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US Policy Toward Korea

PHILIP C. HABIB

UNITED STATES policy toward the Republic of Korea is derived from a whole set of circumstances and relationships that developed after World War II. The events that prompted President Truman and the United Nations to act originally, to assist South Korea while under unprovoked attack by North Korea, are familiar enough. Following the armistice terminating hostilities, the United States and the Republic of Korea entered into a Mutual Defense Treaty, which has provided the South with the security necessary to rebuild its shattered society and economy. In the years that followed, the foundations for economic growth were laid and the defense capability of the Republic of Korea grew with United States assistance.

The United States has a primary and abiding interest in the prevention of renewed hostilities on the Korean Peninsula. Because of Korea's strategic position at the junction of the great powers of Asia, the prevention of hostilities on the Peninsula takes on special importance, not only because of the immediate costs of another Korean war, but also because such a war could all too easily create larger problems in the area.

A second, and closely related, United States goal is the maintenance of a stable balance of major power interests relating to Korea. Put another way, we favor the avoidance of hegemony by any major power on the Korean Peninsula. The premises of earlier confrontation in the area have changed. The United States has moved to improve its relations with the Soviet Union and the People's Republic of China. The Soviet Union and the PRC have deepseated conflicts of interest. Japan has emerged as a political and economic power in its own right. South and North Korea have begun the process of developing communications and contacts with each other. In this latter regard, United States policy is to support the dialogue between South and North. Certainly, one of the most salutary developments in the inter-

ests of general peace and stability would be the acceptance by the North of the constructive initiatives that have been proposed by the South—for entry into the United Nations, and for a nonaggression pact, among other things.

It is not sufficient, however, to say that we are interested only in the status quo, that is to say, in the prevention of hostilities, the balance of great power interests, and some form of rational dialogue between South and North Korea. As the years since World War II amply affirm, the United States has also been dedicated to the continued development of friendly and constructive relations with the Republic of Korea. We believe that the South Koreans, like ourselves, are devoted to seeking peaceful means for solving differences with the North, and thus that they closely identify with our broader interests in lessened tension in the area.

The objectives of US policy recapitulated thus far have all had a substantial history. More recently, since the beginning of President Nixon's Administration, we have crystallized another goal, one that was only rather vaguely conceived in the past. This goal is the development of self-reliance on the part of the Republic of Korea. Thus, we now see the Republic of Korea an example of what we mean when we talk about the Nixon Doctrine and greater mutuality of endeavor.

II

What kinds of security, political, and economic policies have we devised to meet the goals of US policy in Korea? As in any period of transition where one is interested in preserving continuity with successful aspects of past policy, key elements of success are the maintenance of credibility and the assurance of sufficient time for rational adjustment. Accordingly, the United States has emphasized its continuing commitment to the 1954 Mutual Defense Treaty. In accordance with that commitment to peace in the area, we maintain substantial military forces in Korea. The United States has affirmed that adjustments in force levels will depend upon the overall security situation on the Peninsula, and we have stated that we will consult with the Republic of Korea in advance of any further force reduction. We are also meeting our objectives in the security field by providing military assistance to the Republic of Korea within the framework of a \$1.5 billion, five-

year modernization program for its armed forces. Originally scheduled for completion by the end of Fiscal Year 1975, we shall have to stretch out the program because of lack of adequate funding. By building South Korea's strength, this program provides necessary added insurance against a resumption of hostilities.

In the important field of foreign policy toward third countries, the United States and South Korea have also maintained a close identity of interests and policies despite rapid changes throughout the world. The United States remains the Republic of Korea's major international partner in the pursuit of our mutual objectives. Moreover, we believe that the basic identity of our interests in this regard will continue into the future.

South Korea has been realistic and adaptable in other respects. Despite many differences with Japan in the past, Korea signed a treaty to normalize its relations with Japan in 1965; and since then, the two countries have developed their diplomatic ties and substantial economic cooperation. Today, Japan is a leading direct investor in the Republic of Korea, and its largest trading partner as well.

The Republic of Korea government has also adopted a nonideological approach toward relations with Communist countries. To date, the Communist nations have been slow to respond; but we are hopeful that, sooner or later, they will see it in their interest to do so.

III

On the economic side, the transition of Korea from a grant aid recipient to a nation with normal economic relations with its partners is almost complete. The success of past economic policy is manifest, and the Republic of Korea now offers substantial opportunities for US investment and export trade.

US economic aid to South Korea over the years since the Korean War has amounted to more than \$5 billion. It has financed a great deal of the infrastructure on which Korea's economic growth has been based. That aid program is now in its closing phases. Our efforts in the future will concentrate more on the traditional areas of economic and commercial relations.

Trade between the United States and Korea is substantial and growing. In 1973, Korea exported just over \$1 billion in goods to the

United States, and bought \$1.2 billion in return. The balance in favor of the United States was about \$175 million. This represents a reversal of the trade deficits that we had previously been running with Korea. It came about as a result of several important developments, including a realignment of currency exchange rates that made our goods more competitive, and the availability of adequate financing, both by private US banks and by the Export-Import Bank. The Korean government has also actively encouraged its businessmen to buy American; and it has been policy on the part of the American government to push trade. The Korean economy may not grow as fast this year as it did in 1973. But it is still a billion dollar market.

To sum up. The objectives of United States policy toward the Republic of Korea have remained constant over the years. But we are also well along in the process of moving toward a much more mature relationship, which accords with Korea's present-day abilities and with Korea's desires.