

KOREA AND THE GULF CRISIS

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On 26 January 1991, two South Korean Air Force C-130 Hercules transport planes landed at Dhahran airport in Saudi Arabia carrying Colonel Ch'oe Myōnggu and a military medical team. These were to join the multinational forces fighting in the Gulf. The despatch of the 154-member team was the first occasion for the South Korean military to serve in an overseas war zone since April 1973, when the last "Tiger Division" had been withdrawn from Vietnam. The medical corps' activities were limited by the speed of the collapse of the Iraqi forces after the land offensive against them began in the last week of February. Brief though the activities may have been, the symbolism of South Korean involvement was nonetheless important. The 7 month Gulf crisis, dating from the Iraqi invasion of Kuwait in August 1990, also had a broader significance for Korea. This paper argues it has proved to be a dilemma, a diversion and a catalyst for the southern government.

Serious South Korean contact with the Middle East has been both recent and predominantly economic in character. As South Korea began to industrialize in the 1960s and 1970s, its burgeoning energy demand led to an increased dependence on imported oil. Indeed, the dependence ratio rose from 10% in 1964 to 75% by 1983. Also, there was an increased dependence on a few Middle

Eastern countries, to the extent that in 1978, Kuwait, Saudi Arabia and Iran supplied 96% of South Korea's oil imports. The southern economy weathered the first oil shock relatively well, not least because of the post-shock Middle Eastern construction boom, but it was hit harder by the second shock; growth even went negative in 1980. During the first half of the 1980s, the government therefore put greater emphasis firstly on conservation and secondly on diversification of oil suppliers and other energy sources. Nevertheless, the Middle Eastern energy import and construction activities remained integral elements in Korean economic development. Indeed, in the second half of the 1980s, the dependence on Middle Eastern oil started once more to creep up.

Politically, South Koreans had kept a low profile in the region. They were wary of radical Arab nationalism, broadly prepared to follow the Arab line on the Israeli-Palestinian issue after the 1973-74 switch of policy, and they tried to continue to conduct business with both sides during the lengthy Iran-Iraq war. As in Third World areas, diplomatic competition with North Korea was a continuing feature. The North had made notable diplomatic advances in the Middle East in the 1950s and 1960s, and its support for Palestinians and radical Arabs became implicitly linked with its challenge to American imperialism. In the 1970s, however, growing fragmentation amongst the Arab states and South Korean companies' active participation in construction led to increased South Korean political contacts, even with the more militant and previously pro-North governments. By the late 1980s this had resulted in large-scale construction projects with countries such as Libya.

Yet, overall, the Koreans have had very few historical or cultural connections with the Middle East. They feel very

little affinity either with Islam—which was formally introduced into South Korea by Turkish troops during the Korean War and which now has only about 20,000 adherents—or with the Arabs in general.

Economically, the most immediate concerns for the South Korean government after the Iraqi invasion of Kuwait in August 1990 were the safety of Korean workers in the region and the effects of the invasion on the supply and price of oil. The four largest Korean construction companies were involved in a total of 17 projects, valued collectively at \$2,510 million. Around 1,300 Koreans were working in the two countries. Iraq and Kuwait supplied around 12% of the South's imports of crude oil (figures for the first half of 1990 give 4.2% from Iraq and 7.6% from Kuwait). Kuwait additionally supplied around one-fifth of imports of liquified petroleum gas (LPG), a key cooking fuel in Korea's smaller cities and rural areas.

As a result, government officials, while sympathizing with Kuwait as a victim of aggression, were extremely cautious in commenting publicly. This position continued even after the U.N. Security Council resolution proposed economic sanctions. Only on 9 August, after strong requests from U.N. Secretary-General Javier Perez de Cuellar and a visit from U.S. Assistant Secretary of State Richard Solomon, did the government announce a series of economic sanctions. These included an import embargo on Iraqi and Kuwaiti crude oil and a total trade embargo, apart from some medicines. This marked a victory for the Foreign Ministry over the Economic Planning Board (EPB). The latter had opposed economic sanctions on the grounds that, even if the domestic oil price was not raised immediately, there would be an inflationary psychological impact of the embargo.

The Gulf crisis, ironically, acted almost as a kiss of life for the Energy and Resources Ministry, which not so long before had appeared close to abolition because of bureaucratic rivalries. Minister Yi Hüi-il voluntarily forfeited his summer holiday and set up a crisis management team; his Ministry took the lead in formulating a two-pronged response. Firstly, to alleviate supply shortages and to stabilize the domestic oil price, the Ministry decided to revive the national energy conservation campaigns which had flagged in recent years. They drew on stockpiles of crude and petroleum products (39.8 million barrels, or the equivalent of 43 days' supply if all imports ceased) and used the Petroleum Business Fund (then standing at 1.6 trillion *wŏn*) to cushion spot-price oil purchasing. Secondly, for the medium-term, the Ministry decided to speed up work on nuclear power plants already under construction to reduce the relative dependence on oil, and to review and intensify extant plans for oil exploration on the continental shelf. In early March 1991, they thus unveiled a revised long-term plan for an additional 16 electricity power plants to be built by 2001, none of them oil-fired.

Other ministries were concerned about the falling away in exports to the region (losses were estimated to be in the order of \$500 million for the August-December 1990 period) and uncollected payments for construction jobs undertaken in Iraq and Kuwait (about \$1 billion outstanding). The government tried to encourage exports to other regions and to arrange loan facilities for companies which found themselves in financial difficulties. Consideration was also given to the repatriation of Korean nationals; some were evacuated, mostly from Kuwait to neighbouring countries, but about 100 construction workers—including 23 from the Hyundai company working on the presidential palace in Baghdad—continued working in Iraq up until the eve of the January fighting.

The government was successful in the short-term in finding alternative sources of oil supply, mainly through signing new contracts. Saudi Arabia agreed to supply more than double the amount that Iraq and Kuwait had previously exported; their share of Korean oil imports therefore rose in 1990 to 12%, and in 1991 was likely to reach around 25%. However, when oil prices jumped to \$40 a barrel in Autumn 1990, it proved difficult to continue the policy of freezing all domestic oil prices; on 24 November the Energy Minister announced a 28% price increase in both kerosene and petrol. Although oil prices eased back towards the end of the year and actually dropped to around \$16 a barrel after "Operation Desert Storm" began on 16 January 1991, the government instituted further emergency measures in mid-January. Neon signs and electronic advertisements were banned, street lighting was cut by half, TV broadcasting hours were cut by two hours, and private passenger cars were forced to stay off the roads every 10th day. The effects were noticeable. In February, private petrol consumption decreased by 12% compared with pre-war (1990) levels and electricity consumption dropped 3%. With the war over so quickly, these energy conservation gains may only be temporary and the government faces a test as to whether it is able, in the medium-term, to both sustain this conservation mood and consolidate the renewed enthusiasm for diversification of energy sources.

The rapid end of the war not only made more stable oil prices likely, but also raised prospects for Korean companies, particularly construction companies, of a new business surge as Kuwait is reconstructed. One Ministry of Trade official speculated that South Korean companies could expect to win 10% of the rehabilitation project contracts. However, since American companies seem to be getting the lion's share of new work, Korean companies may well need to go into joint ventures and sub-contracting.

The new more optimistic mood, like the bouts of panic over the autumnal oil price increases, may actually act as a diversion from the consideration and remedying of more serious underlying problems within the South Korean economy. The oil price rises were not the main cause of economic woes, nor are construction orders likely to be the solution. Although economic growth recorded a 9% figure in 1990, the trade and current account balances went into the red to the tune of around \$2 billion. This was the first such result for five years. In 1991, the growth rate was expected to be down around 7% and deficits were expected to increase. Indecision and confusion has characterized recent economic policy-making, with ministers involved in reshuffles, convoluted domestic political manoeuvring, and dramatic diplomatic offensives. All of these have distracted Roh Tae Woo [No T'ae-u]. Protectionism has been rising in major markets, where South Korea no longer benefits from benign neglect, and the spluttering negotiations in the Uruguay round of the General Agreement on Trade and Tariffs (GATT) seriously impacted on Korean trading practices. At home, rising demands for social equity and a better quality of life have exposed socio-economic tensions.

Most serious, however, was the loss of international competitiveness as continued high wage rises and exchange rate changes coupled with the emergence of new—often Southeast Asian—competitors in traditional products hampered Korean export growth. South Korea, therefore, has an economy in transition: its relatively new emphasis on automation and skill training, overseas investment and, above all, funding for research and development will need to be sustained if it is to return to earlier successes.

The inter-ministerial wrangling which delayed the South's initial response to the Iraqi invasion in August led to some political fall-out. Although at that time not a member

of the U.N, it did accede to the call for economic sanctions. Calls from George Bush at the end of August 1990 for greater commitment by those nations not yet actively participating in the multinational forces then placed the government in a dilemma. U.S. Treasury Secretary Nicholas Brady visited Seoul in early September to specifically ask for a \$350 million contribution. After considerable deliberation, the government on 24 September announced a package of \$220 million aid—\$120 million to the multinational forces and \$100 to help the front-line states of Jordan, Turkey, and Egypt—and the dispatch of a small medical team. Within the government, concerns for the roughly 200 Koreans still left in Iraq and Kuwait and for Korean companies' interests were balanced against the desire to see oil price stability ensured by an early resolution of the crisis and the need to keep good relations with the United States. The financial package was finally approved in January 1991, by which time the number of states to receive aid widened but the dollar total remained the same. The package seems to have been pitched at the level at which countries such as Taiwan were expected to contribute and caused little domestic controversy. The same could not be said about the plan to send a medical team.

The main consideration behind the plan for a medical team seems to have been to pre-empt calls from the American Congress for greater contributions or for actual military participation. Discussion about the team's composition became protracted, perhaps deliberately so, for the government hoped negotiations might settle the crisis. Public opinion was certainly ambivalent; an opinion poll by the *Chungang Ilbo* newspaper in January 1991 (the day after the failure of the Baker-Aziz talks) showed 55% of the respondents not expecting the outbreak of war, only 30% in favour of using force to expel Iraq and 50% supporting the deployment of a medical team. But the U.N. deadline to Iraq

concentrated the government and when legislation was finally drafted for the National Assembly in January it became clear that a 154-man military medical team would be sent. Compromise ruled: although in uniform, they would be sent for humanitarian purposes.

Memories, but contradictory ones, of both the Korean and the Vietnam wars were evoked by this decision. As Defence Ministry officials argued, the dispatch of the team could be seen as a way of repaying U.N. forces for having shed blood for the South during the Korean War; it would also help in gaining broader international support should the South again find itself subject to invasion from the North in the future. On the other hand, as Kim Dae-jung [Kim Taejung] and his opposition Party for Peace and Democracy (PPD), pointed out, South Korean involvement in the Vietnam War began with the dispatch of medical personnel in 1964 and escalated until over 4,000 combat troops had died before withdrawal in 1973. Roh Tae Woo [No T'ae-u] had himself commanded a South Korean battalion in Vietnam. The fear of escalating involvement and the concomitant of a new heightened role for the military was deep-seated. Even some members of the ruling Democratic Liberal Party (DLP), especially the faction led by Kim Young-sam [Kim Yöngsam], were strongly opposed to anything more than a medical team being sent. When Defence Minister Lee Jong-koo [Yi Chonggu] suggested on 11 January that South Korea would give careful consideration to any strong U.S. requests for combat troops, the adverse reactions within the DLP and amongst other ministries forced him to withdraw his remarks.

The outbreak of fighting in mid-January posed further problems for a southern government aware of implicit U.S. hints that further help was needed. The National Assembly quickly and overwhelmingly approved the dispatch of the

medical team, as the PPD dropped its opposition provided that no combat troops were to be sent. Only the small Democratic Party voted against. On 30 January, the government decided to provide an additional \$280 million to the multinational forces and to send 5 C-130 transport planes to help ferry materials and personnel to Saudi Arabia. After National Assembly approval, the transport unit left Seoul on 18 February for the United Arab Emirates, where it was to be based.

The second dispatch was justified in terms of South Korea's interests both in its relations with the United States and in the anticipated post-war Middle Eastern order. Certainly, South Korean-U.S. relations had been strained over the past year by a number of trade and market-opening disputes (compounded by differences over GATT negotiations) and by disagreements over financial and operational burden-sharing in the defence area of Korea itself. Some Americans had also noted the paucity of the first Korean commitment in comparison to the \$3 billion aid package agreed by the Soviet Union. The predilection to equate the multinational forces with the United States, a tendency found in other countries as well, was a key factor behind the South's commitments, and helped to explain the measured response to a request made in mid-February by a visiting senior British Foreign Office official for finance. Foreign Minister Lee Sang-ock [Yi Sangok] described strengthening relations with the United States as one of the primary diplomatic goals of 1991; the second Gulf commitment was clearly envisaged as a further part of this process.

The government, however, also felt that South Korea could not expect to have a voice, and a real commercial presence, in the post-war reconstruction of Kuwait, Iraq and the surrounding region unless it was prepared to stand

up and be counted. This was an argument accepted by the opposition PPD as well. Some officials argued, on the contrary, that South Korea might suffer adverse Arab nationalist sentiment because of its participation, but the majority Arab support for the allied cause and the restraint of the Israelis lessened these concerns.

The Gulf crisis also heightened South Korean concerns in a number of other areas. The North Korean reaction was followed carefully. P'yŏngyang found itself in a difficult situation. It had openly supported Iran during the Iran-Iraq war and, despite subsequent attempts to repair relations with Iraq, it did pass critical comment on the invasion of Kuwait. Yet North Korea also criticised the US involvement and, later, announced that the opening of hostilities were typical of American imperialism's aggression. North Korea, consequently, was scathing about the South's efforts to contribute to the multinational forces and warned of the dangers of tension on the peninsula increasing as a result of the growth of warlike feelings in the South. Roh Tae Woo was described as "running amok like a cow on fire". The southern government was worried that the North might take the opportunity of U.S. distractions to cause trouble. As a result, the South's armed forces were put on full alert, just as the North's troops went on alert. Nevertheless, the South decided to continue with the joint South Korean-U.S. "Team Spirit" exercises in March, though much reduced in scale. The interruptions in the North-South dialogue, however, had little to do with the events in the distant Gulf. The North must have been disturbed by the relative ease with which the high-technology U.S.-led forces defeated the Soviet-armed Iraqis. Their own forces are far better entrenched in underground bunkers than were the Iraqis, and the potential psychological impact of their Scud missiles on Seoul will have been noted (unlike Israel, the South does not possess Patriot missiles and, even if it did,

they probably could not be used to intercept a northern Scud given the short flying time from the DMZ to Seoul). North Korea's need to modernise its equipment was nonetheless made clear; whether its allies would be willing to provide such new hardware and whether the North Korean economy could afford it was less clear.

South Korea was also worried about the course of the Japanese debate, much more intense and public than the Korean one, about how to contribute to the crisis. The Japanese plans, abortive though they ultimately were, to send self-defence forces (SDF) to the Gulf under the U.N. Peace Co-operation Bill and, subsequently, to send SDF aircraft to transport refugees, evoked memories of past Japanese military activities overseas and led to fears that they would be "the starting point of the remilitarisation of Japan" (according to the South Korean Foreign Minister, Ch'oe Hojung). Moreover, if Japan did send the SDF then American pressure on South Korea to send troops would have increased. In the end, the southern government was able to draw comfort from the fact that they were one of only two countries in East Asia that were considered as serious potential contributors to such a multinational endeavour and that they themselves had contributed men as well as money, unlike the Japanese who have continued to be criticised in the United States and elsewhere.

Has the Gulf crisis shown South Korea to be a global player? Despite the economic and political difficulties participation caused, the crisis may act as a kind of catalyst towards what Korean ministers have described as the fulfilment of responsibilities commensurate with the nation's status in the international community. South Korea was not at this time a member of the United Nations, but responded as if it was and, indeed, later in 1991 joined. In the 1982 Lebanon crisis South Korea had been asked to

join the international peace-keeping force but did not feel able to. In 1988, the South felt unable to respond either with naval forces or direct financial help to U.S. requests for assistance in the earlier Gulf crisis. In the 1990-91 crisis, however, the South cautiously moved into action. Undoubtedly, South Korea is now a much more mature economic and political entity. Concern about the US relationship remains important, but an aspiration for a more independent approach is also clear. One Foreign Ministry official said that the Gulf crisis had made the government "realise the limitations" of its diplomacy. 1991 marked the time to diversify diplomatic activities and to develop independent capabilities.

NOTES

This paper draws predominantly on contemporary Korean, European and Japanese newspapers and journals, the BBC's Summary of World Broadcasts, and the FBIS Daily Report. These sources are supplemented with interview material.

For additional background refer to:

1. Chung-in Moon, "Between ideology and interest: North Korea in the Middle East," in Jae Kyu Park, Byung Chol Koh, and Tae-Hwan Kwak (eds), *The Foreign Relations of North Korea* (Seoul: Kyungnam [Kyōngnam] University Press, Seoul, 1987).
2. Dalchoong Kim and Euisoon Shin (eds), *Energy Policies in Korea and Japan* (Seoul: Yonsei University Press, 1986).

EXPLAINING KOREAN DEVELOPMENT:

Some issues of ideology and method

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Introduction

Few, if any, topics in the social sciences have been the subject of such a variety of competing explanations as has the economic development of South Korea. In an earlier essay (1987a: 252-253), I listed over 20 factors—many mutually contradictory, and covering the full span of economic, political, and cultural variables—which different authorities have pin-pointed as significant in this context.

The present brief paper pursues a similar goal, but more broadly. Rather than individual factors, my focus here is on four main approaches or schools which have become prominent in the literature: market forces, dependency, étatiste, and Confucianism. Although none is (in my view) wholly devoid of merit, all suffer in varying degrees from at least two kinds of defects, namely, ideological bias and methodological problems. My modest hope is that identifying these may encourage both reflection and better communication among scholars working in this area in future.