before being promoted to minister of the MCI in October 1967. Kim's role in managing the Park government's rapid economic development increased dramatically from October 1969 when he was appointed chief of staff at the Blue House, which he swiftly transformed into President Park's famously centralized power machine, especially for overseeing the HCI "Big Push." Entrusted by Park as his "economic manager," Kim in fact managed what can be termed the golden era of the South Korean economy for over nine years until December 1978. Overall, the combined role of the HCI triumvirate should be understood in the context of a deliberately concentrated control system under Park himself and his two economic czars, O Wŏnch'ŏl and Kim Chŏngnyŏm.

KOREAN-MADE WEAPONS PRODUCTION

On April 3, 1972, less than five months after O had received Park's emergency command to carry out weapons development to arm twenty divisions of reserve forces, eight light-weapon prototypes—including M1 carbines, M19s, A4 machine guns, and 60mm trench mortars—were manufactured and ready for preview by Park, government officials, military personnel, and the media. Under the code name "Lightning Operation" (*pŏn'gae saŏp*), the newly created Agency for Defense Development (ADD) produced these weapons through a twenty-four-seven operation. In many respects, the way this operation was carried out demonstrated Park's supreme control over his government even well before he introduced his authoritarian Yusin Reforms (in October 1972) and the Yusin Constitution (in December the same year).

The significance of the development of these light-weapons, albeit prototypes, was that it enabled Park and his policy advisers finally to persuade the United States to assist South Korean production of weapons by providing both technological advisers and technical plans. Until then, the South Korean military had been abjectly dependent on the U.S. for the supply of light weapons. For Park and his advisers, therefore, this was a new beginning in their all-out race to build South Korea's defense capability, which Park defined as self-sustainable national defense.

All-Out HCI Program

On January 12, 1973, the ROK defense industry development program took a giant leap forward when Park declared the government's "Heavy and Chemical Industrialization Policy" as the top priority of Yusin Reforms. This declaration of the HCI Policy¹⁸ was Park's official guarantee to technocrats to go ahead with the state-planned HCI Program. Park's declaration also pledged managerial autonomy from any political intervention or repercussion.¹⁹ The HCI Program was designed to achieve \$10 billion in export earnings and a per capita GNP of \$1,000 by the early 1980s. This is not to say, however, that the Park state was ready for implementing the HCI Program. As already explained, Park decided to go ahead with a heavy and chemical industrial sector mainly through the mobilization of the *chaebŏl*-owned manufacturing companies as South Korea's industrial engine. In May 1973, a team led by Deputy Prime

Minister T'ae Wansŏn travelled to the United States in an attempt to raise \$5.8 billion, half of the approximately \$10 billion needed for the HCI Plan, which had been first unveiled to key cabinet ministers and other senior officials in the Blue House basement shelter on January 31, 1973.

Through his extremely secretive and intimidating methods,²⁰ Park militantly pushed for the development of the ROK's defense industry, and by late 1979 a total of eighty-four manufacturers had become engaged in the construction of six industrial complexes, each focused on a target industry: heavy machinery at Ch'angwŏn, steel at P'ohang, shipbuilding at Okp'o, electronics at Kumi, petrochemicals at Yŏch'ŏn, and nonferrous metals at Onsan. Ch'angwŏn, South Korea's largest heavy machinery complex, located near the Masan harbor, boasted a military, fortress-like city plan and was designed to house 104 factories with a holding capacity of over 100,000 workers.

The population of Ch'angwŏn was originally about 10,000, with 1,700 households occupying about 13,900 hectares of farmland. This massive transformation from what were basically small agricultural holdings to one of the largest industrial complexes in the world reflected Park Chung Hee's political will and strategy to build a newly industrialized modern Korea. To achieve top-down industrialization, the government planned to invest 22.1 percent of the total national investment between 1973 and 1981, amounting to 2.98 trillion wŏn (approximately \$9.8 billion at 1970 prices), or 63.9 percent of the total investment in the manufacturing sector.

Park also conducted a comprehensive restructuring of governmental ministries and other institutions, while also introducing many dictatorial measures and related legislation to minimize any interruption that might hinder the progress of the HCI Program. The state's promulgation of the Industrial Parks Development Promotion Law on December 24, 1973, was particularly effective in opening efficient operational channels for the implementation of HCI. Considering the fact that the ROK's per capita GNP at that time (in 1972) was merely \$319, it is not difficult to understand why Park risked almost everything on carrying out the second phase of his industrial revolution even at the cost of his own demise less than six years later.

As noted earlier, this line of Park's thinking was nowhere more obvious than in the managerial structure of the HCI triumvirate. The nation-wide expansion of the Saemaül Community Movement after 1973 was another control mechanism,²¹ especially through the Saemaül policy training of the

masses. The Factory Saemaül Movement, as Hagen Koo notes in Chapter 8, was a most effective device for controlling the working people, and thus it was inescapable for Park to be increasingly confronted with nation-wide anti-state protests, especially against the authoritarian Yusin system. Yet, Park's push for carrying out the HCI Program rapidly turned into an all-out operation for South Korea's military modernization.

The Yulgok Military Modernization Program

In March 1974, Park approved a top-secret defense project under the code name "Yulgok Operation," to purchase advanced military equipment and to modernize the military. This operation was an emergency measure, which Park initiated immediately after the North Korean navy attack on Paengnyŏng Island.²² Outraged by this attack, Park immediately launched his own campaign by sending a personal message to the islanders that if North Korean troops were to invade the island, they should "fight to the last [and] hold out just for a week" for the ROK military to recapture the island.²³ Designating himself as a war president, Park obviously took on what could be described in today's terms as a "war on terrorism" against North Korea.

The state raised a total of 16.13 billion wŏn (approximately \$32 million) between 1974 and 1975 through the media campaign known as the National Defense Fund, and then in July 1975 a compulsory National Defense Tax was introduced as the new revenue base for the Yulgok Operation. Between 1975 and 1976, South Korea spent 6 percent of the national GNP on the Yulgok Operation, and by 1980 the state had collected a total of 2,600 trillion wŏn, or about 5.158 billion U.S. dollars.²⁴ At the beginning the Yulgok Operation was managed by a "Five-Member Committee"²⁵ within the Ministry of Defense (MOD) led by a deputy minister and four other representatives, including O Wŏnch'ŏl, Park's senior economic secretary as well as chief of the HCI Planning Corps. O was placed on this MOD committee under Park's orders, and in so doing, Park strictly controlled the Yulgok Operation in all its stages, from the selection of military weapons and equipment, to their purchase. As a means to ensuring appropriate checks-and-balances, Park introduced his own brand of watchdog system with a three-tiered system of committees to oversee the Yulgok Operation. This three-tiered watchdog system was comprised of the MOD's Five-Member Committee, the Blue

House Five-Member Committee made up of Park's special aides and senior secretaries, and a "no-name" committee of the five top-ranking officials: Park himself, Chief of Staff Kim Chŏngnyŏm, O Wŏnch'ŏl, the minister of defense, and the chief of the Agency for Defense Development.²⁶ In addition, Park introduced several extra measures, including "Special Measures for Military Supplies" (in 1973) and the "Measures for Weapons Supply with Foreign Loans" (in May 1975). Under these measures, every purchase under the Yulgok Operation was to be made directly with the manufacturer, which also would guarantee the exclusion of any commission, brokerage, or other intermediary fees under contracts.²⁷

To be sure that his watchdog system in this highly complex and secretive military operation ran effectively, Park relied on his multi-layered intelligence agencies to tap every official involved in the purchase of military hardware and advanced technology under the Yulgok Operation. From a strategic and management viewpoint, therefore, the Yulgok Operation was effective for Park in exploiting to the utmost North Korea's provocation of the South as a wake-up call, highlighting the need to speed up Korea's long-awaited military modernization. For the procurement of advanced technology and military hardware, in particular, Park and his close advisers strategically exploited the inconsistency of U.S. arms control policy with the idea that the U.S. often made concessions or altered policy only when the South Koreans showed their own ability to complete things.

In late December 1971, for example, Park ordered O Wŏnch'ŏl to develop a missile capability program, which led to South Korea's emergency purchase of French anti-ship *Exocet* missiles in spite of strong U.S. opposition. This purchase also led to South Korea's unexpected procurement of two American-made Harpoon anti-ship missiles, which South Korea had been trying to purchase for several years without success. Until then, U.S. officials had offered only outdated missiles. It was this purchase experience that encouraged Park and his key advisers to exploit the inconsistency of U.S. policy to the edge, especially in South Korea's pursuit of technologically advanced weapons development.

By late 1974, Park openly questioned American policy, especially its policy of troop withdrawal from Korea. In his visit to Seoul in November 1974, President Gerald Ford assured Park that "we have no intention of withdrawing U.S. personnel from Korea."²⁸ Park, however, did not trust Ford's per-

sonal pledge to him. Following the fall of Saigon in April 1975, Park was convinced that the United States would abandon South Korea, just as it had abandoned Vietnam. He essentially feared the worst-case scenario, a North Korean surprise attack on Seoul, which the South might have to face alone because the U.S., as in Vietnam, might pull its troops off the Korean peninsula due to public pressure.

The ultimate irony of the fall of Saigon, especially in terms of Park's pursuit of military modernization at almost any cost, was that North Korean leader Kim Il Sung visited China at this time—the first time since April 1961—as if to proclaim new pressures against the South. Kim's sudden visit to Beijing not only stirred Park to tighten national security through his draconian Yusin rule but also gave rise to open speculation in South Korea that the U.S. was considering changing its East Asian defense perimeter and subsequently might sell out on South Korea. In this regard, U.S. Ambassador Sneider's report to the secretary of state dated, April 1975, illuminated Park's all-out push for South Korea's independent defense and armament policy:

[U.S.] Congressional attitudes and fear that in conflict situation Congress (and American public) may—as in the case of Vietnam—deny funds and use of U.S. forces needed to defend Korea and even force U.S. troop withdrawals before then. . . . Korea's only alternative is to achieve a degree of self-reliance that will cushion possible loss of U.S. support before or during conflict.²⁹

Park's Clandestine Nuclear Weapons and Missile Capability Program

In July 1975, Park took bold action by concluding an agreement with France for a loan for the construction of nuclear reprocessing facilities and two nuclear power plants. This was just seven months after South Korea had signed a contract to purchase propellant plant manufacturing facilities and advanced missile technology from the American Lockheed Corporation, despite the U.S. State Department's strong opposition.³⁰ The difference in the ROK approach between the earlier purchase from Lockheed and the latter from France was significant. Whereas South Korea ostensibly made efforts to consult with the U.S. regarding the Lockheed deal, Park and his key advisers took an entirely independent path in negotiating with France in regard to ROK programs of nuclear reprocessing facilities and missile development.

With drastically reduced confidence in the U.S. security commitment in Northeast Asia, especially after witnessing the U.S. withdrawal from Vietnam in April 1975, Park was determined to secure a firm U.S. security treaty commitment even by alarming U.S. policy makers. From the outset, Park may appear to have overreacted to the rapidly changing international situation, especially towards U.S. policy in Northeast Asia. But, when one considers the intensified North Korean armed attacks on the South at that time—especially the repeated assassination attempts on Park, one of which, allegedly linked to North Korea, resulted in the death of First Lady Yuk Yöngsu on August 15, 1974—his fear of a second Korean War should not be dismissed as merely a self-serving excuse or anti-communist paranoia. The assassination of the First Lady was the third of four North Korea-linked assassination attempts on South Korean presidents during the fifteen-year period from 1968 to 1983.³¹

In June 1975, Park warned the United States that South Korea had the capacity to produce nuclear weapons and that the ROK would have to develop nuclear weapons if the U.S. nuclear umbrella were to be removed from Korea.³² By then, Park had already warned Sneider that he had directed Sim Munt'aek, the chief of the Agency of Defense Development, to develop in-country missile capability.³³ This led to U.S. Secretary of Defense James Schlesinger's visit to Seoul two months later in August, during which he promised decisive U.S. support in the event of a North Korean attack. Schlesinger, however, made this promise without authorization from Washington.³⁴ Yet, by making this promise, he obtained Park's agreement not to develop nuclear weapons.³⁵

This is not to say, however, that either the United States or South Korea honored their promises to each other. Just as officials in Washington did their best to stalemate Park's secret nuclear weapons program, Park and his key advisers sought to carry out their own plans with no less vigor. In this regard, no case is more telling than the episode behind the French government's cancellation of the sale of their reprocessing plant to South Korea in early 1976.³⁶ The United States conducted this cancellation through personal negotiations between President Jimmy Carter and President Valéry Giscard d'Estaing of France.³⁷ At the same time, the U.S. Congress deliberately withheld South Korea's loan application for an import-export bank loan of \$132 million and an additional \$117 million of credit guarantees for the construction of the light water reactor, Kori No. 2, approved in 1974.³⁸ In spite of

obvious financial difficulties, however, South Korea swiftly purchased CANDU, a Canadian reactor, in January 1975.³⁹ The more severe the pressure from the United States, the more determined Park became, especially when it came to tightening security against U.S. intelligence agencies.⁴⁰ Similarly, U.S. intelligence kept a close watch on many high-level Korean officials, especially O Wönc'h'öl during his weapons purchase visits to Europe and Israel in 1974.⁴¹ In short, Park's nuclear weapons and missile program was a most heavily guarded secret operation.

In the case of constructing the Korean Nuclear Fuels Development Corporation, known under the pseudonym, Taejön Machinery Depot (Taejön Kigyech'ang) with the code name "Sacred Farm" (*sinsöng nongjang*), for example, this plant's security was so tight that even the police commissioner in that province (South Ch'ungch'öng) was denied entry. Similarly, the city of Ch'angwön, the home of the largest heavy machinery industrial complex, was another security-tight zone originally planned and built as a military fortress.⁴² In his brief talk with the author in December 2003, retired Colonel Kang Yöngt'aek, who was the first Director of Ch'angwön Industrial Complex, recalled his mission as that of maintaining the security of the Complex: "It was completely a military operation with absolute security."⁴³

On December 2, 1976, KNFDC was officially unveiled with the aim of building Korean-made nuclear facilities for strategic reasons because, despite the low profitability of operating a heavy water fuel rod plant, President Park was determined to keep it as a countermeasure against a change in U.S. policy towards South Korea in the future.⁴⁴ In order to avoid U.S. surveillance, especially on his nuclear missile capability program, therefore, Park managed his nuclear program in total secrecy.

Given this extremely tense situation, President Jimmy Carter's widely publicized dislike of Park, from 1977 until Park's assassination in 1979, must be considered with caution. Carter was known to have loathed Park for his abuse of human rights. Undoubtedly this was the initial reason for Carter's attitude, for in his moralistic presidential campaign he had promised the withdrawal of U.S. troops from South Korea as one of his key policies. Beneath Carter's fury over Park, however, sat a much more serious cause for the ROK-U.S. conflict, namely, Park's secret nuclear weapons and missile program. As early as September 1976, and thus less than a month after the notorious Axe Murder Incident at Panmunjöm in the DMZ,⁴⁵ U.S. Ambassador Sneider

expressed concern about what he coined "the longer term" of "Park's emotionally-charged drive to seek self-sufficiency and self-reliance through a program of nuclear weapons and missile development."⁴⁶

In spite of their watchful observance, however, U.S. officials did not have clear information on just how advanced the ROK was in developing high-technology weapons until South Korea revealed its plan to launch a guided missile. In fact, the missile named NH-K was launched in September 1978, and South Korea claimed to have become the seventh nation in the world with its own domestically developed missile. This new development stirred up a stormy panic in Washington. From early November 1978 to June 1979, until President Carter's visit to Seoul on his way back from the G-7 summit meeting in Tokyo, there continued a chain of so-called "inspection tours" initially begun by Secretary of Defense Harold Brown, including a seventeen-member group of high-ranking officials from the National Security Council, the U.S. State Department, and the Pentagon.⁴⁷

PARK-CARTER STANDOFF

By then, ROK-U.S. relations had become so hostile that when Carter met Park in Seoul, neither party paid attention to diplomatic protocols toward each other. The summit meeting between the two allied countries' presidents quickly turned into a quarrel to the extent that U.S. Ambassador Gleysteen later recalled, "Never before in numerous summit meetings I had attended in the past had I seen leaders mangle the process of communication the way these two men did that morning."⁴⁸ Their quarrel boiled down to two counter arguments: Carter's demand that South Korea reduce the military disparity between the North and the South, and Park's insistence that Carter assure that the U.S. would not proceed with further withdrawals of U.S. ground forces from South Korea. Park insisted that the ROK needed more time.

In spite of their unshakable differences, the two presidents finally came to accede to each other's demands. Park subsequently announced the release of 180 South Korean political prisoners and, on July 20, Carter suspended U.S. withdrawal plans from the ROK until 1981. One may ponder how such a compromise could have been reached, especially in light of the U.S. habit of unilateral foreign policy formulation. One reason was that, even with his iron-willed resolve and the power of the presidency, Carter, as Oberdorfer

pointed out, could not "decouple the United States from the high-stakes military standoff on the Korean peninsula."⁴⁹ Another reason, and perhaps more politically relevant, was that almost every policy adviser, including those among his own presidential staff, was against the withdrawal plan. Many military advisers regarded Carter's policy to be unworkable to the extent that they engaged in a full-scale rebellion against him. The counter activities of two U.S. army generals, who at that time were at the frontline on the Korean peninsula, were particularly noteworthy. One was chief of staff of the U.S. forces in Korea, Major-General John Singlaub, who publicly warned in his interview with the *Washington Post* that "if U.S. ground troops are withdrawn on the schedule suggested, it will lead to war."⁵⁰ Because of this head-on challenge, Singlaub was quickly removed from Korea to serve at a domestic post.

The other was General John Vessey, the U.S. military commander in Korea, who advised President Park to formulate counter tactics to Carter's withdrawal plan by demanding a hefty compensation package which the U.S. government would not be able to pay as it would tie Congress up in debate on its cost vis-à-vis withdrawal.⁵¹ Subsequently, Carter apparently approved \$1.9 billion in military aid as a compensation package, but "not a single senator or representative spoke up in support of the withdrawal."⁵² In addition to this near mutinous challenge, Vessey threatened to resign if the withdrawal of troops were to proceed without the compensation package. Carter's withdrawal policy was a strategic disaster overall, exacerbated by the already strained U.S.-ROK relations. In fact ROK-U.S. relations throughout the Park era had been anything but harmonious, except for the period of the Vietnam War under the Lyndon B. Johnson administration. From June 1963, when U.S. Assistant Secretary of State Averill Harriman began planning troop withdrawals in the same year,⁵³ U.S. troop reduction plans in Korea remained under consideration, and in 1971 President Nixon pulled out 20,000 troops from Korea. Thus Carter's suspension of his troop withdrawal plan until 1981, from Park's perspective, hardly changed anything at all, especially in terms of his military modernization policy with the focus on the construction of an independent national defense system.

Despite the many outstanding contributions it made to South Korea's development, especially after the Korean War (1950-53), the United States failed to provide even the basic necessities for South Korea to guard against

North Korean provocations. As late as August 1975, South Korea repeatedly begged the United States for what the South Korean government termed "appropriate aid," such as "fire power, including [a third of a line is whited out] air, and logistics support."⁵⁴ This is not to say, however, that the United States was ignorant about the urgency of South Korea's need for military modernization. The U.S. promise to modernize the South Korean armed forces had initially been outlined in the "Brown Memorandum" in March 1966⁵⁵ and again in mid-January 1971, with an extra \$1.5 billion as compensation for the U.S. withdrawal of troops from Korea. However, the U.S. deliberately delayed the release of its military assistance to South Korea, largely because Washington officials did not trust Park who, they suspected, might strike the North if the South were equipped with adequate supplies of weapons. In short, the U.S. strategically restrained the South from any sort of military confrontation with the North by strictly limiting military supplies. In addition, the U.S. Congress was cautious about being seen as supporting Park's repressive regime. And in this regard nothing was more blatant than Secretary of State Henry Kissinger's drastic modification of the 1977 Five-Year Military Assistance Program from \$47.3 million to \$8.3 million. Kissinger came up with this reduction proposal in December 1975 while the famous Koreagate bribery scandal rocked the U.S. Congress after over ninety congressmen and other officials were found to have been involved.⁵⁶

Over twenty years later, in his memoirs, U.S. Ambassador Gleysteen described the U.S. attitude towards Park as "indiscriminate" in its criticism, focusing especially on Park's human rights abuses.⁵⁷ Nevertheless, Carter's withdrawal policy ironically strengthened Park's all-out drive to give effect to his authoritarian Yusin Reform agenda: the construction of South Korea's independent defense and armament capability as the top priority of the HCI Plan. To achieve this highly risky but intrinsically nationalistic ambition for South Korea's economic-military modernization, Park ruthlessly employed his draconian methods and tyrannical repression over his opponents—including workers, students, and dissident intellectuals—and ultimately was shot dead by Kim Chaegy, director of the Korea Central Intelligence Agency, on October 26, 1979.

SOUTH KOREA: LOOKING BACK THIRTY YEARS LATER

So, what was the overall result of Park's all-out heavy and chemical industrialization revolution? Did South Korea, as a result, achieve the construction of a national defense capability strong enough to guard against external aggression, especially from North Korea? It unquestionably did. In fact, the idea of heavy and chemical industrialization was primarily conceived as South Korea's core national homeland security measure and, by and large, was very effective, to the extent that it ultimately changed the face of South Korea into an industrialized middle power in the region, with the fifteenth largest economy in the world and a political democracy that is arguably the most vibrant in Asia.

My aim here, however, is not to downplay the destructive nature of Park's forced-draft rapid industrialization or the unsustainable flaws and contradictions in the HCI Program itself. As discussed in this chapter, Park's extremely centralized HCI Policy, especially as the top priority of the Yusin Reforms, was so oppressive that not only did many Koreans fall victim to its developmentalist power structure but also Park himself fell victim to his own success. In this respect, Park's demise at the hands of his own chief of intelligence essentially illustrated the fundamental volatility of the HCI Policy, particularly in terms of concentrated decision-making power, which paradoxically exposed inherent governance problems in response to changing circumstances. It is no surprise therefore that South Korean society even three decades after Park's death is still divided between those who approve of the Park-style rapid industrialization and those who fundamentally reject the Park-style dictatorship. Despite the fierce conflict between these two forces, the influence of Park over today's South Korean politics, economy, and society remains strong, although the debate over the nature of his influence is as heated as ever. Most tellingly, the dramatic change in Park's public image within one generation from having been widely regarded as the most reviled dictator to now the most admired president in contemporary Korean history came about primarily because of his leadership in driving South Korea's economic modernization through heavy and chemical industrialization.

Of course, the long-term merits of South Korea achieving national homeland security through HCI, especially against North Korean aggression, may not be known for some time, at least until the two Koreas finally reunite and

harmoniously live together as one united nation. Koreans, in the meantime, could more fully appreciate the transformation of their country through both industrial and democratic revolution, which is itself a great achievement and has made a substantial contribution to the building of prosperity, peace, and openness in the region and world politics. In this respect, Koreans could also appreciate the historical legacies of HCI-led homeland security posture building during the Park era.

NOTES

1. On March 27, 1971, just a month before South Korea's seventh presidential election, the U.S. completed its withdrawal of about 20,000 American soldiers stationed in Korea.
2. The most recently available documents regarding this armed attack, known widely as the "Blue House Incident," and other security conflicts between North and South Korea, including the USS *Pueblo* Incident, were released by the Nautilus Institute, which obtained them under the U.S. Freedom of Information Act. See the Nautilus website: <http://www.nautilus.org/foia/foiachrons/c%20sixtyeight.pdf> (accessed April 11, 2006).
3. For detailed discussion on the Korean Nuclear Fuels Development Corporation see Hyung-A Kim, *Korea's Development under Park*, 193–99.
4. For an analysis of Korea's "division system," see Paek Nakch'ong, *Hündüllinün pundan ch'eje*.
5. U.S. Ambassador, William J. Porter reportedly told Park that he should "Do it alone." Yi Sangu, "Pak Chönghui nün yongin üi chönjae yöna?" 88–89.
6. "Rostow to LBJ," Memo, December 7, 1967, NSF, Country, Box 91, Lyndon B. Johnson Library.
7. Both Park and Johnson were in Canberra to attend the funeral of the Australian Prime Minister Harold Holt, who had disappeared while swimming.
8. State Department Telegram 3104 (Seoul), December 23, 1967, NSF, Country, Box 91, Lyndon B. Johnson Library.
9. Yuyöng Chaedan, *Pak Künhye int'öbyujip*, 298.
10. Chöng Chaegyöng, *Pak Chönghui sasang sösöl*, 253.
11. *Taet'ongnyöng Pisösil*, *Pak Chönghui taet'ongnyöng*, vol. 5 (1969): 141.
12. Foreign Minister Ch'oe Kyuha received formal notice of the withdrawal of U.S. Seventh Division in Korea on July 5, 1970, but by then the withdrawal had already been

under way for at least six months and the Park government had not even been officially informed. For a detailed discussion on this issue, see Robert Boettcher and Gordon L. Freedman, *Gifts of Deceit*, 95.

13. Initially it was five not four core factories; including a copper factory.
14. The "Four-Member Committee" was established to carry out the construction of the defense industry as Park had directed. The three other members were: Hwang Pyöngt'ae, assistant minister in charge of management, EPB; Sin Wönsik, Ministry of Defense assistant minister in charge of war supply loans; and Sim Munt'aek, deputy chief, KIST.
15. However, in contrast to O's account, Kim stated that O had called Kim and requested a meeting, which took place as noted above. See Kim Chöngnyöm, *Hoegorok: Han'guk kyöngje chöngch'aek 30-nyönsa*, 322.
16. O Wönc'h'ol, interview by Hyung-A Kim in May 1995 and January 2000. For full details of the points, see O Wönc'h'ol, *Han'gukhyöng kyöngje könsöl*, vol. 5, 24–25 and vol. 7, 388–89.
17. See Hyung-A Kim, *Korea's Development under Park*.
18. Park declared this policy in his New Year press conference. For details of Park's press conference see, *Pak Chönghui taet'ongnyöng yönsöl munjip*, 10:58–59.
19. O Wönc'h'ol, interview by Hyung-A Kim, October 1996.
20. To ensure the unanimous approval to spend \$10 billion on HCI, Park held the meeting of the defense industry at the Blue House basement shelter which had been converted into a temporary weapons showroom with newly produced Korean-made weapons presented all around in a warlike atmosphere. Seven key cabinet ministers, the prime minister, and other senior officials plus Park's senior secretaries had been ordered to attend the meeting.
21. Please note that Saemaül Undong (New Village movement) was initially introduced in April 1970 as a nationwide campaign for rural development. Here the English term, Saemaül Community movement, however, implicitly distinguishes the changed character of the Saemaül movement after 1973 when Park officially declared the Saemaül movement as a training ground for mass education in "Korean democracy" in both the rural and urban areas. In 1979, a collection of Park's speeches on the Saemaül movement was published in an English translation with the title, *Saemaül: Korea's New Community Movement*.
22. Between October 1972 and the time of this attack, North Koreans reportedly intruded the waters surrounding this island and four other neighboring islands over eleven times.
23. "Kungmin ton, han p'un to pujöng ün andwae," [No corruption of the national fund, not even a single a cent, is tolerated], *Sin tonga* April, 1995, 415.
24. *Ibid.*, 480.

25. This committee later changed its membership twice: to a "Six-Member Committee" in July 1975 and again, in January 1978, to a "Ten-Member Committee." In November 1978, it was renamed "Promotional Committee for Reinforcing War Capability."

26. Two ministers, Sō Chongch'ōl and No Chaehyōn, represented the Ministry of National Defense (MOND) from December 1973 to December 1977, and from December 1977 to December 1979.

27. The "Measures for Weapons Supply with Foreign Loans" also included eight separate terms and conditions for security purposes. For details, see O Wōnch'ol, *Han'gukhyōng kyōngje kōnsōl*, 7: 242; and Kim Chōngnyōm, *A, Pak Chōnghūi*, 296-97.

28. Cited in "Comments on Secretary Schlesinger's Discussions in Seoul" in the issue entitled: "U.S. Reaction in Event of North Korean Aggression," undated attachment of a memorandum sent to Carl Albert, speaker of the House of Representatives, from the Office of the Deputy Assistant Secretary (security assistance), OASD/ISA, Documents concerning relations between the USA and the ROK between the fall of Saigon (April 1975) and the Tree Incident in the DMZ (August 18, 1976), Washington, DC, Gerald Ford Library.

29. Embassy telegram to SECSTATE (Secretary of State), Subject: "ROK Views of U.S. Security Commitment," April 1, 1975, Box 11, File: Korea, Gerald Ford Library.

30. It seems that the ROK purchased materials from the Lockheed Corp. mainly because the U.S. had failed to coordinate its arms control policy between the U.S. Department of State and the U.S. Department of Defense when dealing with South Korea. See, George S. Springsteen, executive secretary of the Department of State, to Lieutenant General Brent Scowcroft, February 4, 1975. Country File: Korea (3), National Security Adviser: Presidential Country Files for East Asia and the Pacific, Gerald Ford Library.

31. The first attack on the Blue House occurred in January 1968. On June 22, 1969 a team of three North Korean commandos attempted to set off a bomb in the National Cemetery, and on October 9, 1983, an attack at Rangoon's Martyrs' Mausoleum led to the death of seventeen Korean and four Burmese high-ranking government officials.

32. Park originally made this statement in his interview with U.S. columnist Robert Novak in early June 1975.

33. Ibid.

34. Memorandum for General Scowcroft from Thomas J. Barnes, "Subject: Secretary Schlesinger's Discussions in Seoul," September 29, 1975, NSF. Country File: Korea Box 9, Gerald Ford Library.

35. No Chaehyōn, *Chōngwadae pisōsil*, 80.

36. The cancellation was formally signed on January 23, 1976. For details in Korean, see No Chaehyōn, *Chōngwadae pisōsil*, 82-83.

37. Oberdorfer recorded 1978 as the year that Washington blocked South Korea's discussions with the French, but evidence from the President Gerald Ford Library as well as Korean sources suggest otherwise. For details, see Don Oberdorfer, *The Two Koreas*, 193-95.

38. Memorandum to the Assistant to the President for National Security Affairs, written by Acting Secretary of State Robert S. Ingersoll, July 2, 1975, Box 2, file no. 9, Gerald Ford Library.

39. Reports and Recommendations of Jan M. Lodal and Dave Elliott, NSC, to Secretary [Henry] Kissinger. July 11, 1975 (Declassified on May 27, 1997), Country. Box 2, file no. 9; also Seoul Embassy Telegram to Secretary of State, Washington DC, American Embassy, Ottawa July 1975. (Declassified January 29, 1998), NSF. Country. Box 9, Gerald Ford Library.

40. See Korea-State Department Telegrams to SECSTATE-NODIS, No. 14, April 1976 (Declassified on June 8, 2001), NSF. Box 9, Gerald Ford Library.

41. O Wōnch'ol, "Yudot'an kaebal," 388-411.

42. Interview by Hyung-A Kim with several senior executives of heavy machinery weapons companies in the Ch'angwōn Industrial Complex in December 2003. For a detailed discussion on the rigidity of security checks on personnel at the Ch'angwōn Complex, including during its construction period, see Hyung-A Kim, *Korea's Development*, Chapter 8.

43. In addition the author also interviewed several former senior executives of heavy machinery weapons companies at the Ch'angwōn Industrial Complex. For a detailed discussion on the rigidity of security checks on each member of personnel at the Ch'angwōn Complex, even during its construction period, see Hyung-A Kim, *Korea's Development*, especially Chapter 8. Colonel Kang was initially second to O Wōnch'ol's Second Economic Secretariat in the Blue House.

44. O Wōnch'ol, "Nuclear Development in Korea in the 1970s," 11-18.

45. For the background of this incident, see Don Oberdorfer, "Murder in the Demilitarized Zone," *The Two Koreas*, 74-83.

46. Brent Scowcroft, Ambassador Richard Sneider, and William Gleysteen, Memorandum of conversation, Subject: "August 18 Incident at Panmunjōm: U.S.-Korean Relations," Box 10, File: Korea no. 20, Gerald Ford Library.

47. Hyung-A Kim, *Korea's Development*, Chapter 9.

48. William H. Gleysteen Jr., *Massive Entanglement, Marginal Indulgence*, 47.

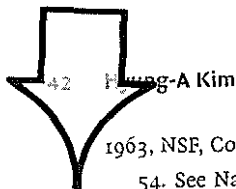
49. Don Oberdorfer, "End of the Carter Withdrawal," *The Two Koreas*, 108.

50. *Washington Post*, May 19, 1977.

51. Yi Tongbok, "Bessi saryōnggwan," 260-87.

52. Don Oberdorfer, *The Two Koreas*, 91.

53. Memorandum of Conversation, Kennedy and ROK Ambassador Kim, June 17,



1963, NSE, Country, Box 127, John F. Kennedy Library.

54. See National Security Decision Memorandum (NSCM) 282 and 309, National Security Study Memoranda and Decision Memoranda, 1974-1977, Box 2, Gerald Ford Library.

55. This fourteen-point memorandum was announced by U.S. Ambassador Brown on March 7, 1966. It became one of the main sources for many critics to characterize the South Korean troops in the Vietnam War as "mercenary." See Frank Baldwin, Diane Jones, and Michael Jones, *America's Rented Troops*, 7-14.

56. Don Oberdofer, *The Two Koreas*, 92-93; Robert Boettcher and Gordon L. Freedman, *Gifts of Deceit*.

57. William H. Gleysteen Jr., *Massive Entanglement, Marginal Influence*, 61.

2

POSCO: Building an Institution

SEOK-MAN YOON

INTRODUCTION

Having been a key driving force behind the Republic of Korea's (ROK) rapid industrialization, Pohang Iron & Steel Co. Ltd. (POSCO) is now the fifth largest steel company in the world, with an annual production capacity of 30 million tons of steel. POSCO has been widely recognized for its accomplishments, particularly as an international leader in productivity and efficiency; its global status stands on its record of achievement. In terms of return on investment, for example, the South Korean government initially spent a total of 220 billion won (\$863 million 1968) on the construction of POSCO. In October 2000, after POSCO was privatized, it had accumulated a total capital value of 3.9 trillion won (\$3.4 billion).

By the end of 2004, POSCO had contributed nearly 4.8 trillion won (approximately \$4 billion) in taxes. Given the fact that POSCO was founded in 1968, during the early phase of the Park Chung Hee (Pak Chŏnghŭi) era less than four decades ago, POSCO's phenomenal development represents a model case of South Korea's rapid industrialization. It sheds light on ROK-style development, which on one hand brought about an economic miracle within the decade of the 1970s and on the other suppressed the South Korean people's push for democracy by rigidly guiding economic development under the state's authoritarian Yusin system (1972-80). Park decided to build POSCO as a strategic necessity and initiated POSCO's institution building strategy. He insisted on this even though the ROK, in that economic context, did not display a significant domestic demand for iron or have a supply of natural resources such as iron ore or coal, not to mention capital, technology,

Contributors

MYUNGKOO KANG is a professor of media studies at Seoul National University. His publications include books and articles on discourse politics of modernization and politics of journalism in various referred journals. Currently he is working on a book on the cultural history of consumption in South Korea, focusing on the material and cultural conditions of modern life since the Korean War in the early 1950s.

HYUNG-A KIM is associate professor of Korean politics at the College of Asia and the Pacific in the Australian National University. She is the author of *Korea's Development under Park Chung Hee: Rapid Industrialization, 1961–1979* (RoutledgeCurzon, 2004); “From Anti-Communist Industrialization to Civic Democracy in South Korea.” In *Nation Building, State Building, and Economic Development: Case Studies and Comparisons*, edited by S.C.M. Paine (New York: M.E. Sharpe, 2009); and the senior editor of *Reassessing the Park Chung Hee Era: Development, Political Thought, Democracy, and Cultural Influence*.

YOUNG JAK KIM is a professor of Koongmin University, Seoul, Republic of Korea.

TADASHI KIMIYA is a professor of the Graduate School of Arts and Sciences at the University of Tokyo. He is currently studying the impacts of the U.S.-China rapprochement on the Korean peninsula in 1970s. He is the author of *Kankoku: minshuka to keizai hatten no mekanizumu* (ROK—Its Dynamism of Democratization and Economic Development) and *Pak Chŏnghŭi chŏngbu ūi sŏnt'aek: 1960 nyŏndae such'ul chihyang hyŏng kongŏphwa wa naengjŏn ch'eje* (The

Policy Choice of Park Chung Hee Administration: Its Export-Oriented Industrialization and the Cold War Regime).

HAGEN KOO is a professor of sociology at the University of Hawai'i at Manoa. His major publications include an award-winning book, *Korean Workers: The Culture and Politics of Class Formation* (Ithaca, NY: Cornell University, 2001) and *State and Society in Contemporary Korea*, edited (Ithaca, NY: Cornell University, 1993). He is currently completing a new book, *The Fractured Middle: The Impact of Globalization on Class Order in South Korea*.

GAVAN MCCORMACK is an emeritus professor in the College of Asia and the Pacific, Australian National University. A graduate of the universities of Melbourne and London (Ph.D. from London in 1974), he taught at the Universities of Leeds (UK), La Trobe (Melbourne), and Adelaide before joining the ANU in 1990. He was elected Fellow of the Academy of Humanities of Australia in 1992.

NAK-CHONG PAIK is an emeritus professor of Seoul National University and editor of the quarterly journal, *Ch'angbi* in Seoul, Republic of Korea.

JAMES B. PALAIS, the late Korean historian passed way in 2006 after serving as a professor of Korean history from 1970 until 2005 at the University of Washington, Seattle, United States of America. He is known for publishing many articles and most notably *Confucian Statecraft and Korean Institutions: Yu Hyŏngwŏn and the Late Chosŏn Dynasty* (Seattle: University of Washington Press, 1996).

CLARK W. SORENSEN is the director of the Korean Studies Program at the University of Washington and co-editor of *Reassessing the Park Chung Hee Era: Development, Political Thought, Democracy, and Cultural Influence*.

SEOK-MAN YOON served as CEO of POSCO Engineering & Construction (2009–10) and as President of POSCO (2006–9). He holds a doctorate from Chung Ang University, South Korea and was Vice Chairman of the Korean Association for Public Administration (2004–6).