The Search for National Identity. The Koreans' sense of international weakness and the spiritual cost of modernization, coupled with feelings of ethnic identity and pride, have long caused intellectual soul-searching and general public malaise at the lack of a sense of identity and value. Students felt it particularly keenly, as indicated in a 1966 USIS poll. A New Years' newspaper editorial as long ago as 1957 cited the need for national goals and purpose. As USIS noted in 1968, "Despite the knowledge among many Koreans that their institutions and behavior can and will change only gradually, they are impatient." This issue underlies or aggravates many others; it is expressed both directly and indirectly in many ways. Efforts are being made to respond to it: the President's "second economy" theme, broached in 1967, the recently promulgated National Charter of Education and its textual elaboration, and the work of the Social Security Committee of the Ministry of Health and Social Affairs, as well as the writings of scholars and the statements of leaders, are all directed at the problem. Time will not only broaden and deepen understanding of it, but will eventually provide the cultural and institutional solutions, if economic and social progress continues. An early resolution is not to be anticipated, however. Many nations far more advanced than Korea share this problem with her.

Korean Attitudes and Interests as Reflected in the Press. An informal analysis of the Korean press by USIS Seoul demonstrates the high continuing interest of informed Koreans with international relations, particularly relationships with the United States.

Out of a total of 9175 news stories on international topics referred to in daily translations prepared in 1968 by USIS and the North Asia Press*, 3665 concerned the U.S. or its Korean relations (exclusive of the Pueblo affair). Editorial comment was somewhat less concerned with the U.S., partly perhaps to avoid treading in areas of government sensitivity: 331 out of a total of 2246 editorials reported on all topics (1280 on international topics) were devoted to the subject. These articles and editorials on the U.S. break down as follows:

*A private news translation service in Seoul.

		News Items	Editorials
1.	Military aid to Korea (an interest which was particularly strong because of North Korean infiltration incidents in 1968, including the attempted assassination of President Park, and the Pueblo incident)	880	77
2.	U.S. economic assistance to Korea	670	33
3.	Domestic U.S. events, chiefly balance-of-payments problems and the U.S. elections (both of concern to Korea as affecting U.S. policy toward her)	600	85
4.	Korean-U.S. relations	575	112
5.	The U.S. Ambassador to Korea and his meetings with Korean government officials	260	33
6.	Statements by U.S. officials	225	1
7.	U.S. domestic problems, notably the assassinations and civil disturbances	185	13
8.	The Status of Forces Agreement (including criminal cases as well as administrative matters)	165	11
9.	Statements by the President of the U.S.	105	8

Stories on Vietnam totalled 1820 for the year, plus 175 editorials. Of the total, 245 stories and 11 editorials concerned the Korean forces and civilian support personnel in Vietnam, plus Korea's role in Vietnam. The remainder, 1575 stories and 157 editorials, were on Vietnam in general, including bombing halt speculation, the peace talks, the 1968 Tet offensive, and statements by Vietnamese officials.

North Korean aggression and ROK anti-infiltration activity accounted for 980 stories and 291 editorials (a high ratio of editorials to news stories). Another 940 stories and 53 editorials were devoted to the Pueblo affair.

Next in attention on the international scene was Korea and the United Nations, with 335 news stories and 76 editorials. Most of the stories and editorials appeared during the UN General Assembly session; there were 95 stories and 22 editorials in the month of December alone.

Relations with Japan were the subject of 265 news stories and 78 editorials, almost all of them unfavorable to Japan. This topic, also, had a high ratio of editorials to news stories.

The general international scene was not neglected: there were 1055 news stories and 238 editorials, concerning not only the free world but such topics as North Korean-Communist Chinese relations. Major topics were the French difficulties in the spring, which received heavy coverage; the Soviet occupation of Czechoslovakia; and the gold crisis in Europe. Additionally, 115 stories and 38 editorials were devoted to space exploration; most of these appeared toward the end of the year, as a result of the U.S. Apollo program.

Previous studies have indicated that about 15 percent of Korean newspaper coverage is devoted to international topics. The USIS study recorded a total of 2205 news stories and 966 editorials on domestic topics, which, compared to the 9175 stories and 1280 editorials on international topics, probably reflects the fact that the majority of domestic news is not of interest to foreigners who read the translations. Editorial translations, however, are probably fairly complete. The ratio of 1280 editorials on international topics to 966 on domestic matters is probably a valid indication of the high degree of Korean concern for the international scene. Nevertheless, it must be noted that editorial comment on domestic political topics is doubtless considerably inhibited by official surveillance. Of the domestic material given attention in the translations, 1290 stories and 457 editorials concerned domestic politics; 408 stories and 500 editorials concerned the Korean economy; 295 stories (but no editorials) reported ROK Cabinet officers' statements -- many of which contained little worthy of note beyond the speakers' identity; and 212 stories and 9 editorials were on President Park's statements.

F.3 Education and Socialization

Building on the traditional Korean respect for education and learning, the work of American and other missionaries in the education field, and the progress in education accomplished under the Japanese occupation (discriminatory though it was against the Koreans), both Korean and American authorities gave education high priority from 1945 onwards. In consequence, Korea now has about 90 percent literacy (in the sense of ability to read the native phonetic script), and 95 percent of elementary-school-age children are enrolled

in schools. About three-quarters of the children graduating from the six-year elementary course go on to a three-year middle school program (for which the entrance examination was recently abolished). Of these, in turn, about two-thirds enter three-year high schools courses, of both academic and vocational types; in addition, some students go directly to newly-organized higher trade schools and technical colleges. About a third of the high-school graduates go on to colleges and universities; others go to junior colleges and normal schools. Of the total population aged 18 to 23, 6.4 percent were enrolled in colleges and universities in 1965-66. In the last several years, the government has endeavored with partial success to reduce the number of students in colleges, and to encourage scientific, technical, and vocational education. The problem of "intellectual unemployment," due to overproduction of the educational system, has been reduced to manageable proportions -- due in part to these efforts, but chiefly to economic growth, and possibly also to better manpower utilization.

The entire educational system is under the centralized control of the Ministry of Education, although provincial and local schools boards have some voice in the operation of primary and secondary schools. Many schools, particularly at the higher levels, are privately operated but are under government supervision.

The quality of Korean education has been upgraded over the years. It benefits from a considerable proportion of the government budget -- 17 percent in 1965, or 2.3 percent of GNP -- and was the focus of a major U.S. assistance effort, as well as UN programs. In addition, there are considerable private expenditures for education by individuals and by religious and charitable groups. The Korean Government and the Education Ministry are giving active attention to long-term educational planning, with some U.S. and UN assistance. The greatest impact of educational development has probably been in the primary schools and in certain areas of higher education. The United States, both directly in its programs for educational improvement, and indirectly through its influence on American-trained individuals, can take much of the credit for educational improvement since Liberation. One example of the many American programs which could be cited -- relatively minor but pertinent -- is the Central Education Research Institute of the Korean Federation of Education Associations, operated since 1953 with subsidies from the ROK and U.S. governments and from private American voluntary agencies.

The secondary schools have been most handicapped by the Japanese tradition of unquestioning rote learning, which also affects the colleges. Other problems are shortages of classrooms and teachers, especially in the primary grades, and of laboratory and other equipment. Government plans to train more students in scientific, technical, and vocational fields have not been entirely fulfilled, because there is still some reluctance on the part of prestige-conscious students (and their parents) to dirty their hands

with technical or trade studies. However, the former strong preference for a government or political career is diminishing as the attractiveness of a career in the growing economic sphere increases. In 1965/66, somewhat over half as many students entered vocational high schools as entered academic high schools; in colleges and other higher schools (including non-degree-granting institutions) the proportion was almost 50-50.

A Korean scholar has commented, "The curriculum emphasis in all the schools (after liberation) was on the training of new democratic citizens. Students were, however, finding the stubborn pervasiveness of traditional culture and what was taught and what was practiced in schools and among the other units of society incongruent. Democratic values and norms were taught in schools, but the traditional authority patterns of the family were not supportive of such democratic educational ideals. Teachers were still teaching about democracy in the traditional paternalistic manner. But still, students feel that they learn most about democracy in schools." (Kim, 1968) The National Intelligence Survey comments, "The educational curriculums...have been used for ideological indoctrination only through so-called moral education courses in the primary and secondary schools. These have been intended to instill nationalist, anti-Communist sentiments, and to inculcate the traditional, predominantly Confucian, moral code." At the same time, "in theory, moral education is expected to be included in all courses regardless of their specific subject matter." But as a result of lingering Japanese influence, "In both academic secondary schools and higher education, classroom activity is still largely directed toward the acquisition of formal academic knowledge, imparted through lectures and absorbed by rote memorization. In high schools there is also an emphasis on 'cramming' for college entrance examinations...Nevertheless, some progress has been made, particularly during the 1960's, in the direction of more active student participation, greater emphasis on vocational subjects, and less emphasis on examination requirements." (NIS 41B Sec 43)

The overall picture presented by the Korean educational system, from the standpoint of political dynamics, is thus one of continuing traditional discipline and moral education, under centralized control, mixed with a growing pragmatism and disposition to meet changing requirements, and a rising quality. Aside from the two major series of student demonstrations, in 1960 and in 1964-65, over critical political issues, there have been no major student revolts in the educational system, and none are currently expected, although there are rumblings of discontent (see, for example, Korea Times Editorial, "Education Policy," in February 1969, commenting on a National Assembly investigation of universities). As in a somewhat comparable situation in France, an explosion in future is not to be excluded. Meantime, though students do not emerge from the system as convinced Jeffersonian democrats, they probably do derive useful socialization from their school years, as well as fairly good training for participation in a modernizing society. As in France, if upheaval in the educational system should come, it would be as a reflection of wider political and social problems.

Socialization outside the formal educational process occurs through the family, through general exposure to mass media (see Section 2 above), and through deliberate, coordinated efforts by the ROK Government and the U.S. Government. No data were found on family indoctrination. However, Kim's comment, above quoted, that students thought they learned most about democracy in the schools, may be indicative of a diminution in relative influence of the family in socialization under conditions of rapid political and social change. Other indications of affirmative student attitudes toward change may also point in this direction. As for government efforts, two current programs are of material potential importance and are briefly summarized here.

In January 1968, responding to widely felt needs for national goals and values (see Section 1, above), President Park proposed his concept of Korea's "second economy." "Essentially, Park seemed to believe -- or to say -- that Koreans, in their own economic development, must not forget that there are other values than the pursuit of the almighty won. These other values are moral values...'A correct spiritual posture is more essential than the achievement of tangible, apparent and material things in constructing the economy.' Park called for honesty in business and the elimination of waste, envy, jealousy, tricks and slander. He said that the country must do away with bribery, embezzlement and wastage of public funds..." The slogan was meaningless, the words were somewhat belied by prevailing official conduct, discussion of the growth of political institutions was omitted; and intellectuals were angered by being singled out for criticism; nonetheless the President "performed an important service," and "demonstrated his recognition that prolonged economic development may not be possible without a simultaneous growth -- or alteration -- in the present Korean system of ethical values...." (Seoul A-345).

The concept of the "second economy" was followed at the end of the year by the National Charter of Education, promulgated December 5, 1968, and subsequently elaborated in a reader, of which 1.5 million copies are being distributed in middle and high schools. An illustrated edition of the reader is being produced for primary schools. "Public reaction has been positive and widespread...The Charter itself was unanimously approved by the National Assembly...It appears to be generally accepted as a foundation of national ethics and a broad guideline for national education. It is read in most public meetings, is shown in most cinemas of the country...." (letter, Foster to Macdonald). The Charter emphasizes self improvement, "creative power," "pioneer spirit," priority for public good and order, efficiency and quality of work, cooperation for national prosperity as the "ground for individual growth," and "firm belief in democracy against Communism." It possibly owes a debt to the old Imperial Rescript on Education of the former Japanese Government General, substituting the Nation and the pioneer spirit for the divine Emperor as the object of national respect. However, the Charter and the Reader are the most sophisticated effort of any Korean government to stimulate a national consensus; though vague on the

specifics of democracy, they do stress, among other themes, the need for creativeness, responsibility, and civic participation. They are fully consistent with the view expressed in official American circles in Korea that "the general direction of the political value system...is towards greater participatory democracy, in fact, as well as on paper." (Latter, Smith to Macdonald).

Another principal effort toward political socialization, aimed at elite groups rather than the masses, is the citizenship programs which have been quietly emphasized and in some cases operated by USIS in Korea. USIS activities from the very beginning have had democratic socialization as a goal, but new emphasis and more definite form was given to the program through the adaptation of a Columbia University program by a group of Korean educators in 1962. Themes stressed were (1) dignity and worth of the individual, (2) taking responsibility, (3) cooperation, (4) respect for the law, and (5) choosing good leaders. A series of annual seminars for leading educators began in 1962. These, and the materials they produced, formed the basis for smaller seminars and workshops conducted by the four USIS branches in Korea, again largely for educational leaders -- of whom several thousand have been exposed to the program. These in turn, have led to classroom programs and to considerable Koreanization of the material. USIS is now attempting to transfer the citizenship education program to the Ministry of Education. In addition, USIS for two years has been sponsoring various programs based on citizenship education concepts for college students, including seminars for student leaders on basic leadership procedures which have been widely praised in the Korean community (and some few suspicions of untoward foreign influence, which thus far have been satisfactorily laid to rest). Other seminars are conducted for leaders in the communications field, focusing on the role and responsibilities of the media in national development, and for non-government community leaders. (That the U.S. Government can overtly conduct programs involving such a degree of involvement in the social affairs of another nation, with continuing success and very little criticism, is a significant indication of the continuing special American role and contribution in Korea.) There are fairly firm indications that the seeds sown by USIS are finding fertile native soil. Among such indications are the adoption of citizenship education concepts in the schools, the imitation of college student leadership programs by Korean institutions (in substance though not in form), and the growth of self-sponsored seminars among newsmen. It appears too early to say, however, whether the new concepts of citizenship are firmly enough rooted so that they could survive the withdrawal of American support.

The role of religious institutions in political socialization is not clear; the Korean Christian and Buddhist religious groups appear to have the same internal political problems as other institutions, and in any event a minority of Koreans are actively affiliated with either - or with any other organized religion. About 5.5 percent of the population are Christians, and about 4.3 percent are practicing Buddhists, although many more are influenced by Buddhism.. However, a disproportionate number of Korean Christians have

held leadership positions -- partly because of their better educational opportunities, partly because the American Military Government tended to utilize them, and partly because of the connection between Christianity and the independence movement. It is also a matter of common observation that Christians, for whatever reason, seem somewhat more socially motivated than others. It may be that Christians, more exposed to Western ideas and more favorably inclined toward them than others, are more aware of modern and democratic social values and practices. Buddhists have responded to Christian competition by increased organization and educational and social activities. "They are becoming increasingly aware of the requisites of good government and express real interest in the conduct of national and local elections. Their preferred role in political affairs appears to be one of fostering good citizenship and demanding better government programs for national welfare and security rather than developing Buddhist political organizations or factions...Buddhist education today is identified with modern trends in public education and places more importance on social service for national best interests than on academic Buddhist learning...." (Hong Kong A-333)

A recent scholarly comparison of education and political development in Korea and the Philippines noted that political development in the latter had run ahead of economic development, and in the former, behind; it concluded with the statement: "Extensive higher education in a democratic atmosphere with students learning the use of democratic means of social control is apparently one of the bulwarks of political democracy and political development is as much a primary concern for national development as social and economic developments are." (Kim-Hunt, 1968) If this statement is valid, then a great deal depends upon the Korean educational system in assuring continued evolutionary equilibrium as modernization, industrialization, urbanization, and mass participation proceed and the concomitant social problems and tensions multiply. The above summary should make clear that much has been and is being done by both Korean and American authorities in the field of education. It may well be that ultimate success will be achieved here, as is apparently the case in the field of public administration (See Annex C, Section 1), although more time and effort are required and the guidelines are far less clear. In any case, for long-range political analysis, the content and influence of Korean education from primary school up is a subject which merits considerable attention.

APPENDIX G

THE INTERRELATIONSHIP OF POLITICS AND ECONOMICS

1. Introduction and Summary
2. Dependence of Politics on Economics
3. Dependence of Economics on Politics

APPENDIX G

THE INTERRELATIONSHIP OF POLITICS AND ECONOMICS

G.1 Introduction and Summary

In the view of most observers, there is little question that there has been a strong relationship between economic progress and the evolution of more participatory political patterns in the brief but decisive period 1963-1968. In their forthcoming book on Korean political and economic development, Cole and Lyman state,

> "In that period a new sense of national identity, consensus and purpose was created through the achievements in economic growth and international stature, and a new basis for political stability created through the accommodation of strong central authority with the demands for political democracy. In the process the country passed from strict military authoritarianism to a large measure of civilian authority, from a narrow base of control and participation in national development to a widespread involvement in the process of growth and achievement; from a period of great tension, animosity, and deep distrust to a period of accommodation and general respect for the constitutional process of government. Even in the wake of the Assembly elections in June 1967, with their terrible disillusionment, the press warned the opposition from going down a path of no return as in 1965, and the students held back in their protests from a complete rejection of legitimate authority." (Cole and Lyman, p. 443)
>
> The role of economic growth was dominant in these years: "the basic question of whether Korea could go anywhere economically had to be answered."

They go on to review institutional developments, such as professionalization of the bureaucracy and introduction of more modern techniques of economic management, which would tend to inhibit the recurrence of large-scale excesses which occurred in the latter part of Syngman Rhee's rule. They conclude by discussing the political difficulties which lie ahead, pointing out that economic growth will not continue to be a panacea for all political ills. However,

> "economic growth is now accepted as a tangible reality, and will become therefore a basic demand on any new government...In political terms...there will remain in economic growth a continuing incentive for accommodation and for avoidance of extreme forms of political control or opposition."

In short, the link between growth and political development has been -- and will continue to be -- unusually strong in Korea. In translating this into programmatic terms, it is impossible to be at all precise, but there seems to be a consensus that in the 1970's a real growth rate below 6%-7% for more than a year or two could significantly weaken a government's base of support.* To put the matter another way, economic progress is the principal basis for the legitimacy and authority of the present Korean political system, hence for its stability. On the other hand, the rate of Korean economic progress is quite sensitive to political stability. The economic and political systems are therefore very interdependent, and a crisis in one risks a crisis in the other, with resultant feedback and intensification in both.

As a knowledgeable journalist summarized it in his recent "Success Story in South Korea": "After two decades of living with /the/ barrier /of the 38th parallel/ , the South Koreans have achieved a remarkable degree of political stability and economic growth; they probably have not yet reached the point where they can hold on to one without the other." (Chapin, 1969, p. 574)

G.2 Dependence of Politics on Economics

Authority and legitimacy of government. From the beginning of his incumbency, President Park has made economic progress the principal objective of his administration. An abundance of statistics demonstrates that, with United States and Free World assistance, he and his administration have surpassed their own growth goals in achieving an unexpectedly high rate of progress. Gross national product has grown an average of nearly 10 percent yearly since 1963. Industrial production has increased nearly 20 percent a year since 1965. Commodity exports have increased spectacularly -- from about $30 million in 1960, the year before the military coup, to $480 million in 1968. These accomplishments are of such magnitude that the results are clearly visible to virtually every inhabitant of Korea -- although the benefits are not evenly distributed. The population therefore credits the government with proven performance both in bringing benefits to the people and in raising the national prestige. Although President Park lacks great personal charisma or the status of national hero, such as Syngman Rhee had until his last years; although the government still does not enjoy real cultural sanction; and although the government often takes unpopular and repressive actions in the name of national progress, the Korean people are prepared to acquiesce in it so long as progress continues and the expectation of its continuance remains. It is clear from studies of Korean attitudes (see Annex F) that economic progress is the primary public concern. There are probably at least two reasons for this: first, the obvious desire of all Koreans to enjoy a better life -- a desire augmented by their exposure to mass media and thus to the higher living standards of other nations: second, the competition with North Korea, which latter country made

* The FY 1970 Program Memorandum from USAID/Korea forecasts continued 10% annual growth through 1971 and uses 7% and 8% as the major alternative long-run growth targets.

much of its higher rate of economic progress until the race began to go against it. (For a comparison of the growth of the two economies, see table, page).

A slowdown in economic growth would unquestionably have an adverse impact on the authority and control of the present government. It is arguable, as a matter of fact, that the consequences of a serious slowdown after a period of rapid growth might be more serious than failure to promote growth in the first place. One recent analysis, by Tanter and Midlarsky, suggests that revolutions are the result of a gap between aspirations, which tend to follow the upward projection of an established growth trend, and expectations, which follow the downward projection of a recession. Obviously the chances of actual revolt are a function of many variables, but among the principal ones are the magnitude of the aspiration-expectation gap, on the one hand, and the firmness with which the political system is culturally established, on the other. In the present Korean situation, as above observed, the latter element is still weak.

The unemployment problem. Statistics on Korean unemployment are not very reliable and there are no solid data on underemployment in rural areas, other than the general knowledge that it is very extensive except in the peak agricultural seasons.

Unemployment -- principally an urban problem -- is officially stated at about 7 percent of the work force; it is usually considered to be around 10 percent, but the component elements -- both the number of people out of work, and the size of the group properly termed the work force -- are ill-defined. Qualitatively, it seems clear that the unemployment problem has been kept within manageable proportions by the rapid expansion of the urban economy, including the numerous building construction and public works projects. However, there is a steady influx of population into the urban areas -- due not so much to the attraction of bright lights and prosperity as to the pressure of the growing rural population on the land, as well as to the natural increase in the urban population itself. If the rate of economic growth should decline, the number of new jobs would not keep pace with the increase in applicants. The result would be the growth of a discontented urban proletariat, which would be fertile ground for organizing protest and revolt, or worsened rural conditions, or both.

Underemployment is generally estimated at around a quarter of the rural labor force. It is less of an immediate political problem than unemployment, but is a chronic sore spot in the economy and polity, which will be aggravated as the disparity between urban and rural living standards, and between richer and poorer farmers, becomes more noticeable. Underemployment is also a very difficult thing to deal with, given the nature of Korean agriculture. Dispersion of industry, encouragement of handicrafts, rationalization of agricultural methods, are the principal courses of action; all are being applied to some extent, but they are long-term in effect at best, and have not thus far

COMPARISON OF NORTH AND SOUTH KOREAN ECONOMIC GROWTH

Factors	Absolute Magnitudes 1956 North Korea	1956 South Korea	1966 North Korea	1966 South Korea	Annual Growth, Average 1963-67 North Korea	Annual Growth, Average 1963-67 South Korea

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greatly changed traditional conditions except in certain specific areas. Rural living standards have improved somewhat year by year, thus cushioning adverse political effects. As modernization proceeds, however, expectations will rise along with income disparities, and the political ramifications -- quite apart from the economic waste involved -- must be expected to multiply.

Factors contributing to the political impact of both unemployment and underemployment are the weakening of traditional extended-family welfare responsibilities, which formerly served as the Koreans' social security system, and the growing sensitivity of students and intellectuals to social welfare considerations. Although the Korean government has begun to provide some rudimentary social-welfare measures, -- e.g., retirement systems for government employees and compulsory workmen's compensation in larger industrial establishments -- these measures are very far from meeting the needs of modern urban society.

Urbanization and population pressures. The high rate of urbanization in Korea was noted in Annex A, including the dramatic fact that the population of Seoul alone, by conservative estimate, is expected to reach 10 million by 1986 against about 4.5 million now and hardly over a million in 1945. Such mass living introduces a new dimension into Korean economy, society, and culture, and offers the potential for proletarian revolution which Marx foresaw and Lenin utilized. So long as steady economic growth continues, it is likely to counteract revolutionary appeals, but any stagnation or recession during a period of inherently unstable cultural transition involving large numbers of people carries obvious political dangers.

It is possible that rural development might abate somewhat the rate of urbanization. A more realistic contingency for the short run, however, is that economic growth may fail to keep up with the number of persons seeking jobs in the cities, thus keeping superfluous mouths in the rural areas, depressing the rural standard of living, and enhancing the urban-rural gap. Under such circumstances, agrarian revolt is a possibility, as is less dramatic but wider-spread rural disaffection, which would deprive the present government of its principal mass base of support and probably reduce the tax revenues essential for continued economic development. Given the rural ties of many of the men in the armed forces, such disaffection might contribute to an attempt at another coup d'etat if conditions became sufficiently aggravated.

Distribution of resources. Korean government leaders themselves are sensitive to the political dangers of uneven resource distribution, and apparently intend to include features in their third Five Year Plan to reduce it. However, it seems to be an ineluctable feature of rapid economic development that some people benefit more than others. There is no established basis of experience or logic on which to predict what magnitude of inequality the Korean people will tolerate without significant political repercussions, but it appears reasonable to assume that the degree of acceptance will be greater

if (1) the legitimacy and authority of the government are generally accepted, (2) the intent of the government to distribute resources equitably is generally believed, and (3) at least some benefits accrue yearly to the majority among all major elements of the population. If steady economic progress continues with these three conditions fulfilled, then the inevitable widening of the rich-poor and urban-rural gap can probably be absorbed. On the other hand, a widening gap would be additive to any other major political issues which may arise.

It is likely in any event that increased public attention will be focussed on the question of income distribution. The Korea Fertilizer Company smuggling scandal of 1966, which aroused considerable outrage in the press, brought the first explicit and sustained protest against increasing accumulation of wealth by the industrial magnates in the period of Park Chung Hee's rule. In 1967, the press led an attack on a tax reform bill, basing its arguments largely on equity considerations. Partly due to this debate, but also due to maneuverings by DRP Assemblyment to retain some favorite loopholes in the tax structure, the resultant tax law constituted only a minor revision of its predecessor.

Another manifestation of increasing concern over distribution of the fruits of growth has been the regional debate over economic policy. President Park's major plank in the 1967 election campaign was the record of economic progress and the Second Five-Year Plan for continuation of that progress. Opposition in the western provinces complained loudly of discrimination in favor of Seoul and Kyongsang Do in the industrialization program. When the votes were tabulated, Park won the election but all the western provinces voted against him*, a shift of the 1963 voting pattern when the split was along north-south and urban-rural lines.

Unfortunately, there are little reliable data on the pattern of income distribution. Some efforts underway now may yield better data eventually, but at present the major indicators are on a provincial and regional basis. The available figures confirm that per capita incomes in Seoul and Pusan are much higher than in other urban areas and in rural areas, and that the Kyongsang provinces are somewhat better off than the Cholla provinces. The absolute gaps in income levels are not being narrowed, but the trend is toward reduction of the percentage gap. Extrapolation of some of the major trends by industry and region shows that in the 1970's Kangwon Do is likely to become the poorest province in place of Cholla Namdo, due to the slowing down of mining activity. Some efforts toward industrialization of Colla Namdo are being made, but as yet the government has no comprehensive regional-national development plan. Such a plan is scheduled to be incorporated in the Third Five-Year Plan, on the basis of a framework already established by A.I.D. advisors working in cooperation with Korean government counterparts and some UN advisors. However, it remains to be seen how vigorous the regional

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*Kyonggi Do, Chungchong Namdo, Cholla Pukto, and Cholla Namdo

development program will be. It is apparent that this regional question is an area where A.I.D. might be able to procure substantial results with minimal expenditures, through continuation of technical assistance in connection with the Third Plan formulation.

G.3 Dependence of Economics on Politics.

The above remarks have stressed the manner in which economic variables influence the polity; this section will be concluded with some remarks on the reverse direction of influence.

Capital inflow. Probably the most volatile elements of the economy are the rate of foreign capital inflow and the rate of inflation. Since an increasing proportion of the foreign capital inflow is private investment, this factor is particularly vulnerable to political instability and military insecurity. It is possible that increased North Korean harassment, combined with a dramatic strike such as sabotage of a major industrial installation, could discourage the inflow of private capital. Domestic unrest, which could be precipitated by a slow-down in the growth momentum, also could have this effect. The dependence of the economy on capital inflows has been outlined above; were the inflow in part of the period 1970-75 to fall to zero in net terms, which is not inconceivable in view of the high annual capital repayments, the consequences would be severe for the economy. Such an eventuality probably would cut the growth rate to half the level otherwise attainable, unless of course the deficit were filled by government lending.

Inflation. Inflation, too, is sensitive to external circumstances. A recent econometric study (Kim and Norton, 1967) has shown that the public's price expectations are significant in determining the annual rate of inflation. A sudden slowdown in the growth rate probably would be accompanied by increased inflation, and that in turn would tend to fuel further inflation unless the government could quickly demonstrate its ability to dampen prices. The present rate of about 10 percent annual inflation in retail prices brings continuous grumbling in the press, so confidence in the government's stabilization policies is still somewhat thin.

Savings. It is probable that the rate of domestic savings would be adversely affected by increased inflation, although the time series of data in Korea is not long enough or varied enough to demonstrate this conclusively for Korea in particular. Work with the econometric model (Annex A of the chapter on the economy) shows that the savings-investment gap will continue to be the binding constraint on Korean growth until 1971 or 1972, and thereafter the import-export gap will become more important, but not by a large margin. It is clear that a significant change in the marginal savings rate at any time in the period through 1975 would have substantial repercussions on the growth rate, possibly to depress it below the 6-7 percent level.

Government revenues. Another crucial link between the political and economic structures lies in the realm of government revenue collection. The work on the econometric model shows conclusively that the Park Administration has taken substantial steps toward collecting the full potential tax yield of the present tax rate structure. In 1965-68, real tax collection efficiency, as measured by real collections relative to the real tax base, increased by 10-20 percent per year. It is expected that these increases in efficiency will continue at least through 1970. An administration which is less committed to economic development, or less capable of implementing that commitment, probably would not have carried out such reforms. A return to the pre-1965 level of efficiency would be disastrous for the budget, in that it would cut 1961/1970 revenues in half.

Exports. In passing, it should be noted that many observers have attributed the phenomenal growth of Korean exports to the Park Administration's strong emphasis on export promotion, which is another manifestation of the leadership's commitment to economic development. Weakening of this drive, and the concomitant carrot-and-stick pressures on exports, could lead to a slowdown in export growth which would have very direct effects on the rate of GNP growth.*

In summary, the economy and polity in Korea are very closely intertwined in this period of dynamic growth and change. The economy is becoming less vulnerable to fluctuations in foreign aid and to political excesses of the type that characterized the Rhee regime, but it is highly dependent on private foreign capital, so both internal stability and security against external threat are important to continued growth at a satisfactory pace. In the other direction, success in promoting growth will continue to be an important element in the government's political standing, but the issue of more equitable income distribution is emerging as an equally important criterion of government performance in the public's eyes.

*See the chapter on the economy.

APPENDIX H

NOTES ON CONCEPTS AND METHODS

1. The Problem
2. The Approach
3. Evolution v. Revolution: The Acceptable Ceiling of Instability

APPENDIX H

NOTES ON CONCEPTS AND METHODS

H.1 The Problem

Political stability and progress in Korea are important to the United States for several reasons:

- American policies and actions in Korea have had, and to some extent still have, more influence than in most states; hence the United States has a special responsibility.

- Korea has become a demonstration of the application of American-style techniques of economic and political development; hence Korean success or failure has considerable international significance.

- In terms both of the security of Asia and of American world power, a North Korean takeover of South Korea would be a serious setback.

American policy alternatives toward Korea must therefore be weighed, not only in terms of their monetary costs and military risks, but also in terms of their political and social consequences within the Republic.

The nature of politics in developing societies, and the causes of instability and strife, are gradually becoming better understood. Predictive capacity, however - even for the short term - is still low. Yet long-range policy formulation requires projection well into the future, not only of currently observed trends, but of the effects on these trends of various alternative policy options. No precise response to this requirement is possible. The most that can be done is to analyze the Korean situation for areas of present and possible instability, and to make rough and tentative estimates of the probable effects on stability or instability of various combinations of events and policy choices. To make such tentative estimates, over the period from the present until the mid-'seventies, is the purpose of this study.

H.2 The Approach

This study undertakes a detailed analysis of Korea's political system, based largely on the approach developed by Almond and Powell, but informed also by the other general sources listed in Annex I. The analysis, however, is concentrated on elements of instability, actual or potential, not on description or explanation of Korean politics.

Almond and Powell's analysis considers that every society has a political system, composed of structures and roles governing the activities of individuals who are involved in the system on a full-time or part-time basis. The political system, which is distinguished from other systems (e. g., economic) by its monopoly on the legitimate use of force or coercion, receives inputs from the society in the form of demands and supports. These inputs are then

converted, in the operation of the system: demands and supports are articulated, aggregated, and communicated; the necessary decisions and actions are then taken for rule-making, rule-adjudication, and rule-enforcement. The end result of the six conversion processes is the output of the political system: extractions; regulations of behavior; resource distributions (material and non-material); and symbolic outputs. In addition, the system maintains itself through socialization of those who participate in the system (meaning everyone for a modern mass society) and recruitment of people into the roles of the system. The output, of course, operates against the original demands and generates new demands. The entire system is sustained by the political culture. Political systems are characterized by their capabilities - regulative, extractive, distributive, and responsive - to handle inputs and outputs; by the nature of the conversion functions within the systems; and by their maintenance and adaptation functions. The challenges which lead to alterations in political systems of developing countries are associated with state-building (establishment or change of national political structures), nation-building (loyalty and commitment), participation of major population elements in decisions affecting them, and distribution of material and non-material goods among the population elements. Factors in development are the kinds of problems faced, available resources, developments in other social systems, the capability of the system in question to meet challenges to it, and the response of the political elites to challenge. Evolution of political systems involves secularization of the political culture and progressive differentiation of structures and roles. (Huntington notes, in this connection, that unless political institutions develop at a rate commensurate with modernization of the society's outlook, then the result of the modernization process may be growing instability.)

Information for assessing the stability of the Korean political system falls in the following categories, derived from the conceptual scheme above described, and which underlie the present analysis:

(1) The support given the political system and its leadership by the society and the culture: recognition and respect for the system, and of its ability and intention to meet needs;

(2) The degree of institutionalization of the political organizations;

(3) The magnitude of deprivation felt by the significant social groupings - i. e., the gap between felt needs and satisfactions, both present and anticipated;

(4) The effectiveness of the political system in receiving and combining the demands made upon it;

(5) The effectiveness of the government in making decisions, establishing priorities, formulating programs, establishing rules, and resolving conflicts;

(6) The effectiveness of governmental and other action to

-- preserve order and security

-- mobilize and distribute resources

-- provide for non-material needs, including socialization

-- respond to popular demands;

(7) The cohesion of the individuals and groups who constitute the actual or potential centers of political decision and action, and the firmness of their control;

(8) The effectiveness of communication among the centers of political decision and action, and between the centers and the society as a whole;

(9) The policies and influence of dissident leaders and groups;

(10) The supportive and disruptive influence of external forces;

(11) The availability of resources (physical, financial, human) to meet needs.

H.3 Evolution vs. revolution: the acceptable ceiling of instability

In the broadest sense, political stability is not the absence of violence and change, but the continued existence of a political system which adapts to changed circumstances without major discontinuities. This is what evolution means. Such continuation, in turn, means in the long run that the gap between the felt needs of the population (material and non-material) and the satisfaction of these needs - which Gurr calls deprivation - is kept within limits which do not challenge the political order. In the short run, it means that the level of deprivation does not give rise to disruptive forces which exceed the coercive capability of the political system.

Long-run stability is maintained by continuing effective action in the political system either to increase popular satisfactions or reduce felt needs, or both. This process also requires adaptation - evolution - of the political system itself.

Apparent short-run stability leads to disruption if the level of deprivation adversely affects the coercive capability primarily depended upon to control it, or is allowed to grow until it exceeds coercive capability. In the long- or short-run, if the pressures of deprivation exceed the total capabilities of the political system, disruption - revolution - is the consequence unless instability and strife somehow bring about improvement in the capabilities of the system before it collapses.

Evolution is desired over revolution because the cost of revolution is so great. "...All experience hath shewn that mankind are more disposed to suffer, while evils are sufferable, than to right themselves by abolishing

the forms to which they are accustomed." But the direction of evolution is important. Ideology aside, the United States and the Soviet Union stand today as models of stable political systems based upon largely opposite principles. The ultimate long-run stability of the Soviet model has not yet been disproved, and it has considerable attractiveness for developing countries. We believe that ours is the better model for such countries to work toward, both for their own sakes and for our own ultimate national security. Therefore, evolution toward our model, or in ways not too inconsistent with it, is desirable; away from it or contrary to it, undesirable. Our policy choices should be guided accordingly.

Total absence of strife and violence is an unrealistic goal, and perhaps undesirable. Rapid political and economic development cannot occur in utter tranquillity, even though the process is evolutionary. The history of England and the United States demonstrates the point. However, strife above tolerable levels not only demonstrates an unacceptable degree of political instability, but may have feedback effect either domestically or internationally, with undesirable consequences for U.S. interests. The United States should probably accept strife levels which Gurr defines as "turmoil" - "relatively spontaneous, unstructured mass strife, including demonstrations, political strikes, riots, political clashes, and localized rebellions" - provided that the incidence and intensity are low.

In summary, then, the stability we seek is the concomitant of an effective, responsive, adaptive, and continuing political system, evolving in ways not inconsistent with the U.S. system. Political instability in Korea would be unacceptable to the United States if prospects of favorable evolutionary change were jeopardized, or if strife exceeded the level defined above as "turmoil".

APPENDIX I

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