In early February 1987, I gave a speech in New York in which I spelled out American policy toward the Republic of Korea. In that speech I reiterated the determination of the U.S. to maintain its security commitment to Korea as long as the military threat from North Korea was a clear and present danger to South Korean independence. At the same time, I said that the U.S. fully supported President Chun Doo Hwan's decision to step down from the presidency in 1988 and to have free and fair elections to determine his successor. I also emphasized the benefits to be derived from the "civilianization" of the Korean political process. In this speech what the U.S. was in effect doing was tying together the concept of security with participatory democracy. There was nothing startlingly new about this. The U.S. has always believed that a free and open society is a more secure society better able to defend itself. Being part of the decision-making process makes people better and more responsible citizens and helps to ensure their support of both defense expenditures and defense actions.

This February speech created quite a stir in Korea and struck a responsive chord among the Korean public. The reaction from President Chun and his advisors was cautious, but noncritical. And then Secretary of State George Shultz in his Spring 1987 visit to Seoul made statements both publicly and privately to the effect that my speech outlined clearly U.S.
policy toward Korea. The United States had placed itself squarely behind the movement in Korea to open up the political process and to establish a Korean-style democratic system.

The decision to make this speech at this time came after discussions with my colleagues in Washington about the need for a clear-cut statement by the United States government on U.S. policy toward Korea. President Chun's term of office was drawing to a close and we believed it necessary to make it clear that the United States saw this as an opportunity for the Korean people to re-establish a more democratic civilian-type government. Every indicator we had was that the vast majority of Koreans wanted to have more of a say in their futures and wanted to see an opening in the political system. The U.S. supported these aspirations wholeheartedly. What we did, in effect, was to put the U.S. administration behind not only the will of the Korean people, as we understood it, but also behind the pledges made by President Chun to step down and to ensure a free and fair election for his successor. In my speech the U.S. did not come down behind any particular kind of political system for the future, but simply stated that whatever democratic system was agreed upon by the various political parties in Korea would be acceptable to us. We made it unmistakably clear that we supported no particular individual or group, but rather the democratic process. This was a critical point.

In June 1987, when it appeared as though certain elements in the Korean establishment, i.e., in the military, might attempt to
hold back or postpone the desire of the Korean people for a more open society, I was sent to Seoul by President Reagan and Secretary of State George Shultz to speak with various Korean leaders from all sides, assess the situation, and make clear to the leaders that the United States could not condone or be perceived as condoning any efforts to halt the progress toward democracy taking place which would culminate in free elections in early 1988.

In my meetings with President Chun I told him that the United States fully backed his decision to step down from office when his eight-year term was over. While recognizing that there were those extremists on the left in Korea who would like to disrupt the emergence of democracy and instead might wish to establish a totalitarian system akin to that in North Korea, I made it clear to all those leaders with whom I spoke that the U.S. was adamantly opposed to force and the use of force by anyone. Peaceful progress toward democracy, and I underlined the word "peaceful," was essential if Korea was not to be torn by continuing civil unrest and disorder.

I found the Korean leaders with whom I spoke most sympathetic to the American position and unanimous in their view that this position was helpful to the furtherance of democracy in Korea. All of them were fully cognizant of the threat from North Korea and that political and social unrest in the Republic of Korea increased this threat substantially. In addition to President Chun I met with the major political opposition leaders,
Kim Young Sam and Kim Dae Jong, with Cardinal Kim and with prominent individuals in the press, academia, and business. I spent a bit of time with Roh Tae Woo and strongly felt that here was a man of great leadership qualities who had no doubts about the need for democratic change in Korea. He was determined to move forward with this.

After having quickly assessed the situation on the ground it was abundantly clear to me that any use of the Korean military forces by the government would lead to catastrophic circumstances and would not be tolerated by the people. As a member of the Chun cabinet said to me, "There is a fever abroad in our land."

That "fever" was democracy. As Shakespeare put it, "There is a tide in the affairs of men which taken at the flood leads on to fortune...." In Korea such a tide was flowing and that tide was democracy.

It was imperative that the American view be expressed in clear and unmistakable terms. This was basically what I went to Korea to do and this is what I did. To me it was clear that the leaders of the Korean government knew what had to be done and a couple of days after I left Seoul, presidential candidate Roh Tae Woo stunned the nation by promising to respect the people's will and, if elected, lead Korea towards a full-blown democracy. Following Roh's recommendation, President Chun publicly acquiesced to the popular will for direct presidential elections.

During the period of transition from President Chun to the election of President Roh, the United States never wavered in its
support of the decision by all Korean leaders to strongly back the peaceful democratic process. We condemned street violence by leftist elements as harmful to participatory democracy and we equally urged that there be no intervention by military elements who might be concerned that without military intervention violence in the streets would continue to escalate. I personally had a strong belief in the good sense of the Korean people as they moved toward a more open political system. The Korean people had accomplished an economic miracle since the end of the Korean War in 1953 and I was convinced that they were going to achieve a political miracle as well. This is exactly what happened and, indeed, is happening. In my subsequent trips to Korea in 1987 and 1988, I have again met with Korean leaders, those with whom I met in June 1987, and my basic comments to them have always been filled with the great respect I have for the manner in which they have worked together to carry out the political reforms so essential to a successful democracy.

With opposition candidates Kim Dae Jung and Kim Young Sam unable to agree on a single opponent, Roh won the December 1987 election with only 37 percent of the vote. However, the opposition parties gained ground by winning the majority of seats in the April 1988 National Assembly elections. It was the first time that the party running the Administration (under Chun and Roh, the Democratic Justice Party) had lost absolute control of the Assembly.

Since April 1988, the National Assembly has become a forum
for the public airing and multiparty debate of past and future policies. It also serves as a check on the president and his administration. In the fall of 1988, the National Assembly held avidly watched televised hearings into corruption and "misdeeds" of the former Chun Doo Hwan regime. Ex-President Chun was forced into internal exile and 46 individuals, including a number of Chun's relatives, are being prosecuted in connection with Fifth Republic corruption.

The human rights situation in South Korea has improved measurably since mid-1987. Several hundred political prisoners have been released, sentences commuted, wanted lists eliminated, and civil rights of political dissidents have been restored. There is a vital and freer press in South Korea today, with a plethora of new periodicals and newspapers. President Roh has pledged to curb the powers of the police and security agencies to ensure that civil rights are respected.

Student demonstrations are a fixture of the South Korean political landscape. In 1988 a small but vociferous minority of students were on the streets protesting against Chun, Roh, and the U.S. troop presence and in support of the students' proposals for reunification. Labor disputes remain numerous as workers seek to unionize and obtain better wages and benefits. The government has urged restraint by student activists and counseled both labor and management to find nonviolent means of resolving differences.

Some people both in Korea and in the U.S. have expressed
growing concern over the increasing anti-American tone of the
demonstrations in Korea. While not disagreeing that there is
some degree of need for this concern, I think we should put this
anti-Americanism in perspective. As countries open up
politically and the people receive their right to speak freely
and openly it is to be expected that all sorts of views will be
expressed. Particularly among the young people in Korea, there
is a kind of an aversion to too much of an American presence in
their country and too heavy a dependence on the United States.
There is also a feeling that the U.S. has not been fair with
Korea in the trading and financial areas. These attitudes are
not new, but they are now being expressed openly and, sometimes,
in exaggerated fashion. However, I think it important to point
out that in the freely elected legislature every political figure
of substance, from both the government and opposition parties,
strongly supports the U.S.-Korean security relationship and the
close ties between Korea and the United States. This, I think,
is quite reflective of how the vast majority of Koreans view the
United States and the American relationship.

The U.S. is a primary guarantor of the 1953 Armistice which
halted war between the United Nations Command (comprised of U.S.
and allied forces) and the (North) Korean People's Army, then
supported by the "Chinese People's Volunteers." The small U.S.
contingent assigned to the UN Command provides security for the
Joint Security Area at Panmunjom and helps administer the
Armistice. Technically, a state of war still exists on the
Korean peninsula.

Most U.S. forces (principally Second Infantry Division and Seventh Air Force) are stationed in Korea under terms of the Mutual Defense Treaty of 1954 and a Status of Forces Agreement of 1968. These forces, together with logistical support forces, a small U.S. contingent assigned to the UN Command, and a small U.S. Navy liaison unit, number about 43,000 uniformed men and women.

If war should again break out in Korea, most U.S. forces in the country would be assigned roles in support of the U.S.-ROK Combined Forces Command. The Combined Forces Command is headquartered at the Yongsan Garrison in Seoul. South Korean front-line forces are under the operational control of the Combined Forces Command, in peacetime as well as in case of war.

The Combined Forces Command is a binational command structure, under the joint political direction of both governments. It is commanded by a U.S. four-star general (with a ROK four-star general as his deputy). Its missions are to deter North Korean aggression and to repel a North Korean incursion, should one again occur.

The military balance on the peninsula continues to favor the North. From the ground force perspective, the North maintains numerical advantages in nearly every measure of combat power. The North enjoys over a 300,000 man advantage in personnel strength, over a 2.5:1 advantage in tanks, a 1.5:1 superiority in artillery, and a massive advantage in multiple rocket launchers.
In the air, the numerical advantage enjoyed by the North is somewhat offset by the more modern South Korean air forces. The recent acquisition of MiG-23s and MiG-29s from the Soviet Union has enhanced the North's air defense capability, but the overall North Korean position relative to the ROK remains the same due to the ROK's acquisition of the F-16.

The North Korean Navy holds a similar edge over the ROK Navy, particularly in submarines and fast attack patrol boats. Recent ROK production of frigates and corvettes has strengthened somewhat its naval forces.

North Korean armed forces have been extensively reorganized since the early 1980s. The 1983-84 forward redeployment of North Korean ground forces significantly reduced the South's warning time and increased the North's ability to launch a surprise attack.

The South Korean total forces strength currently numbers around 630,000, whereas total North Korean active armed forces strength is over 1,000,000, with a front force strength of about 930,000. The North's force buildup has been evolutionary, and no linkage appears to exist between the buildup and other events on the peninsula.

Both sides' military-industrial capabilities are formidable. The North is estimated to spend 20-25 percent of its smaller GNP (less than one-fifth that of the South) on its military. South Korea currently spends just over 5 percent of its GNP on defense. The North holds a strategic and psychological advantage over the
ROK. Seoul is located only 25 miles from the demilitarized zone, while Pyongyang is about 85 miles from the front.

I believe that U.S. forces should and will remain in Korea as long as there is a threat from North Korea and as long as the Korean government and people wish them to remain. Despite questioning of the need for a continued U.S. troop presence by a vociferous minority in South Korea, the overwhelming majority of Koreans remain committed to close U.S.-ROK security ties, including the stationing of U.S. forces in the ROK. Our two governments periodically review the appropriate strength and composition of U.S. forces stationed in Korea.

The two countries continuously discuss the sharing of costs associated with the U.S. commitment to the defense of the ROK. Currently, the ROK contributes about $1.9 billion annually toward the cost of stationing U.S. forces in Korea. Of this amount, about $1.6 represents foregone revenues (i.e., taxes, user fees and rents not paid), while about $300 million are direct ROK defense budget outlays. In 1988, the largest cost-sharing items paid for out of the ROK defense budget were $72 million for about 7,000 ROK soldiers detailed to U.S. units, and $40 million for new facilities for U.S. combat forces under the Combined Defense Improvement Program. ROK cost-sharing outlays compare favorably with similar outlays by NATO allies and Japan.

In discussing the North Korean threat to the Republic of Korea, a significant element has been the constant danger of terrorist activities directed from Pyongyang. The most recent of
these instances was the explosion of a KAL plane over waters off Burma in late 1987. As soon as this incident occurred the U.S. moved, together with other countries working in tandem, to put an end to such terrorist acts, to ascertain just who was behind this bombing. It soon became evident, thanks to the work of experts on terrorism from a number of countries including the U.S. and Japan, that North Korean agents were behind this vicious act. The facts were exposed and proven beyond any reasonable doubt that this was the case. It seems that this action by the North Koreans was designed to strike fear and terror into the hearts of those intending to be present at the Olympic Games to be held in Seoul in the autumn of 1988. The United States made plain to Pyongyang that it would do everything necessary to ensure a peaceful Olympics and would respond if North Korea attempted through terrorist activity to disrupt the games. We urged the Soviet Union and China to carry this message to North Korea and to add one of their own about the importance of a peaceful and uneventful Olympics to them and to the entire international community. Fortunately for all concerned, the Olympics, as we all know, were held without incident.

Korea has undergone dynamic changes in its economic development in recent years. Korea's economy, the world's largest, continued to boom in 1988. Real GDP jumped 12 percent—the world's highest growth rate—for the third straight year. Per capita income soared to $3,700 from $2,800 in 1987. The unemployment rate stayed at a low 3 percent as industry continued
to add new jobs in autos, electronics, and machinery.

The strong performance was fueled by record exports of $61 billion. Korea ended 1988 as the world's 12th largest trading country (15th in 1987) with volume of over $112 billion. The U.S. stayed Korea's top export market (34 percent of total). Korea is the U.S.'s 7th largest trading partner. Korea repeated its 1987 trade surplus with the U.S. of over $10 billion. Japan is Korea's second largest trading partner.

The 1988 Olympics aided tourism earnings. As a result, the total current account surplus reached $14 billion, which helped Korea reduce foreign debt to $31 billion. It stood at $44.5 billion only two years ago.

However, the huge surplus has created problems, too. It led to money supply growth of nearly 20 percent in 1988, causing inflation—a politically sensitive variable in Korea—to more than double to a 7.1 percent rate.

Korean government guidance of the economy is still significant but gradually decreasing. Large, diversified conglomerates dominate Korean manufacturing of televisions, VCRs, small computers, cars and other durable goods. The conglomerates have received favorable credit consideration from a heavily controlled banking sector in the past. Small and medium-sized firms generally have not enjoyed such generous treatment from the government. They remain unsophisticated and financially weak.

Won (Korea's currency) revaluation and average wage increases of over 30 percent during the last two years are
forcing Korea to move away from labor-intensive, light industry like textiles and footwear, into higher value-added manufacturing.

I believe the boom will likely continue, but the rate of growth may decline below double digits as the won's rise, wage increases, and stiff competition from other low-cost Asian producers erode Korea's world market share of cheap consumer goods. This will prompt Korean companies to accelerate the development of semiconductors, larger computers, cars and aircraft parts, industrial sectors where the Asian nation already has a strong foothold. Korea, thus, is likely to enjoy continued, strong growth and draw increased foreign investment into high technology. Its economic performance, barring any external shocks like steep oil price hikes, protectionism, or retaliation from major trading partners, will continue to rank among the world's best.

In the area of U.S.-Korean trade and economic relations, Korea is the seventh largest trading partner for the U.S., as I said earlier. The two countries traded over $31 billion worth of goods in 1988. The figure continues to grow. U.S. exports rose 38 percent in 1988 to $10.5 billion. Nonetheless, the U.S. bilateral trade deficit stayed at over $10 billion for the second year in a row.

Korea's spectacular economic expansion has sparked the interest of many U.S. farmers and businessmen. While much of U.S. trade takes place with little ballyhoo, Korean import
barriers have caused friction in trade and economic relations of the two sides. The U.S. has sought aggressively to open many markets closed to American goods. The Koreans have accused the United States of heavy-handed pressure.

Perhaps no area in U.S.-Korean economic relations provokes more emotion and controversy than agriculture. The U.S. is an efficient and globally competitive producer of farm goods. Korea's agricultural sector remains far behind, but farmers comprise 20 percent of Korea's population. Thus farmers command considerable clout politically, especially under democracy. They have spoken out loudly against foreign competition.

Although Korea is the U.S.'s third largest importer of bulk commodities, it buys only minuscule amounts of high value products like fruits and vegetables. The United States has asked Korea to end licensing, quota, and tariff barriers to U.S. farm products. Moreover, in negotiating a section 301 complaint on beef, the United States has taken Korea to the GATT. Korea resumed U.S. beef imports in 1988, but under quota. The U.S. is seeking a phase-out of the quota system.

How to deal with North Korea is one of the major questions facing President Roh and the South Korean people. On July 7, 1988, ROK President Roh Tae Woo announced an initiative to promote dialogue and contacts with North Korea (the Democratic People's Republic of Korea--DPRK). He urged the DPRK to open up trade and contacts on all levels and suggested that the ROK's friends and allies also pursue contact with the North. South-
North dialogue—suspended since late 1985—subsequently resumed in various forms, but as yet no tangible agreements have been reached. The United States fully supports these efforts by the ROK to open up the South-North dialogue and to ease tension on the Korean peninsula.

At the UN in October, President Roh offered to go to Pyongyang to discuss any issue. However, DPRK President Kim Il Sung threw cold water on summit hopes, first attaching conditions, then on January 1 suggesting that President Roh come to Pyongyang as a party head in a group with southern opposition and dissident leaders.

At the end of 1988, after nearing agreement on a joint meeting of the two Korean parliaments, the North introduced a new demand to discuss the annual U.S.-ROK Team Spirit military exercise. In early February it refused to attend further preparatory meetings for a joint parliamentary session until Team Spirit ends. (In past years North Korea has sometimes carried on with dialogue and sometimes used Team Spirit as an excuse to end talks.)

The focus of discussion now is on an agreement to hold prime ministerial-level talks. The first preliminary meeting to discuss arrangements was held February 8. In other fora, the two National Olympic Committees met March 9 to discuss forming a joint team for the 1990 Asian Games in Beijing. Both sides have also proposed youth exchanges. However, the North has invited only a radical South Korean student group to attend this July's
13th World Youth Festival in Pyongyang.

Following the ROK government's decision last year to allow trade with the DPRK, South Korean firms have begun to import North Korean goods, all via third-country contacts. The DPRK has denounced and denied this trade. By contrast, the North publicized a late January visit by Hyundai magnate Chong Chu Yong as well as the protocol he signed to develop tourism and other projects in the North.

U.S.-North Korean Relations

To support President Roh's initiative, the U.S. on October 31, 1988 announced several measures to facilitate U.S.-DPRK private exchanges and humanitarian exports and again allow substantive diplomatic contacts. The U.S. has not removed North Korea from the list of states supporting terrorism, nor lifted the general embargo on commercial trade with the DPRK. Substantive diplomatic contacts took place in Beijing December 6, 1988 and January 24, 1989 and several American universities are planning to host North Korean academics in 1989. The discussions in Beijing were very limited in scope as the U.S. side simply restated its basic policies toward ways to reduce tension on the Korean peninsula.

I believe strongly that the South-North dialogue is the best way to reduce tension on the Korean peninsula to insure lasting peace. The United States has explained this over and over again to North Korea in Panmunjon and through North Korea's Soviet and Chinese allies. There is no ambiguity in the American position.
which is fully endorsed by the Republic of Korea. As the U.S. deals with the matter of North Korea, it is essential that it work completely in tandem with Seoul. This is an axiom that can never be forgotten and must always be followed.