



# The Anatomy of Chaju Kukpang: Military-Civilian Convergence in the Development of the South Korean Defense Industry under Park Chung Hee, 1968-1979

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The Anatomy of *Chaju Kukpang*:  
Military-Civilian Convergence in the Development of the South Korean Defense  
Industry under Park Chung Hee, 1968-1979

A dissertation presented  
by  
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to  
The Department of East Asian Languages and Civilizations

in partial fulfillment of the requirements  
for the degree of  
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in the subject of  
History and East Asian Languages

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The Anatomy of *Chaju Kukpang*: Military-Civilian Convergence in the Development of the  
South Korean Defense Industry under Park Chung Hee, 1968-1979

**Abstract**

Based on empirical study of newly declassified sources from South Korea, the dissertation examines the Park Chung Hee regime's (1961-1979) policies related to *chaju kukpang*, or "self-reliant national defense," from the late-1960s through the 1970s. In response to North Korea's provocations in 1968 and the US reduction of troops stationed in South Korea in 1971, the Park regime masterminded an independent military modernization program in which citizens and civilian industries, functioning as the *de facto* engine of domestic arms production, propelled the emergence of a military-industrial complex. The study examines how regime policies mobilized Korean citizens for the effort and how civilian actors eventually responded by personally investing to fulfill this national project. The author observes that the state transformed civilians through both super-structural and infrastructural processes, as Park's policies steered both the industrial capacities and the consciousness of the Korean populace along a path toward security independence. The total mobilization effort proceeded through complex mergers, tensions, and negotiations of state goals with civilian ideological and material interests, ultimately forging *chaju kukpang* as a *bona fide* national movement. The story of ROK defense industry development offers a prism through which the interplay of polity and society in the course of Korea's modernization can be reexamined, with an eye to refining prevalent theories and suggesting implications for future research on the Park era.

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*For Holden Rupert*

## **Acronyms and Abbreviations**

In body texts (with Korean names for relevant entries)

ADD: Agency for Defense Development (Kukpang kwahak yŏn'guso)

DIB: Defense Industry Bureau (Pangwi sanŏpkuk)

DIPC: Defense Industry Promotion Council (Pangwi sanŏp yuksŏng hoeŭi)

DPL: Defense Procurement Law (Kunsu chodal e kwanhan t'ŭkpyŏl choch'ibŏp)

EOI: Export-Oriented Industrialization

EPB: Economic Planning Board (Kyŏngje kihoegwŏn)

FYEDP: Five-Year Economic Development Plan (Kyŏngje kaebal 5 kaenyŏn kyehoek)

FMS: Foreign Military Sales

HCI: Heavy and Chemical Industrialization (Chunghwahak kongŏp)

HCIP: HCI Plan (Chunghwahak kongŏp yuksŏng kyehoek)

HRF: Homeland Reserve Forces (Hyangt'o yebigun)

JCS: Joint Chiefs of Staff (Haptong ch'ammo ponbu)

KAERI: Korea Atomic Energy Research Institute (Han'guk wŏnjaryŏk yŏn'guwŏn)

KDIA: Korea Defense Industry Association (Han'guk pangwi sanŏp chinhŭnghoe)

MAP: Military Assistance Program

MCI: Ministry of Commerce and Industry (Sanggongbu)

MND: Ministry of National Defense (Kukpangbu)

NDD: National Defense Donation (Pangwi sŏnggŭm)

NDT: National Defense Tax (Pangwise)

NVM: New Village Movement (Saemaŭl undong)

R&D: Research and Development

SES: Second Economic Secretariat (Kyŏngje che 2 pisŏsil)

TDP: Technological Data Package

USFK: United States Forces in Korea (Chuhan migun)

WEC: Weapons Exploitation Committee (Mugi kaebal wiwŏnhoe)

### In Citations

CIR: US Congress. House of Representatives. Committee on International Relations. Investigation of Korean-American Relations. US government publication. Published in 1988.

CWIHP: The Cold War International History Project, Woodrow Wilson International Center for Scholars' digital archive. <http://digitalarchive.wilsoncenter.org/>.

FRUS: U.S. Department of State, *Foreign Relations of the United States*. US government publication.

HGKK: O Wŏnch'ŏl memoirs, *Han'gukhyŏng kyŏngje kŏnsŏl* [South Korean-Model Economic Development], 7 volumes. Published 1995-1999.

HIK: Hanwha's factory memoir, *Hanwha Inch'ŏn Kongjang 50-nyŏn* [Fifty Years of Hanwha's Inch'ŏn factory]. Published in 2005.

*Kaep'yŏnnon*: Kyŏngje 2 [Second Economic Secretariat], *Chunghwahak kongŏp e ttarŭn kongŏp kujo kaep'yŏnnon* [A Theory on Industrial Restructuring based on the Heavy and Chemical Industrialization Promulgation]. O Wŏnch'ŏl's original draft of the HCI Plan, 1973.

KDIA: KDIA's official history of Korean defense businesses, *Pangjinhoesa*. Published 1988.

KKYS: ADD History Compilation, Kukpang kwahak yŏn'guso, *Kukpang kwahak yŏn'guso sa*, 3 volumes. Published 1987, 2007, 2010.

PANAK: Presidential Archives of National Archives of Korea. In Sŏngnam, South Korea.

PPCHS: Taet'ongnyŏng pisŏsil [Presidential Secretariat], *Pak Chŏnghŭi taet'ongnyŏng yŏnsŏl munjip* [President Park Chung Hee's Speeches], 16 vols. Published 1965-1979.

## Chapter 1 Introduction: Literature Review and Issues of Historiography

In the 1970s, the notion of *chaju kukpang*, or “self-reliant national defense,”<sup>1</sup> became a politically-sanctified doctrine that inspired the rapid development of a national military-industrial complex in South Korea, as the Park Chung Hee (Pak Chŏnghŭi)<sup>2</sup> regime (1961-1979) led efforts to achieve self-sufficiency in arms production. From that time forward, scholars note, the Republic of Korea (ROK) has demonstrated “rather idiosyncratic arms-procurement and -production decision-making behavior,”<sup>3</sup> through an ideological quest for a self-reliant defense, with an extreme emphasis on domestic arms production. The strategic implausibility and heavy economic costs incurred by South Korea’s defense pattern deviate from “rational and utility-maximizing behaviors” of state decision-making that are assumed by established theories of international relations (IR) and economic rationality.<sup>4</sup> Nonetheless, Park’s national goal of self-sufficiency in defense production and capability has continued to operate as a fundamental

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<sup>1</sup> For the convenience of English readers, the rest of the paper will mostly use the English translation of *chaju kukpang*, “self-reliant national defense,” instead of the original Korean phrase.

<sup>2</sup> For Korean names widely known in English, such as Park Chung Hee, Rhee Syngman and Chun Doo Hwan, the dissertation does not apply the McCune-Reischauer System of Korean Romanization.

<sup>3</sup> Richard A. Bitzinger and Mikyoung Kim, “Why Do Small States Produce Arms? The Case of South Korea,” *The Korean Journal of Defense Analysis* XVII, no. 2 (Fall 2005), 183, 205.

<sup>4</sup> Victor Cha, “Strategic Culture and Military Modernization of South Korea,” *Armed Forces & Society* (Fall 2001), 114; Given North Korea’s ongoing threats, along with the ROK military’s technological reliance on US military aid, as well as the ROK’s lack of comparative advantage with any defense products on the international market and the heavy financial burden of R&D, the country’s pursuit of independent arms production is viewed as strategically and economically unfeasible by outside experts. Rather than strengthening the existing US-ROK defense structure, the ROK regimes from the 1970s invested heavily in domestic defense manufacturing, even during times of recession and fiscal constraint, and despite unprofitable financial outcomes for South Korea. Such radical arms procurement behavior has confounded theorists of Political Realism, who would assume the state is a “rational, unitary actor” in world politics, maximizing strategic advantages to promote and protect national interests against those of competing states. See Richard Bitzinger, *Towards a Brave New Arms Industry?* (Oxford, UK: Oxford University Press, 2003), 49-52; Leif-Eric Easley, “Defense Ownership or Nationalist Security: Autonomy and Reputation in South Korean and Japanese Security Policies,” *SAIS Review* 27, no. 2 (Summer-Fall 2007), 155; Cha, 100-101; Jack Donnelly, *Realism and International Relations* (Cambridge, UK: Cambridge University Press, 2006), 64-65.

national security principle. Whether regimes have been conservative or liberal, authoritarian or civilian, the principle of self-reliance centered on an independent capacity for self-armament has remained an inviolable tenet intertwined with Korean national identity and sovereignty, honored across the political aisle.<sup>5</sup> Regarding this behavior, Victor Cha explains South Korea's defense policies as reflecting the country's unique "strategic culture," and as deeply influenced by national values and security patterns formulated during its own historical discourse.<sup>6</sup> In other words, any understanding of South Korea's self-reliant defense path must take into account indigenous factors and processes beyond conventional theories of states as rational or profit-maximizing political and economic actors.<sup>7</sup> It is impossible to understand the notion of self-reliant national defense, or *chaju kukpang*, using only structural models that do not incorporate the historical and local context of the Korean nation that shaped the particular characteristics of national security. Accordingly, this study aims to provide historical observation and indigenous analysis of the origins of this pattern in South Korea's defense practices—Park's self-reliant

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<sup>5</sup> For example, even former president Roh Moo-hyun (2003-2008), a lifelong liberal critic of Park's suppression of human rights, carried forth Park's policy of self-reliant national defense, taking drastic measures to resuscitate the agenda as a way to wrest the nation from dependency on the US security umbrella. On August 15<sup>th</sup>, 2003, shortly after assuming the presidency, Roh stated, "I plan to prepare the foundation for our military to develop competency for a self-reliant national defense within the next 10 years." He further elaborated, "It's wrong to think that we can entrust our security to the US Forces in Korea.... A self-reliant nation is a nation that can protect itself through independent security strength." Roh, through the 2005 ratification of the Defense Reform Plan 2020 (DRP 2020), expedited South Korea's independent military modernization and established a timeline with the US for returning "Wartime OPCON (Operation Control)" from the US Forces in Korea (USFK) to the ROK military. Likewise, the conservative regimes of Lee Myung-bak (2008-2013) and Park Geun-hye (2013-present), Park Chung Hee's daughter, have by and large amplified the precedent efforts of the liberal Roh to uphold Park's *chaju kukpang* policy of the 1970s and its call for self-defense strengthening. See *Chosŏn Ilbo*, 16 August 2003; Bruce Klingner, "South Korea: Taking the Right Steps Toward Defense Reform," *Backgrounders*, The Heritage Foundation (October 19, 2011), 4-5; ROK Ministry of National Defense, *2014 Defense White Paper* (Seoul: MND, 2014).

<sup>6</sup> Cha further notes, "Culture helps us understand [a country's] behavior with regard to basic goals, negotiating styles, points of sensitivity about security, offense/defense doctrinal proclivities, and the nature of civil-military relations. It assists in delineating the scope and parameters of a state's security (and hence behavior to achieve security)." See Cha, 114-115.

<sup>7</sup> John A. Vasquez, *The Power of Power Politics: From Classical Realism to Neotraditionalism* (Cambridge, UK: Cambridge University Press, 1998), 156.

national defense agenda and defense industry development from 1968 to 1979—which gave rise to new modernizing forces that built the basic foundation for the nation’s arms production, economic development, and industrialization.

## **I. Thesis**

Based on empirical study of recently released primary sources on South Korea’s military modernization under Park, the thesis of the present dissertation is that *chaju kukpang* manifested as a totalizing national project led by the state through policies to build a domestically-sustained defense industry. In the process, the state not only conscripted Korean civilian support but also transformed the citizenry and the private sector to proactively and independently contribute to what became a *bona fide* nationalist movement for security independence in the 1970s. The dissertation examines how regime policies and structures actively and dynamically engaged with and facilitated a deep transformation of Korean civilians and civilian sectors. The civilian base supplied the engine, the infrastructure and the funding for indigenous arms production, in spite of what were originally insufficient industrial foundations. It is also argued here that the state’s mobilization of Korean civilians to build the defense industry was accomplished through both super-structural and infrastructural processes, as President Park steered both the consciousness and the industrial capacities of the Korean populace along a course that established South Korea’s self-reliant national defense. In accord with Park’s ideology Korean civilians were treated as the “main subjects” and developers of an independent national security, while the state’s industrial and managerial strategies for the Heavy and Chemical Industrialization Plan (HCIP) systematically merged industries and national civilians with an indigenous development of a new defense industry. Park thus leveraged civilian contributions to self-reliant national defense, as the state actively induced, pressed, and disciplined the Korean populace and private

sector to engage in a comprehensive and integrated public program of national defense development. In response to state policies, Korean civilian actors contributed various levels of independent, proactive, nationalistic, profit-motivated, and entrepreneurial effort to comply with or promote the state's defense goals and military modernization.

Accounting for all of the above, the purpose of this dissertation is to delineate the conceptual and infrastructural origins of the Park state's military modernization program, paying special attention to the historical transformation in relations between the state and civilian society, as the state policies orchestrated the processes by which civilian actors gave agency to a radical reformulation of South Korea's national defense posture and system. As a result of the ideological and infrastructural cohesion of the state defense agenda and civilian agency for South Korea's defense transformation, during the Fourth Republic (1972-1979), military-civilian, state-capital, and state-society relations converged and set off other modernization trends.

## **II. Writings on the Park Chung Hee State (1961-1979)**

This and subsequent sections of the present chapter review the existing English and Korean historiography on the Park Chung Hee era and South Korea's military modernization from the late 1960s through the decade of the 1970s. The extant primary sources on the South Korean defense industry under Park are also discussed. The chapter concludes by suggesting the significance of this dissertation for the current literature. The legacy of Park Chung Hee is a hotly debated subject, made even more complex by the 2012 election of Park's daughter, Park Geun-hye (2013-current), as president of South Korea. Despite astounding economic growth and significant social changes during Park's rule, written material on the Park Chung Hee period (1961-1979)—especially in English—is scarce, and it was only about a decade ago that historians began to actively examine the topic. Until recently, the consensus historical

assessment has relied on generic economic models of other developing states to explain Park's rapid industrialization of South Korea in the 1960s and 1970s, while minimizing indigenous socioeconomic processes. The Park state is often labeled a prototypical "developmental state,"<sup>8</sup> a term that refers to state-led industrialization of East Asian economies (Japan, Hong Kong, South Korea, Singapore, Taiwan) involving direct state planning and interventionist policies to regulate markets and accelerate growth. Accordingly, many scholars of South Korea's economic development have focused on the *dirigiste*<sup>9</sup> role of the Park state in directing and implementing economic policy.<sup>10</sup> However, this approach typically focuses on the singular role of the state while undermining or ignoring the many other state agencies and non-state actors and their unique roles in the process. The view based on a developmental state theory also fails to appreciate or account for the complexity and negotiations involved in the state's mobilization of discrete social groups that helped to achieve Park's aims.

Assuming that a largely autonomous state led society's economic processes, the developmental state argument also implicitly sets forth dichotomous categories such as "strong state" and "weak society." The "strong state" image associated with Park was reinforced through

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<sup>8</sup> According to David Kang, existing literature on Korea's "developmental state" postulates two major arguments as follows: "The first is that the state was largely, although not completely, autonomous from society. The second central tenet follows from the first: shielded from politics, a technocratic Weberian bureaucracy designed efficient policies and pursued a national agenda of development." See David Kang, "Bureaucracy, 1948 – 1979," in *Pak Chŏnghŭi sidae wa Han 'guk hyŏndaesa*, ed. Chŏng Sŏnghwa (Sŏul: Sŏnin, 2006), 82.

<sup>9</sup> *Dirigiste* economic model, from the French *diriger* ("to direct"), refers to national economic and industrial development based on state centralized planning, control, and management. *Dirigiste* policies often include the state's measures to direct investments in selected industries, choice of industrial partners, control of wages and market prices, and supervision over labor. See "Dirigisme," *Encyclopedia Britannica*, accessed March 23, 2015, <http://www.britannica.com/EBchecked/topic/165105/dirigisme>.

<sup>10</sup> An example is found in the work of Alice Amsden, who has pointed out the Park state's exceptional "disciplinary power" as compared with other developmental states, arguing that Park by this means effectively enforced policy implementations through efficient control and mobilization of capital and labor. See Alice H. Amsden, *Asia's Next Giant: South Korea and Late Industrialization* (New York: Oxford University Press, 1989).



civil rights activism against the Yusin system<sup>11</sup> (1972-1979)’s suppression of labor in the 1970s, with simplistic representations of the Park regime as trading off human rights for economic prosperity. This presumed tradeoff suggests a false dichotomy of state versus civil society in pursuit of modernization, as the agency of people is reduced to an “object of the state’s totalizing drive for [economic] development” under a capitalist order.<sup>12</sup> Through both scholarship and social discourse, nevertheless, the Park era has been historically and culturally crystallized in mainstream Korean literature and culture as a period of control and domination by the state.

Over the past decade, non-consensus English-language scholarship on this era has emerged along with attempts to identify subdivisions and inner conflicts within the general categories of both the “developmental state” view and the Marxist view of class warfare. The more nuanced views address a broader range of political, economic, military, and social actors and agencies not previously associated with this critical juncture in Korean history. Re-interpretive works are growing in number as well as in complexity of analysis, transcending dualistic models. While acknowledging that Park’s Yusin regime held draconian control over industrial labor, for example, scholars have offered methodological and theoretical tools to adumbrate a “gray zone”<sup>13</sup> between the Park state and the so-called “oppressed” society and workers, thus suggesting that coercion might have worked along with consensus, and that

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<sup>11</sup> The Yusin policy, declared by Park in October 1972, and lasting until his death in 1979, granted Park dictatorial authority over politics, industries and society, all under a declaration of “national emergency”. See more in chapter 2.

<sup>12</sup> Namhee Lee, *The Making of Minjung: Democracy and the Politics of Representation in South Korea* (Ithaca: Cornell University Press, 2007), 5.

<sup>13</sup> An Pyŏngjik, “Kwagŏ ch’ŏngsan kwa yŏksa sŏsul – togil kwa Han’guk ŭi pigyo,” *Yŏksa hakpo* 177 (2002), 230-236.

opposition coexisted with support/cooperation during Park's presidency.<sup>14</sup> As examples, Im Chihyŏn, Kim Yongu, Na Inho, and Hwang Pyŏngju have argued that Park's rule was stabilized through the state's ideological mobilization of people's consensus, support, and cooperation.<sup>15</sup> Im's work, in particular, seeks to deconstruct a rigid dichotomous model of "oppression" and "resistance" during the Park period, by applying the grayer concept of "coercion and consent/consensus" to explain the complex state-society relations and state hegemony during the Park period.<sup>16</sup> The approaches taken by Im and his colleagues, informed by a theory of mass dictatorship and based on European studies of fascist regimes, offer valuable perspective for examining the Park regime's relationship with the Korean civil society. Their works promote a more nuanced, complex, and multidimensional approach to understanding the Park era and thereby challenging oversimplified and politicized models by observing "the everyday lives of

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<sup>14</sup> Cho Hŭiyŏn, "Pak Chŏnghŭi sidae ŭi kangap kwa tongŭi: chibae, chŏnt'ong, kangap kwa tongŭi ŭi kwan'gye rŭl tasi saenggak handa," in *Taejung tokchae* 2, ed. Im Chihyŏn and Kim Yongu (Sŏul: Ch'aek sesang, 2005), 402-403.

<sup>15</sup> Im Chihyŏn and Kim Yongu, eds., *Taejung tokchae* 1 (Sŏul: Ch'aek sesang, 2004); Im and Kim, eds., *Taejung tokchae* 2 (Sŏul: Ch'aek sesang, 2005); Na Inho, "Nach'i tokjae ŭi chŏngch'i chonggyo wa chŏnch'e chuŭijŏk taejung mandŭlgi," in *Taejung tokchae* 1, ed. Im and Kim, 208-232; Hwang Byeong-ju [Hwang Pyŏngju], "The Ruling Discourse and Mass Politics of the Park Chung Hee Regime," *The Review of Korean Studies* 12, no. 3 (September 2009), 11-40.

<sup>16</sup> Im Chihyŏn, "Taejung tokchae ŭi chihyŏngdo kŭrigi," in *Taejung tokchae* 1, 17-51. Im analyzes the relational aspects of the state-civil society dynamics of the Park period by applying the key terminology and theories of Antonio Gramsci (1891-1937). Gramsci's interpretation of state power aims to blur the artificial separation of the state and civil society, and as depicted by Gramsci the two sides are actually deeply intertwined, interpenetrated and interrelated. Instead of looking at state power as the capacity of an autonomous state (and its apparatus) *vis-à-vis* the civil society, the political society (state)'s relational/correlational aspect to civil society determines the *de facto* state power in Gramsci's more nuanced view. So Gramsci defines the state as "the sum of coercion and consent," where the political society is a realm of both coercion/direct domination and civil society consent, or the total political capacity of a state-society complex as a whole. So coercion and consent are inherently dialectical and correlated; when the coercion itself becomes reasonable and justifiable to the popular base, the consensus base is expanded. See Antonio Gramsci, *Prison Notebooks: Volume I* (New York: Columbia University Press, 1992), 153; see also Taikyoung Hamm, *Arming the Two Koreas: State, Capital and Military Power* (London: Routledge, 1999), 7, 29, 164.

ordinary people in all of their multiple, variegated, and often conflicting dimensions [during the Park era].”<sup>17</sup>

In other cases, where “Strong State-Weak Society” dichotomy has been upheld, through “Strong State-Weak Labor”<sup>18</sup> or “Strong State-Weak Business”<sup>19</sup> representations in Korean historiography, frameworks have been challenged more recently. For example, based on the union records and details of everyday labor life at the Korean Shipbuilding and Engineering Corporation (KESC) during the Park period, Nam Hwasook depicts workers as “active agents,” who not only resisted state policies but also constantly negotiated and asserted their own agendas, rather than as passively oppressed by a strong government.<sup>20</sup> A number of other recent studies have highlighted the role, identity, and agency of industrial laborers in South Korea’s business and growth of the economy with that of the defense industry (or HCI industries).<sup>21</sup> Moreover, scholarship is increasingly emphasizing the proactive agency of civilian actors during

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<sup>17</sup> See Namhee Lee, “The Theory of Mass Dictatorship: A Re-examination of the Park Chung Hee Period,” *The Review of Korean Studies* 12, no. 3 (September 2009), 41

<sup>18</sup> In this model the state is seen as the exploiter of a passive labor force during the Park era.

<sup>19</sup> “Strong Strong-Weak Business” model treats the Korean business conglomerates known as *chaebŏl* as the cogs of the state’s running wheels in which the state unilaterally led the state developmental policies and passive businesses exclusively worked under the state orders. For the proponents of this popular view in the 1980s, for examples, see Chalmers Johnson, “Political Institutions and Economic Performance: The Government-Business Relationship in Japan, South Korea, and Taiwan,” in *The Political Economy of the New Asian Industrialism*, ed. Frederic C. Deyo, (Ithaca, NY: Cornell University Press, 1987), 136-164; Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988).

<sup>20</sup> Hwasook Nam, *Building Ships, Building a Nation* (Seattle: University of Washington Press, 2009).

<sup>21</sup> See Hyung-A Kim, “Industrial Warriors: South Korea’s First Generation of Industrial Workers in Post-Developmental Korea,” *Asian Studies Review* 37, no. 4 (2013), 577-595; Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation* (Ithaca and London: Cornell University Press, 2001); Choong Soon Kim, *The Culture of Korean Industry: An Ethnography of Poongsang Corporation* (Tucson and London: The University of Arizona Press, 1996).

the Park era, agreeing with Eun Mee Kim (Kim Ŭnmi),<sup>22</sup> who challenges the assumption that Korean businesses were compliant and subservient. Kim argues that,

states should be studied as dynamic processes and as subjects, not as agents of social change...states are also vulnerable to the demands of social groups (e.g., labor) and classes (e.g., the capitalist class and landed elites). The study of development should include careful examination of how the state and civil society interact with each other in the process of development, without precluding any actor simply because it was weak and repressed at some point in history. Examination of the South Korean case helped identify and explain the roles of three main actors in development: the state, capitalists, and labor.<sup>23</sup>

In a number of recent works, Eun Mee Kim (Kim Ŭnmi), Gil-Sung Park (Pak Kilsŏng)<sup>24</sup> and Nae-Young Lee (Yi Naeyŏng)<sup>25</sup> have drawn samples from companies which collaborated with the state during Park's economic and industrial development. These studies have demonstrated that the *chaebŏl* were "dynamic players, sometimes following Park, other times leading the state, and still other times partnering with multinationals rather than with the state in their search for corporate growth."<sup>26</sup> Yet another exemplary study, by Sang-Young Rhyu (Ryu Sangyŏng) and Seok-jin Lew (Ryu Sŏkchin), focused on Pohang Iron and Steel Company (POSCO) and its founder Pak T'aejun, drawing from company archives and interviews to analyze state-business relations during Park's rule, argues that "the concept of 'strong state' is inadequate in explaining the successful development of POSCO into a national champion"<sup>27</sup> of the steel industry.

The latest memoirs and other recently released materials in South Korea have presented still other challenges to the "developmental state" depiction of South Korea's rise in the 1960s

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<sup>22</sup> Eun Mee Kim, *Big Business, Strong State: Collusion and Conflict in South Korean Development, 1960-1990* (New York: State University of New York Press, 1997).

<sup>23</sup> Eun Mee Kim, "Contradictions and Limits of a Developmental State: With Illustrations from the South Korean Case," *Social Problems* 40, no. 2 (May 1993), 244.

<sup>24</sup> Eun Mee Kim and Gil Sung Park, "The Chaebol," in *The Park Chung Hee Era: The Transformation of South Korea*, ed. Byung-Kook Kim and Ezra F. Vogel (Cambridge: Harvard University Press, 2011), 265-294.

<sup>25</sup> Nae-Young Lee, "The Automobile Industry," in Kim and Vogel, 295-321.

<sup>26</sup> Kim and Park, "The Chaebol," 294.

<sup>27</sup> Sang-young Rhyu and Seok-jin Lew, "Pohang Iron & Steel Company," in Kim and Vogel, 343.

and 1970s, by qualifying the presumed dominant role of economic bureaucrats of the Economic Planning Board (EPB).<sup>28</sup> The newer sources also challenge the market-oriented neoliberal economic model applied by western theorists who have credited the US-built, free-world market with South Korea's success as an export economy.<sup>29</sup> Contra the western view, writings by Park's former senior policy-makers have detailed independent features of the state's economic and industrial policies in the 1960s and 1970s.<sup>30</sup> These first-hand accounts of state policies dispute commonly held conceptions of South Korea's development superficially framed by western scholarship as "a government-led economy," "a state-controlled economy," or even as "an economic development dictatorship,"<sup>31</sup> standard categories applied to other economies that experienced rapid, state-led industrialization in the late-20<sup>th</sup> century.<sup>32</sup> Following the above policy-makers' contradiction of prevailing assumptions, scholars have begun to examine and

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<sup>28</sup> In the 1980s, many proponents of the South Korean developmental state explanation compared the EPB's role in South Korea's rapid economic growth in the 1960s and 1970s to its ministerial counterpart in Japan, MITI (Ministry of International Trade and Industry). This comparison was influenced by Chalmers Johnson's classic study of the developmental state model through his analysis of the role of MITI as the central economic agency in charge of planning and managing Japan's economic policy in the 1950s and 1960s based on efficiency and rationality in a depoliticized state. However, recent scholarship has argued it was actually the Second Economic Secretariat in the Blue House, which played the central role in directing South Korea's industrial growth under Park, and that the EPB's role in the 1970s, especially in HCI policy, was actually very limited. See Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982), 21; see also Hyung-A Kim, *Korea's Development under Park Chung Hee*, 180-181.

<sup>29</sup> Some critics of Park's economic policies have argued that South Korea as a client of US favors and protection enjoyed a "free ride" to become an export economy in the late 1960s and 1970s during the Cold War, which in turn subjugated South Korea to a "dependent capitalism" that relinquished national sovereignty to the US. See, for example, Bruce Cumings, "Power and Plenty in Northeast Asia: The Evolution of US Policy," *World Policy Journal* 5, no. 1, (Winter 1987), 79-106.

<sup>30</sup> See, for examples, O Wŏnch'ŏl, *Han'gukhyŏng kyŏngje kŏnsŏl: Enjiniŏring ŏpŭroch'i*, vols. 1-7 (Sŏul, Kia kyŏngje yŏn'guso, 1995, 1996, 1997, 1999); Kim Chung-yum, *From Despair to Hope: Economic Policymaking in Korea, 1945-1979* (Seoul: Korea Development Institute, 2011); Hwang Pyŏngt'ae, *Pak Ch'ŏnghŭi p'aerŏdaim* (Sŏul: Chosŏn News Press, 2011).

<sup>31</sup> O Won-chol, *The Korea Story: President Park Jung-hee's Leadership and the Korean Industrial Revolution* (Seoul: Wisdom Tree, 2009), 184.

<sup>32</sup> Such labels have been applied to newly industrialized economies of South Korea, Hong Kong, Singapore, and Taiwan, which relied on export-led industrialization strategies under the strong state guidance for rapid economic growth between 1960s and 1990s.

even emphasize more local factors in the Park state's industrialization process, reaching beyond the developmental state model to focus on distinct and lesser-known agencies in South Korea's economic development, such as the Ministry of Commerce and Industry (MCI) engineer technocrats who planned the HCI, other policy-makers, scientists, and engineers, who contributed to the state-led growth.<sup>33</sup> A growing literature on the role of businesses and state-business relations under the Park regime further highlights South Korea's unique economic development in the way the Blue House worked closely with the *chaebŏl* as Park's industrial partners.<sup>34</sup> Some of these conclusions are based on newly available primary sources, which reveal independent and internal characteristics of South Korea's economic and social processes in this period, distinguishing the nation's path from other "benchmark" models of the developmental state. In sum, recent literature and sources challenge both the developmental state model and simplified perceptions of the Park state's relations with civilians as inherently dichotomous, while instead setting forth more complex and multifaceted players, social structures, dynamics, negotiations, and outcomes of military-civilian, state-capital, and state-society relations in the Park era.

### III. Scholarship on Park's Military Modernization

Despite the growing literature on the Park era, the scholarship on Park's military modernization is relatively shallow, especially in a historiographical analysis as compared with political science. Writers who began using the Korean materials have delimited their findings by relying on too few sources or interviews with select individuals. In fact, due to lack of domestic

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<sup>33</sup> See, for examples, Kim, *Korea's Development under Park Chung Hee*; Chŏn Sanggŭn, *Han'guk ūi kwahak kisul kaebal: Pak Chŏnghŭi taet'ongnyŏng ūi kisul kaebal chimnyŏm* (Sŏul: Sam kwa kkum, 2010).

<sup>34</sup> For examples, see the aforementioned works by Eun Mee Kim, Gil Sung Park, Sang-young Rhyu, and Nae-Young Lee.

sources on Park's defense industry, most of the early studies, in analyzing Park's military modernization in the 1970s, focused on the impact of US military aid to South Korea. The Cold War historiography, centered on a superpower conflict between the US and USSR, also shaped the perspective of earliest scholars, who in turn depicted the US, South Korea's largest patron and supplier of foreign aid, as the main catalyst of Park's military modernization, offering only limited reference to indigenous policy-making. Scholarship on the defense industry from the 1970s to the 1990s, found in works by Hwang Tongjun,<sup>35</sup> Paek Hwangi,<sup>36</sup> Paek Kwangil,<sup>37</sup> Song Huijun,<sup>38</sup> and Mun Chöngin,<sup>39</sup> while applying policy-oriented analysis, tended to explain the infrastructural and systematic origins, technological advances, and structure of Korean defense industry based on US military aid. Mun Chöngin in particular, has analyzed US weapon technology transfers to South Korea as a way to illumine the domestic defense industry's economic and technological dependency on the US military-industrial complex for the Korean production of US-licensed arms. Studies that support this and similar views pay particular attention to MAP (the US Military Assistance Program) and FMS (Foreign Military Sales) Program, which included weapon technology supports such as TDP (Technical Data Package),

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<sup>35</sup> Hwang Tongjun, "Miguk üi taehan anbo chiwön chöngch'aek kwa Han'guk üi pangwi sanöp," *Han'guk kwa Miguk* 0, no. 0 (1988), 57-78.

<sup>36</sup> Paek Hwangi, "Han'guk pangwi sanöp üi yuksöng panghyang," *Kukpang yön'gu* 30 (1971), 77-91; Paek Hwangi, *Pangwi sanöp kwa kwahak kisul* (Söul: Han'guk pangsan hakhoe, 1979).

<sup>37</sup> Paek Kwangil, "Han'guk üi mugi such'ul kwa Miguk üi t'ongje e kwanhan yön'gu," *Han'guk chöngch'ihak hoebo* 19 (1985), 428.

<sup>38</sup> Song Huijun, "Han'guk üi kukpang kisul kwa kyöngje paljön e taehan yön'gu," *Han'guk chöngch'aekhak hoebo* 4, no. 2 (1995), 58-80.

<sup>39</sup> Mun Chöngin, "Han'guk üi pangwi sanöp paljön üi wihan cheön - anbo hwan'gyöng kwa mugi ch'egye," *Kukpang kwa kisul* 188 (October 1994), 10-31; Chung-in Moon (in English), "The Political Economy of Defense Industrialization in South Korea: Constraints, Opportunities, and Prospects," *The Journal of East Asian Affairs* 5, no. 2 (Summer/Fall 1991), 438-465; Chung-in Moon, "U.S. Third Country Arms Sales Regulation and the South Korean Defense Industry: Supplier Control and Recipient Dilemma," in *Alliance under Tension: The Evolution of South Korean-US Relations*, ed. Manwoo Lee, Ronald D. McLaurin, and Chung-in Moon (Boulder, Colorado: Westview Press, 1988), 79-102.

DEA (Data Exchange Agreement), and the ESEP (Engineer Scientist Exchange Program) to South Korea.<sup>40</sup> Treating US military programs as the sole determining factor of the South Korean defense industry reinforces a skewed assessment of Park's military modernization as an outcome of a "patron-client" framework of their international relations.

Over the last decade Korean scholars have enjoyed increased access to declassified US national archival sources, particularly from the Johnson, Nixon, Ford, and Carter administrations, enabling more complex elaborations of the US role in Park's politics, export-led industrialization and military modernization, through empirical evidence.<sup>41</sup> US foreign policy materials have allowed more recent studies to set Park's military modernization in the context of US arms restriction policies on South Korea, exploring topics that previously lacked primary source backing, such as US-ROK conflicts over Park's covert weapon programs in the mid-1970s. Examples include Hong Sung Gul (Hong Sönggöl)<sup>42</sup> and Cho Ch'ölho,<sup>43</sup> whose use of US archives has pioneered important studies on Park's controversial nuclear arms and precision missile programs from the mid to late-1970s amid the US troop withdrawal and reduced military commitment to South Korea. Hong has particularly drawn from declassified cables by the US State Department to analyze Park's development of nuclear weapon capabilities against US arms

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<sup>40</sup> Hwang Tongjun, Han Namsöng and Yi Sanguk, *Miguk üi taehan anbo chiwön p'yöngga wa Hanmi pangwi hyömyöng chönmang* (Söul: Minyöngsang, 1990), 18-20, 23.

<sup>41</sup> See, for examples, Taegyun Park, *An Ally and Empire: Two Myths of South Korea-United States Relations, 1945-1980* (Seongnam-si, Gyeonggi-do: The Academy of Korean Studies Press, 2012); Yi Wanböm, "Pak Chönghui üi changgi kyöngje kaebal ch'ujin kwa Miguk, 1961-1966" in Söngghwa Chöng, ed., *Pak Chönghui sidae yön'gu üi chaengjöng kwa kwaje* (Seoul: Sönin, 2005), 155-255; idem, "Pak Chönghui sidae sön'gö wa Miguk," in Han'gukhak chungang yön'guwön, *Pak Chönghui sidae Hanmi kwan'gye* (Söul: Paeksan södang, 2009), 125-184.

<sup>42</sup> Sung Gul Hong, "The Search for Nuclear Deterrence: Park's Nuclear Option: Park's Nuclear Option," in Kim and Vogel, 483-510; Hong Sönggöl, "Pak Chönghui üi haek kaebal kwa Hanmi kwan'gye," in *Pak Chönghui sidae yön'gu üi chaengjöng kwa kwaje*, ed. Chöng Söngghwa (Söul: Sönin, 2005), 257-293.

<sup>43</sup> Cho Ch'ölho, "Pak Chönghui haek oekyo wa Hanmi kwan'gye pyönhwa," Ph.D. dissertation (Söul: Korea University, 2000); idem, "1970-nyöndae ch'oban Pak Chönghui üi tokchajök haek mugi kaebal kwa Hanmi kwan'gye," *P'yöngghwa yön'gu* 9 (December 2000), 189-207.



controls and the political repercussions through deteriorating US-ROK relations in the late-1970s. According to Hong, while Park's nuclear pursuits were intended as a military deterrence against North Korea in case of American troop withdrawal, Park also used the program as a bargaining chip to secure stronger US military commitment to South Korea.<sup>44</sup> Likewise, Korean military scholars Ōm Chōngsik<sup>45</sup> and Chōn Hogwōn<sup>46</sup> supply analyses of the Park regime's aggressive weapon procurements in the context of the Jimmy Carter administration (1977-1981)'s hardline restriction of US arms transfers to South Korea during the late-1970s. Focus on new US foreign policy documents in the 1960s has also led more scholars to look at the US modernization of the ROK military during the Vietnam War and treat this moment as a watershed in South Korea's defense industry, instead of merely examining how the Park government administered an independent military modernization plan in the 1970s.<sup>47</sup>

Although scholars have broadened consensus views by attempting to account for the role of US military aid, they have also inadvertently exaggerated that dimension to the neglect of other unexplored factors, thus failing to account for indigenous South Korean influences, including the direct impact of Park and his aides through domestic policies and strategies. Most scholarship drawing from US archives has also been biased toward explanations that presume Park's military modernization occurred through top down processes directed by the economically and militarily superior US as it pre-determined and handed over military aid to

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<sup>44</sup> Hong, "Pak Chōnghŭi ūi haekkaebal kwa Hanmi kwan'gye," in Chōng, 288; see also Lyong Choi, "The First Nuclear Crisis in the Korea Peninsula, 1975-76," *Cold War History* 14, issue 1 (February 2014), 71-90.

<sup>45</sup> Ōm Chōngsik, "Miguk mugi ijōn chōngch'aek ūi Han'guk chōgyong," *Kunsa* 82 (March 2012), 275-303.

<sup>46</sup> Chōn Hogwōn, "Miguk ūi taehan kunwōn chōngch'aek (1976-1980) yōn'gu," *Kunsa* 66 (April 2008), 225-255.

<sup>47</sup> Ch'oe Yongho and Chang Yongun, for example, identify US military aid and arms transfers during the Vietnam War as constituting the first and primary driver of South Korea's military modernization. See Ch'oe Yongho, "Han'guk kun paet'ūnam p'abyōng kwa Pak Chōnghŭi," in Chōng, *Pak Chōnghŭi sidae yōn'gu ūi chaengjōm kwa kwaje*, 383-385; Chang Yongun, "Paet'ūnam chōnjaeng i Han'guk kun e mich'in yōnghyang," *Kukpang chōngch'aek yōn'gu* 26, no. 4 (2010 Winter), 235-239.

South Korea. The reality was certainly much more complex, although many recent studies have not yet fully considered the ways in which Park's development of defense industry cannot be explained solely in terms of US initiatives or terms of military and financial assistance. Although US arms policies and military aid were unquestionably indispensable to South Korea's military modernization, they alone are insufficient to explain entire processes, such as internal decision and policy-making, as well as South Korean applications of US military supports, involved in the dramatic rise of the domestic defense industry. It bears noting, for example, the US archives, including materials from the Lyndon Johnson administration on the Brown Memorandum (1966),<sup>48</sup> contain abundant records of US weapon transfers and financial aid for Park's military modernization efforts in the late-1960s, but offer minimal reference to the indigenous roles played by South Korea or its policy-makers in modernizing their military. The limited perspective introduces and reinforces bias toward emphasizing on US role, simply as a result of the relative lack of available Korean primary sources on Park's defense industry in the 1970s. Any historian should begin with the caveat that it remains difficult to accurately gauge the full extent to which the South Korean government operated in the development of its own defense industry.

### **Emerging Korean Perspective**

While the release of domestic archival materials on the defense industry has clearly not kept pace with access granted to American archives, former officials under Park have since the 1990s come forth to share first-hand experiences, sparking discussions on the Park government's independent advancements in political, economic, and industrial developments of South Korea,

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<sup>48</sup> The 1966 Brown memorandum subsidized improvements in the ROK military as a US reward for South Korea's participation in the Vietnam War.

apart from US influence or control. Of particular interest is the re-emergence of O Wŏnch'ŏl, the former Senior Presidential Secretary for the Economy under Park from 1971 to 1979, also known as Park's architect of HCI and the defense industry. O largely kept himself hidden from the public eye following Park's death in 1979, due to the persecution and censorship of Park's former officials led by the Chun Doo Hwan (Chŏn Tuhwan) administration (1980-1988).<sup>49</sup> Illuminating indigenous policy-making in the 1970s, O, in his seven-volume memoir, describes a "Korean model of development" — the state's strong intervention, its HCI policies, and state-*chaebŏl* relations – and argues that South Korea took an independent path of development, even by resisting the US.<sup>50</sup> O, along with other architects of state policies in the 1970s, such as Park's former Chief of Staff Kim Chŏngnyŏm, suggests that nominal US military aid to South Korea prior to the 1970s was inadequate to modernize the ROK military, and that the US never offered any distinct or detailed plans for South Korea's defense industry.<sup>51</sup> Facing constant pressure from North Korea's threats, according to the key policy makers' accounts, South Korea had to find its own means and resources to develop military power through independent plans and initiatives in the 1970s. These testimonies, O's included, suggest that it was not until the rise of the HCI in the 1970s that South Korea launched official (successful) programs of military modernization.

## **HCI and the Defense Industry**

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<sup>49</sup> Kim, *Korea's Development under Park Chung Hee*, 9.

<sup>50</sup> See Pak T'aegyŏn, *Wŏnhyŏng kwa pyŏnyong: Han'guk kyŏngje kaebal kyehoek ūi kiwŏn* (Sŏul: Sŏul taehakkyo ch'ulp'anbu, 2007), 370.

<sup>51</sup> HGKK, vol. 7, 406; Chung-yum Kim, *From Despair to Hope*, 401; see also Kim Kwangmo, *Han'guk ūi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek* (Sŏul: Chigu munhwasa, 1988), 300-305.

It was not until about a decade ago, as literature on Park's rapid industrialization expanded in South Korea, Japan, and the US, that HCI moved to the center of scholarly focus on South Korea's economic development, and prior to that point, O W'ŏnch'ŏl and HCI policies did not attract significant attention. With growing academic interest in Park's industrial policies, more recently disclosed empirical data and interviews with Park's former top policy-makers have brought to the fore the strategic role of the HCI in relation to military modernization. Hyung-A Kim's *Korea's Development under Park Chung Hee* (2004) represents one of the first English works to analyze the Park regime's HCI policies, along with the role of the defense industry in them, drawing from both US and Korean archival documents.<sup>52</sup> In her pioneering scholarship, Kim states that the HCI "provided the fundamental infrastructure for South Korea's homeland security."<sup>53</sup> Regarding the role of the state, Kim's work highlights what she calls the "HCI triumvirate" (Park Chung Hee, O W'ŏnch'ŏl, Kim Ch'ŏngnyŏm),<sup>54</sup> the trio that implemented the HCI primarily to enable military modernization for national security in the 1970s.<sup>55</sup> Through personal interviews with Park's principal policy-makers in the 1970s, especially O W'ŏnch'ŏl, Kim demonstrates how Park and his technocrats strategized and pushed South Korea's rapid industrialization and military growth in the face of evolving and unreliable US foreign policy. In addition to Kim's work, a published memoir and articles by Kim Kwangmo, who worked as the vice director of the HCI Planning Corps, and the right-hand man of O W'ŏnch'ŏl, provide a

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<sup>52</sup> Hyung-A Kim, *Korea's Development under Park Chung Hee: Rapid Industrialization, 1961-1979* (New York: RoutledgeCurzon, 2004).

<sup>53</sup> Hyung-A Kim, "Heavy and Chemical Industrialization, 1973-1979," in *Reassessing the Park Chung Hee Era, 1961-1979: Development, Political Thought, Democracy, and Cultural Influence*, ed. Hyung-A Kim and Clark W. Sorensen (Seattle: University of Washington Press, 2011), 21.

<sup>54</sup> The HCI Triumvirate, according to Hyung-A Kim, included President Park's strong leadership, O W'ŏnch'ŏl (the chief of HCI Planning Corps)'s industrial and engineering skills, and Kim Ch'ŏngnyŏm (Chief of Staff)'s financial-economic expertise. See Kim, "Heavy and Chemical Industrialization, 1973-1979," in Kim and Sorensen, 26.

<sup>55</sup> *Ibid.*, 37.

detailed study of the HCI framework that was integral to the development of a defense infrastructure.<sup>56</sup> Kim Kwangmo's written works relate applied strategies and policies of HCI and the systematic integration of civilian enterprises along with the development of human resources for military modernization.

More recent works by Korean scholars, including Pak Yŏnggu,<sup>57</sup> Kim Chin'gi<sup>58</sup> and Ryu Sangyŏng,<sup>59</sup> whose studies have also analyzed HCI in the 1970s, support the argument that South Korea's HCI policy and defense industrial policies were "totally interconnected and reinforcing each other."<sup>60</sup> Using Korean government sources and technocrats' testimonies on the HCI, these works explain how HCI programs were synchronized with domestic arms production to achieve Park's defense goals. Nishino Junya, a Japanese scholar who has compared South Korea's heavy and chemical industrialization to Japan's own rapid industrialization in the 1950s and 1960s, has also argued that what made South Korean model so unique and distinguishable from Japan's case was its disproportionate focus on defense industrialization, whereas Japan concentrated exclusively on economic growth. Nishino has examined O Wŏnch'ŏl's writings and declassified documents pertaining to HCI, showing how South Korea prioritized specific industries of the HCI, such as the steel industry (*e.g.*, POSCO), in order to build a military-

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<sup>56</sup> See Kim Kwangmo, *Han'guk ūi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek* (Sŏul: Chigu munhwasa, 1988); Based on my personal interview with Kim Kwangmo, HCI Planning Corps was a "task force" in charge of running the HCI policy throughout the nation. See Kim Kwangmo, interview by author, September 10, 2013.

<sup>57</sup> Pak Yŏnggu, *Han'guk ūi chunghwahak kongŏphwa: Kwajŏng kwa naeyong*, vols. 1-3 (Sŏul: Haenam, 2012).

<sup>58</sup> Kim Chin'gi, "Han'guk pangwi sanŏp ūi paljŏn chŏllyak e taehan yŏn'gu – Pak Chŏnghŭi sidae ūi pangwi sanŏp ūl chungshim ūro," *Kukka chŏllyak* 14 (2008), 95-121.

<sup>59</sup> Ryu Sangyŏng, "Pak Chŏnghŭi ūi chunghwahak kwa pangwi sanŏp chŏngch'aek: kujo-haengwija model esŏ pon cheyak toen sŏnt'aek," *Segye chŏngch'i* 14, no. 1 (2011), 256.

<sup>60</sup> *Ibid.*

industrial complex.<sup>61</sup> Yumi Horikane likewise explains how the Park regime's HCI initiative was set up to disguise and support domestic arms production in response to security threats in the late-1960s.<sup>62</sup>

Beyond what the above scholars have culled from available materials, significant detail on the HCI and its relation to the defense industry can now be found in policy records, memos and reports to Park preserved by the Blue House secretariats. These documents are now available in South Korea's Presidential Archives. Some of these declassified sources, including reports by technocrats managing HCI policy, as well as reports of ministries and research institutes that implemented policies, evince how the Park government structured the national defense system on the basis of a civilian weapon-producing infrastructure under HCI. The new materials found in the Presidential Archives have informed this dissertation's discussion of HCI in chapter 3 and the hypothesis that the HCI framework was central to the defense industry and military modernization.

Overall, with research into newly available indigenous government sources, Korean scholars have undertaken retrospective examinations of Park's policies on South Korea's industrialization and military modernization in the 1970s. Updated analyses have magnified domestic accounts and perspectives on Park's military modernization. Drawing from previously declassified policy papers of the Blue House, for example, Pak Pongsu has examined Park's self-reliant national defense policies in the 1970s as they related to indigenous—and independent—policy designs and plans for South Korea's military modernization, including the Yulgok

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<sup>61</sup> Junya Nishino, "Ilbon model esŏ Han'gukchŏk hyŏksin ūro: 1970-nyŏndae chunghwahak kongŏphwa rŭl tullŏssan chŏngch'aek kwajŏng," *Segye chŏngch'i* 14, no. 1 (2011), 172; idem, "Han'guk ūi sanŏp chŏngch'aek pyŏnhwa wa ilbon ūro put'ŏ ūi haksŭp, 1960-1970 nyŏndae rŭl chungsim ūro," Ph.D. dissertation (Seoul: Yonsei University, 2005).

<sup>62</sup> Yumi Horikane, "The Political Economy of Heavy Industrialization: The Heavy and Chemical Industry (HCI) Push in South Korea in the 1970s," *Modern Asian Studies* 39, no. 2 (May 2005), 370.

Operation, which was clandestine and independent of US foreign policies.<sup>63</sup> The relevant sources are discussed further in the following section.

#### **IV. Available Primary Sources on Military Modernization**

In the 1970s South Korea met with the most significant national security crises since the end of the Korean War (1950-1953). The complete absence of official military records on this decade in government publications such as the *Defense White Papers* evinces the sensitive nature of the information on the period.<sup>64</sup> Material on the Yulgok Operation,<sup>65</sup> the cornerstone of Park's self-reliant national defense policy, would offer key information on the government's role in the defense industry, but such primary source information is scarcely found in national or private archives in South Korea. Yulgok's top military projects, such as nuclear arms and precision missile developments, were completely classified and were deliberately discussed off the record to avoid US and North Korean surveillance. Further, Yulgok was plagued with financial corruption among the military generals of Hanahoe in the 1980s,<sup>66</sup> including former President Chŏn Tuhwan (1980-1987), and thus hardly any informant today would be willing to acknowledge involvement in the project. Like governmental primary sources, private/civilian

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<sup>63</sup> Pak Pongsu, "1970-nyŏndae han'guk chaju kukpang chŏngch'aek yŏn'gu: taet'ongnyŏng kirokkwan kukpang, anbo kwallyŏn pogo munsŏ rŭl chungsim ŭro," *Kunsa* 78 (March 2011), 169-203.

<sup>64</sup> The publication of the *Defense White Paper* of South Korea is missing from 1969 to 1987.

<sup>65</sup> The Yulgok Operation was classified as top secret during Park's presidency. See chapter 5 on Yulgok.

<sup>66</sup> Hanahoe, meaning "One Group," was a military group consisting mostly of the 11<sup>th</sup> graduating class of the Korean Military Academy, which was headed by General Chŏn Tuhwan and played the leading role in Chŏn's overthrow of the short-lived Ch'oe Kyuha regime in December 1979. The group remained powerful throughout Chŏn's rule in the 1980s, but later was dismantled by the democratic regime of Kim Youngsam (1993-1998).

archival material on the above topics also remains scarce, even as a state of war continues to engage the two Koreas.<sup>67</sup>

Nonetheless, with the rise of democracy and freedom of information in South Korea, an unprecedented amount of new information has recently been released on the Park Chung Hee era. Primary sources made available through government institutes, national libraries, and museums in South Korea include archived government records, data, and publications on the period. Ever since the Roh Moo-hyun administration (2003-2008), available government documents have significantly increased. For example, the aforementioned Presidential Archives was opened in the city of Sŏngnam in 2008 and houses declassified records from each presidential administration. Therefore, scholars, more than ever before, can empirically study Park's military modernization efforts in the 1970s, by examining policies on procurement of weapons and purchases of advanced military technologies, negotiations with foreign manufacturers, HCI strategies for domestic weapon production, cabinet meetings, national security files, and other proceedings and activities of the Blue House. Much information shared exclusively between Park and his closest advisers can be discovered in the Presidential Archives within reports on highly ranked weaponry projects implemented by the military and research institutes, such as the Agency for Defense Development (ADD), Korea Atomic Energy Research Institute (KAERI), and Korea Institute for Science and Technology (KIST). These materials expand the inquiry and perspective on indigenous dynamics at work in Park's self-reliant national defense policies and military modernization program.

Other important sources are located in the ROK Ministry of Foreign Affairs and Trade (MOFAT)'s Diplomatic Archives, which opened in 2006, and contains declassified telegrams,

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<sup>67</sup> The two Koreas technically remain at war, because no peace treaty was signed in 1953.



agreements, meeting memos and other diplomatic documents involving South Korean and American policy-makers. On US-ROK arms relations, the materials also include document dispatches pertaining to the Park government's negotiations and conflicts with the US Department of State. The South Korean diplomatic sources reveal the way Park dealt with evolving US arms transfer policies and military aid to South Korea, from the Vietnam War in the 1960s to Park's defiance of the US arms restrictions in the 1970s.

Official military records have increasingly been made available by military institutions as well. The Ministry of National Defense (Kukpangbu; MND)'s Institute for Military History (Kukpangbu kunsu p'yŏnch'an yŏn'guso),<sup>68</sup> established in 2000, functions as the official publication and research institution of South Korea's military history, and houses the most archival sources on the ROK Armed Forces. The archival room at the Institute for Military History contains official military records from the founding of the ROK Army in 1948 to the present time, including declassified material on military operations and organizations of national security, military relations and joint exercises with the US Forces in Korea (USFK), data on arms imports, experiments, and production published by the MND and military headquarters of the army, navy, and air force. The MND materials include strategic reports and research publications on national security and military developments from the Joint Chiefs of Staff (JCS), military advisers, military academies, and research institutes during the Park period. Defense journals issued by the MND, such as the Institute of Military History's *Kunsu* (translated, "Military History"), have supplied useful military data for the present dissertation, and publications from

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<sup>68</sup> Institute for Military History Compilation, <http://www.imhc.mil.kr/user/indexMain.action?siteId=imhc>.

other MND-affiliated research institutes<sup>69</sup> have rewarded inquiry, while also continuously updating the literature search.

More details on classified weapon projects in the 1970s can also be found in a limited number of official memoirs and other publications of the Agency for Defense Development (ADD; Kukpang kwahak yŏn'guso), which has served as the government's central research institute for the advancement of domestic weapon R&D since 1970.<sup>70</sup> However, most key materials remain sensitive and classified within the ADD's own archive. The ADD's official three-volume series on the agency's own activities from the 1970s to 2005 has not been released to the public, though it is available internally within the ADD and MND.<sup>71</sup> (I was able to obtain a copy through the MND's archives.) Some of the ADD's internal publications include accounts of head researchers who worked on the ADD's top weapon projects during the 1970s.<sup>72</sup>

Data published by government offices in the 1970s, such as the Heavy and Chemical Industry Promotion Council (HCIPC),<sup>73</sup> the Economic Planning Board (EPB),<sup>74</sup> and cultural and educational institutions (*e.g.*, Ministry of Education, New Village Movement),<sup>75</sup> confirm that the government systematically mobilized a national integration of civilian sectors to build a self-reliant national defense system in South Korea. Publications by the EPB and HCIPC contain

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<sup>69</sup> For example, see Korea Institute for Defense Analyses (KIDA)'s *Korean Journal of Defense Analysis*.

<sup>70</sup> Kukpang kwahak yŏn'guso, *Kukpang ūi ch'osŏk 40 nyŏn, 1970-2010* (Taejŏn: Kukpang kwahak yŏn'guso, 2010).

<sup>71</sup> Three historical volumes cover the ADD's activities from the 1970s to 2005, but they are for internal circulation only. See KKYS, vols. 1-3.

<sup>72</sup> Han P'ilsun, *Suryut'an esŏ wŏnjaro kkaji* (Kukpang kwahak yŏn'guso, 2000).

<sup>73</sup> Heavy and Chemical Industry Promotion Council, *Heavy and Chemical Industry* (Seoul: Government of Republic of Korea, 1976).

<sup>74</sup> For example, see Economic Planning Board, *Economic Survey of the 1973 Korean Economy* (Seoul: Government of the Republic of Korea, 1973).

<sup>75</sup> For example, see Mun'gyobu, *Anbo kyoyuk mit saemaŭl kyoyuk: mobŏm saryejip* (Mun'gyobu, March 1972).

detailed economic policies and periodic statistics on developments in industrial sectors that were intertwined with the defense industry. The cultural and educational training guidebooks for teachers and students, published by the Ministry of Education and the New Village Movement (NVM) headquarters, reflect how the government indoctrinated citizens in the self-reliant national defense ideology, and thus these sources offer samples of cultural and ideological factors at play in the period. The above data and publications are thinly disbursed throughout the national libraries, university libraries, and special museums in South Korea.<sup>76</sup> The dissertation draws from these samples in describing the all-out, nationwide mobilization of Park's vision for establishing a self-reliant national defense, illuminating the comprehensive scope as well as the nature of the movement as both ideological and industrial.

Writings by President Park himself, as well as accounts written by former government officials and military advisers who worked directly under Park, provide another important set of primary source information on Park's military modernization efforts. Park published books, delivered public speeches, and personal journals and writings. They are well documented in government sources and numerous biographical pieces, and they illumine the motives and ideals underlying Park's defense industry policies. Published memoirs by officials who worked under Park, including O Wŏnch'ŏl, Kim Chŏngnyŏm, Kim Kwangmo, Hwang Pyŏngtae, Kim Yonghwan,<sup>77</sup> Pak Chinhwan,<sup>78</sup> among others, contribute intricate and nuanced insider views on the contingencies of the regime's economic and industrial policy choices. In particular, the

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<sup>76</sup> For instance, I have found various government sources published in the 1970s in places such as the National Assembly Library, Park Chung Hee Memorial Museum's special archival room, and university libraries (*i.e.*, Academy of Korean Studies, Yonsei University, Seoul National University).

<sup>77</sup> Kim Yonghwan, *Imja, chanega saryŏnggwan anin'ga* (Sŏul: Maegyŏng ch'ulp'an, 2006).

<sup>78</sup> Pak Chinhwan, *Pak Chŏnghŭi taet'ongnyŏng ŭi han'guk kyŏngje kŭndaehwa wa saemaŭl undong* (Sŏul: Pak Chŏnghŭi taet'ongnyŏng kinyŏm saŏphoe, 2005).

aforementioned seven-volume series by O Wŏnch'ŏl has for a long time served as the main primary source on Park's HCI policy and development of the defense industry. Memoirs by former military advisers offer perspective on how the government and the ROK military assessed the national security situation of the 1960s and 70s.<sup>79</sup> Memoirs by former scientists and engineers who participated in weapons development and research programs under Park's military modernization policy are also available.<sup>80</sup> These works have supplied invaluable resources for the present dissertation, not only for describing the South Korean leadership's ideology and policy design, but also by shedding light on Park's defense rationale and vision for industry development in the 1970s.

Civilian businesses that functioned as defense contractors during the 1970s have retained a useful yet mostly untapped set of both private and public corporate archival material. As Eun Mee Kim notes, the "business history" of Korea, along with the archival heritage of Korean corporations, is relatively short compared to other topics in Korean history, which are associated with a much larger stock of primary materials.<sup>81</sup> Nonetheless, while many *chaebŏl* grew exponentially through contracting with Park's military projects, they also produced data that can now be accessed through their archives, annual reports, and corporate historical and economic data compilations and memoirs from the 1970s. These materials reveal the degree to which the civilian industry joined forces with the government through integration with the regime's vision for industry, self-reliant national defense security and the integrated economic agenda.

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<sup>79</sup> Kim Sŏngun, *Na ūi chan i nŏmch'inaida* (Sŏul: Ait'emp'ŭl k'oria, 2008); Yi Seho, *Han kil ro sŏmgyŏttŏn nae choguk* (Sŏul: Taeyang midio, 2009); Yu Chaehŭng, *Kyŏktong ūi sewŏl* (Ŭlryu munhwasa, 1994); Im Tongwŏn, *P'isŭmeik'ŏ* (Chungang Books, 2008).

<sup>80</sup> See, for examples, Ku Sanghoe, *Han'guk ūi pangwi sanŏp* (Sejong yŏn'guso, 1998); Pak Chunbok, *Han'guk misail 50 nyŏn ūi sinhwa: Chaju kukpang kŭrigo kkum ūl irun saramdŭl* (Sŏul: Iljogak, 2011).

<sup>81</sup> Kim Ŭnmi and Ku Ponho, "Kyŏngje paljŏn e issŏsŏ kiŏp ūi yŏkhal," in *Han'guk ūi kŭndaehwa, kijŏk ūi kwajŏng*, ed. Carter Eckert and Cho Ije (Sŏul: Wŏlgan chosŏnsa, 2005), 185-186.

Accordingly, official company sources from Hanwha (“Korea Explosives, Inc.,” or Han’guk Hwayak, as it was called in the 1970s), Poongsan Metal Corporation (PMC), and Kia Heavy Industries,<sup>82</sup> along with material from other defense contractors, have informed the analysis presented in this dissertation.<sup>83</sup> These select corporations maintained defense-related assembly lines in their local factories and grew exponentially as they supported development of Park’s military projects. The company materials gathered from these defense contractors have therefore informed the dissertation’s analysis of the corporate and factory roles and transformations during South Korea’s military modernization. Other sources that have been tapped include newspaper articles pertaining to individual, regional and national civilian movements or company contributions in support of national security dating to the 1960s and 1970s.

Outside of South Korea, US archives over the last decade have increasingly supplied key sources for Korean scholars and research institutes studying the Park period. New information introduced by such sources has enabled Korean scholars to look beyond parameters that

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<sup>82</sup> Through a company representative, I was introduced to the last director of Hanwha’s Inch’ŏn factory, which operated as the first domestic manufacturer of military explosives under Park’s policy to indigenize weapon production in the late-1960s and 1970s. The factory was closed in 2006 and converted to Hanwha Historical Museum. The case study of Hanwha is included in chapter 4. Another weapon manufacturer that contributed to the analysis here was Poongsan Metal Corporation, the first ammunition developer in South Korea, and one which has also continuously produced ammunition for the ROK military since the 1970s. Field trips to Poongsan’s Ulsan and An’gang factories allowed for extended interviews with three “licensed skilled laborers” (*kisulgong*) who were involved in Poongsan’s defense-related precision manufacturing from the 1970s. A 3-day trip in November 2012 included meetings with interviewees and was arranged between the Poongsan Cooperation and Professor Ryu Sŏkch’un of Yonsei University. (My participation was facilitated by Professor Ryu and Professor Kim Hyung-A of the Australia National University, the latter who is on my dissertation committee.) Interviewees helped to delineate the roles of skilled laborers and their contributions to the development of South Korea’s defense industry in the 1970s. Through Professor Kim, I was further introduced to Mr. Yu Hansik, who worked as an elite technician for Kia Heavy Industries in the 1970s and is now the President of Energy & Machinery Korea Co., Ltd. A June 2013 field trip to Ch’angwŏn, Southern Kyŏngsang Province included an interview with Mr. Yu, who also generously supplied invaluable business records from Ch’angwŏn Industrial Complex, the main hub of the earliest defense corporations in the 1970s.

<sup>83</sup> These civilian enterprises collaborated with the state to serve as defense contractors from the 1970s. Hanwha developed the explosives, while Poongsan produced the ammunition. Both companies were central to equipping the 2.5 million troops of the Homeland Reserve Forces (*Hyangt’o yebigun*) with weapons. Kia Heavy Industries developed the 155 mm howitzer, rocket launcher and military vehicles under government directives.

previously set a complete dearth of indigenous primary sources on the defense industry.<sup>84</sup> Spanning the John F. Kennedy (1961-1963) and the Jimmy Carter (1977-1981) administrations, the Park era development of South Korea was deeply intertwined with US policy, so the US archival materials offer perspectives and essential data for any consideration of this topic. US national libraries, including the Library of Congress, the Gerald R. Ford Library (Ann Arbor, Michigan), the Richard Nixon Library (Yorba Linda, California), the Lyndon B. Johnson Library (Austin, Texas), and the John F. Kennedy Library (Boston, Massachusetts), as well as the Jimmy Carter Library and Museum (Atlanta, Georgia) house national security files, intelligence files, memoranda, reports and telegram exchanges, all of which contextualize President Park's self-reliant national defense policy in relation to the US. These archives document the details of US-ROK military negotiations and agreements, as well as the US arms policies and restrictions on Park's military aspirations and developments in the 1960s and 1970s. The US National Archives and Records Administration (NARA)<sup>85</sup> in College Park, Maryland, as well as The National Security Archive of George Washington University<sup>86</sup> contain valuable sources on the Park period as well. The US Department of State offers declassified diplomatic archives of the US in a multi-volume corpus titled, *Foreign Relations of the United States (FRUS)*,<sup>87</sup> which contains primary sources of the US foreign policy on South Korea from the 1950s to the 1970s, including document dispatches between the US Department of State and the US Embassy in Seoul, on Park's domestic politics, economic development, and weapon developments. The digital archive

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<sup>84</sup> Since the South Korean defense industry throughout the 1970s was intent on imitating and producing US-model military weapons and technology, US national libraries contain valuable records on the role of US military assistance to and restrictions on Park's military developments.

<sup>85</sup> The US National Archives and Records Administration, <http://www.archives.gov/>.

<sup>86</sup> The National Security Archive, <http://www2.gwu.edu/~nsarchiv/>.

<sup>87</sup> *Foreign Relations of the United States*, <https://history.state.gov/historicaldocuments>.

called The American Presidency Project<sup>88</sup> likewise contains speeches, public papers, and other US presidential records pertaining to US foreign policy on South Korea. For the present dissertation, materials from all of the national archives and literature above have been consulted.

Lastly, the declassified international archives in the Cold War International History Project (CWIHP), established at the Woodrow Wilson International Center for Scholars in Washington, D.C., in 1991, offer rare telegrams, dialogue recordings, memoranda, letters, and other diplomatic exchanges between South Korea and the US, as well as between North Korea and its socialist allies, from the 1960s and 1970s.<sup>89</sup> The CWIHP's virtual online archive, which includes English-translated Russian and Eastern European sources from the period, along with recent studies based on these sources, has supplied valuable sources for the present dissertation, especially in contextualizing the Park regime's arms decisions and security rationale in view of international events involving both its allies (US, Japan) and the communist bloc (North Korea, PRC, and USSR).

## **V. Significance of the Study**

As noted above, a well-developed literature on South Korea's military modernization has not yet formed, and the relevant Korean literature on the topic lacks indigenous data. The present dissertation provides a more up-to-date and comprehensive analysis of South Korea's own unique defense industry emergence, not only by offering indigenous perspectives from recently declassified primary sources but also by assigning the correct proportions to external factors, including the role of the US, that influenced Korea's military modernization. Current access to Korean primary sources on the defense industry has dramatically expanded recently and would

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<sup>88</sup> The American Presidency Project, <http://www.presidency.ucsb.edu/index.php>.

<sup>89</sup> Cold War International History Project, <http://digitalarchive.wilsoncenter.org/>.

have been unthinkable in the past. In this sense, this dissertation offers a groundbreaking inquiry into “self-reliant national defense” policies under Park’s rule, and therefore should contribute to needed re-interpretative literature on the era by: (1) deconstructing the conventionally applied “developmental state” model that has assigned a singular role to the so-called “strong state” in explaining South Korea’s rapid development in the 1970s; (2) illuminating the state’s distinct policies and institutions (*i.e.*, HCI, DPL, NDT) that enabled a unique military-civilian convergence in the development of the defense industry; and (3) expanding perspective to include indigenous factors in the emergence of South Korea’s defense industry.

First, most existing historiography has both oversimplified and overemphasized the role of a South Korean developmental state as leading the cultural and national economic and industrialization process. Park’s modernization of the defense industry, however, exhibited significant features of his and other South Koreans’ independent decision-making and strategies, as well as an extensive range of participants in the development process, all of which clearly distinguished the South Korean course of action and outcomes from the prevailing yet insufficient explanations of development. Without denying that the state played the most important role in setting forth, leading, and mobilizing South Korea’s industrialization and modernization, as many scholars of South Korean economic development have argued, it is necessary to include in the historical understanding other inter-state and non-state actors that participated in the process. The Park state certainly managed and implemented policies to achieve a complete industrial overhaul, as well as to mobilize the private sector and workforce and establish a system of rewards and punishment. The state backed by the Yusin system was extremely powerful and was very intentioned toward directing and molding society, both materially and ideologically, to serve Park’s goals. The nationwide movement toward



modernizing the defense industry in the 1970s was indisputably state-initiated and state-directed. Despite the state's centrality, however, multifarious and multidimensional processes were at work, including inter-state functions, divisions, agreements, and procedures that underlay the state policy-making. A myopic focus on the central role of the state ignores the importance of the roles played by non-state actors and their own social and civilian responsiveness to state mobilization and the changing national environment. The state's work required negotiations and connections with the material and ideological interests of the Korean populace to give impetus to the latter's active participation and support. Some of these processes involved non-coercive mobilization, genuine personal motivations, profit seeking, patriotism, and other independently initiated behaviors of people and structures, as citizens individually and collectively determined the extent of their contributions within the state agenda. So while a top-down developmental state paradigm can certainly adumbrate a major aspect of this era, the research informing this dissertation suggests how a more complicated and dynamic state-society dialogue shaped the particular emergence and outcomes of South Korea's military industrial complex during the Park period.

Second, the Park state employed strategies and advanced policy measures to achieve a military-civilian convergence, through intricate public-private cooperation. The vision required powerful institutional support, a mobilized industrial base, and economic, cultural, and social engagement of all civilians. To this end, Park and his technocrats engineered policies and institutions that coerced, coopted, and incentivized civilian sectors until their full participation led to the envisioned and planned societal and industrial transformations. The latest policy documents on Park's HCIP reveal how HCI was designed to promote and strengthen civilian manufacturers for defense-related industries (*i.e.*, machinery, special metals) as domestic weapon

producers. Since this integral and intentional relationship between the HCI and the defense industry has not been adequately appreciated in scholarship, the study here explores the connection in more depth and, through deep analysis of declassified materials, empirically demonstrates the centrality of the defense industry in HCI. The key measure by which the state integrated the private sector into the HCI's defense industry initiatives was the Defense Procurement Law (DPL) in 1973, which induced the elite *chaebŏl* to accept defense contracts and supported their rapid growth through legal and financial provisions. With DPL's authorization, many contracting businesses were transformed to become independent agents of military modernization in the 1970s. The state went beyond the private sector and integrated the entire Korean civilians into funding South Korea's independent military modernization through the implementation of the National Defense Donation (1973) and National Defense Tax (1975), which required independent funding by the people themselves for domestic weapon production. Through such state policies, intertwined and complementary inter-institutional relationships were at work between the state-initiated military modernization for national security and civilian participation, between state policies and private capital investments, and between a strong state and civilian society.

The US-ROK relationship was a two-way phenomenon. The Park regime's independent military initiatives changed the trajectory of US arms policies on South Korea, and *vice versa*. To arrive at a defensible and overarching view of the history in this regard necessitates drawing from both US and Korean sources, providing analyses of both the indigenous Korean and US factors in the development of South Korea. While the present corpus of historiography on Park's military modernization in the 1970s is generally focused on the external impact of US foreign policy, the Park regime's policies have been interpreted as *outcomes of* or *reactions to* outside

influences.<sup>90</sup> Although the US certainly shaped South Korea's military policies and development, a much deeper analysis is warranted based on the way in which self-reliant national defense dynamics emerged within and were characterized by the South Korean nation itself. For, South Korea, and certainly Park himself, was never passive, but rather proactively forged its own brand of self-reliant national defense while resisting the US policy framework. At the same time, over-reliance on too few Korean sources or informants under Park would downplay the significance of the US's programs for South Korea's military modernization, including a series of the US military aid packages offered to South Korea from the 1960s to the 1970s, stipulated both in the Brown Memo (1966) and the Nixon Doctrine (1969), which financially, technologically, and militarily aided Park's development of the defense industry. The present dissertation suggests that a more complex process involving US aid and indigenous Korean agencies was at work to achieve military modernization as well as economic growth in this period. Newly available domestic sources allow for a much needed expanded analysis of the internal dynamics at work in military modernization. While US arms policies and military aid determined certain parameters and developments, South Korea actively resisted the US and pursued an independent path beyond US containment. Furthermore a full analysis of self-reliant national defense must incorporate Park's personal agency, the role of distinct agencies within the state and civilian contributions, and particular designs for defense modernization in spite of the pervasive and weighty US influence.

Not only is it necessary to expand the "Korean" points of view on the self-reliant national defense movement, it is also essential to look beyond simplistic models of "the state" to describe and assess the more complex internal dynamics and relations between the state apparatuses, such

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<sup>90</sup> See Pak T'aegyūn, "1960 nyōndae chungban anbo wigi wa che 2 kyōngjeron," in *Pak Chōnghŭi sidae yōn'gu ŭi chaengjōm kwa kwaje*, ed. Chōng, 119.

as between the executive and bureaucracy, government and public institutes, state agencies and the private sector, as well as between officialdom and civilians. The self-reliant national defense system was not merely a product of one state directive, but it emerged through the state's institutional, ideological and social nexus with the private sector and society cooperating with the state-led project. The dissertation here examines ways in which the mobilization process was extremely complex, requiring the state to go beyond simple top-down directives and coercion, to engage with complicated linkages and negotiations of public and private structures and interests, to establish supportive institutions and incentives to facilitate the desired outcomes by including non-state actors as active agents mobilized to serve both their own interests and those determined to be in the interest of the state. To analyze Park's military modernization requires a more holistic approach, beyond a state- and society-centric binary, with an appreciation for the actual and extraordinary synergy of the state with its civilians, through a state orchestration that spurred the development of South Korea's defense industry in the 1970s, even amid internal and external limitations.

## **Chapter 2 Park Chung Hee's Self-Reliant National Defense: Response to Provocations**

President Park Chung Hee's "self reliant national defense" policies and his national mobilization to establish an independent defense industry were responses to the perceived dual security threat posed by North Korea and United States foreign policy in the late-1960s. North Korean infiltrations reached a new level in 1968, through the Blue House and *Pueblo* Incidents, and the US not only took a passive stance but also instituted the Nixon Doctrine withdrawal of US Forces in Korea (USFK) in 1971. Park interpreted the combined events as presenting a national security crisis. The purpose of the present chapter is to explain how these international events and South Korean reactions in the late-1960s shaped Park's plans to build the defense industry based on his self-reliance doctrine in the 1970s. Aiming to revolutionize South Korea's national security posture and system by engaging civilian input, Park promoted indigenously driven military modernization as the means to independently withstand North Korea's aggression while also reducing the ROK military's dependency on the US.

The first section of the chapter assesses the perceived militancy of North Korea and examines the impact of North Korea on Park's security rationale and military reforms following 1968. The second section considers the weight of South Korea's conflicts with US administrations over the following three factors that influenced Park's pursuit of domestic arms development: (1) the North Korean threat, (2) the Nixon Doctrine, and (3) the actual US withdrawal of troops. The third section discusses how international tensions combined with Park's mobilization of the Korean populace to ignite a radical national security movement on the basis of his rationale and vision for a self-reliant national defense. The argument is made here that citizens were not merely pawns in a state-led strategy of military modernization. Rather,

capitalizing on international, domestic, and cultural factors, the Park government engaged full civilian participation through industrial and cultural transformation to direct South Korea's first major steps toward constructing a military-industrial complex.

### **I. The North Korean Factor**

From the end of the Korean War (1950-1953), when the Armistice Agreement was signed without a peace agreement, the two Koreas continually waged political, economic, ideological, and cultural wars, as remains the case today. Cold War interpretations of North Korea's increased militancy in the late-1960s typically centered on superpower conflicts involving Soviet expansionist goals and conspiracies to control East Asia and Soviet influence on North Korea's military decisions. US government officials generally treated North Korea as an "oriental outpost" of the Soviet communist bloc, devoid of any genuine nationalist elements.<sup>91</sup> By contrast, post-Cold War studies, based on more recently declassified US and Russian archival materials, have revealed that during the 1960s, North Korea made significant policy choices independent of—

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<sup>91</sup> In the 1960s and 1970s, many scholars who studied Soviet foreign policy in East Asia and the Korean War assumed that Stalin and the Soviet Union were responsible for North Korea's invasion of the South in the Korean War (1950-1953). The basic Cold War historical argument was developed to describe the so-called the "Soviet war plan," in which Stalin was deemed to have "planned, prepared and initiated" his expansionist goals in the Korean peninsula. In the 1970s and the 1980s, this view was also evident in the works of Robert A. Scalapino and Chong-Sik Lee, who described North Korea as a "Korean communism under Soviet tutelage." Likewise, Dae-Sook Suh depicted the Soviet occupation of North Korea as closely following the pattern of the USSR's "sovietization" of the countries in Eastern Europe, claiming that the Soviet occupation authorities fully accomplished a complete "sovietization" of North Korea. See David Rees, *Korea: The Limited War* (Baltimore: Penguin, 1964), 19; David Dallin, *Soviet Foreign Policy after Stalin* (Philadelphia: J.B. Lippincott, 1961), 60; Robert Slusser, "Soviet Far Eastern Policy, 1945-1950: Stalin's Goals in Korea," in *The Origins of the Cold War in Asia*, ed. Yonosuke Nagai and Akira Iriye (Tokyo: University of Tokyo Press, 1977), 123-146; Robert A. Scalapino and Chong-Sik Lee, *Communism in Korea* (2 vols.) (Berkeley: University of California Press, 1972), 313; Dae-Sook Suh, *Kim Il Sung: The North Korean Leader* (New York: Columbia University Press, 1988), 61, 72; and Chong-Sik Lee, *The Korean Workers' Party: A Short History* (Stanford, CA: Hoover Institution Press, 1978). From Banseok Kwon, "International Relations and the Shape of National Identity in North Korea" (A.M. thesis, Harvard University, 2008), 7-9.

and at odds with—Soviet as well as Chinese preferences.<sup>92</sup> Therefore, North Korea’s military brinksmanship in the late-1960s should be understood vis-à-vis its own outlook and independent motives. Recent perspectives have convincingly argued that North Korea’s aggression at this time was an act of its indigenous policy-making and a result of its own pursuits of self-reliance.<sup>93</sup> Within this revisionist view, it is arguable that in 1968, Park perceived North Korea as a genuine threat warranting South Korean military reforms; and in fact, Park himself justified his self-reliant national defense policies on the basis of such a national security crisis. From Park’s point of view, North Korea appeared to be on a path of military self-reliance as well as “adventurism,”<sup>94</sup> as its relations with the Soviet Union and China deteriorated. South Korea was dealt a significant blow to its own sense of national security, as a more autonomous and unconstrained North Korea resorted to increased infiltrations to accomplish its own political agenda in relations with South Korea, largely by disrupting society and government. Park responded in kind with his own self-reliant national defense policy.

### **North Korean Adventurism in the Late-1960s**

The Sino-Soviet dispute of the 1960s placed the Kim Il Sung regime (1948-1994) in a perilous diplomatic position between its two traditional economic and military patrons that had

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<sup>92</sup> See Mitchell B. Lerner, *The Pueblo Incident: A Spy Ship and the Failure of American Foreign Policy*. (Kansas: University of Press of Kansas, 2002); Sergey S. Radchenko, “The Soviet Union and the North Korean Seizure of the USS Pueblo: Evidence from the Russian Archives” (Working Paper #47), CWIHP (Washington, DC: Woodrow Wilson International Center for Scholars, no date); Bernd Schaefer, “North Korean ‘Adventurism’ and China’s Long Shadow, 1966-1972” (Working paper #44), CWIHP (Washington, DC: Woodrow Wilson International Center for Scholars, 2004); see also Yang Süngham, Pak Myöngnim, and Yun Minjae, *Pak Chönghui (2): P’uebüllo ho sagön* (Söul: Yönsë taehakkyo Kukka kwalli yön’guwön, 2010).

<sup>93</sup> See, for examples, Ryu Kiljae, “1960 nyöndae mal Pukhan üi tobal kwa Hanmi kwan’gye üi kyunyöl,” in *Pak Chönghui sidae Hanmi kwan’gye*, ed. Han’gukhak chungang yön’guwön (Söul: Paeksan södang, 2009), 185-242; Lerner; Radchenko; and Schaefer.

<sup>94</sup> See Ryu Kiljae, “1960 nyöndae Pukhan üi sukch’öng kwa sult’anijüm üi tünjang,” *Kukche kwan’gye yön’gu* 9, no.1 (March 2004), 77-110; see also Schaefer, 39-40.

supported the regime since North Korea's nation building in the late-1940s. Chinese communist leaders opposed and refused to follow Nikita Khrushchev's (r. 1953-1964) de-Stalinization campaign to liberalize the authoritarian political system and to follow a policy of "peaceful co-existence with the West." As China remained critical of Khrushchev's reforms into the 1960s, the split forced communist camps worldwide to choose sides. Kim Il Sung lamented, "no country has suffered so much from the differences of opinion [between China and the Soviet Union] than the DPRK."<sup>95</sup> P'yŏngyang resisted Moscow's reforms, since they threatened Kim's totalitarian rule and personality cult built on Stalinist elements and also conflicted with Kim's vehement opposition to the US "imperialist" presence in South Korea. When P'yŏngyang supported China during the Sino-Indian border conflict in October 1962, as Moscow took the pro-Indian position, the Soviet government immediately cut military aid on which North Korea had heavily relied since the Korean War.<sup>96</sup> On December 10<sup>th</sup>, 1962, as Soviet military aid was withdrawn, the North Korean government declared its "self-reliance in national security,"<sup>97</sup> thus announcing a policy of 'self-reliant national defense' at least six years ahead of President Park's own initiative in 1968.<sup>98</sup>

While North Korea at this time began leaning more heavily on China for economic support, China, especially in the aftermath of failed economic reforms in the late-1950s, lacked the means to make up for the lost Soviet aid. On February 27<sup>th</sup>, 1964, at a meeting of the Central

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<sup>95</sup> "Changes in the Leadership of the Korean Workers party and the Government of North Korea," July 12, 1965, SAPMO-BA, Berlin, DY 30 (Translated for NKIDP by Bernd Schaefer), CWIHP, accessed October 31, 2015, <http://digitalarchive.wilsoncenter.org/document/111822>.

<sup>96</sup> The Soviet Union resumed its military aid to North Korea from 1966.

<sup>97</sup> Kukpangbu kuns'a p'yŏnch'an yŏn'guso. *Kukpang sagŏnsa, che 1 chip* (Sŏul: Kukpangbu kuns'a p'yŏnch'an yŏn'guso, 2012), 48.

<sup>98</sup> Park began his policy of self-reliant national defense with the establishment of the Homeland Reserve Forces in April 1968, along with domestic arms production to equip the reserve troops.



Committee of the Korean Workers Party (KWP), Kim Il Sung introduced his “Four Military Doctrines” (*sadae kunsu nosŏn*) to transform North Korea into a militarized garrison state independent of foreign military assistance.<sup>99</sup> The Four Military Doctrines included: (1) *chŏn inmin ŭi mujanghwa* (armament of the entire North Korean population); (2) *chŏn kukt’o ŭi yosaehwa* (fortification of the entire country); (3) *chŏn’gun ŭi kanbuhwa* (training all military forces as cadres); and (4) *kun changbi ŭi hyŏndaehwa* (modernization of military weapons).<sup>100</sup> In his speech at the Plenary Session of the KWP in October 1966, Kim publicly announced the Four Military Doctrines as part of his *Juche*<sup>101</sup> (“self-reliance”) ideology, stressing North Korea’s need for further independence from China and the Soviet Union.<sup>102</sup> With limited foreign military aid, North Korea relied mainly on guerrilla war tactics to reduce the armed forces’ dependency on advanced weapons and equipment from the Soviets.

Kim Il Sung’s commitment to self-reliance was reinforced by his deteriorating relations with China during the latter’s “Cultural Revolution” (1966-1976),<sup>103</sup> when the Chinese Red Guards led by Mao Zedong attempted to consolidate Maoist-Communist Orthodoxy in resistance to new reformist leaders in China. As Mao’s Red Guards expelled “revisionists” and “capitalists,” they also criticized Kim Il Sung and his regime as straying away from communist orthodoxy by asserting its own path through reforms.<sup>104</sup> On March 7<sup>th</sup>, 1967, the Soviet Embassy

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<sup>99</sup> Kim Ilsŏng, *Nam Chosŏn hyŏngmyŏng kwa choguk t’ongil e taehayŏ* (Chosŏn Nodongdang ch’ulp’ansa. 1969), 272-273.

<sup>100</sup> *Kukpang sagŏnsa, che 1 chip*, 48.

<sup>101</sup> Spelled as *chuch’e* in McCune Reichauer. *Juche* is the official North Korean spelling.

<sup>102</sup> Hamm, *Arming the Two Koreas*, 71.

<sup>103</sup> Schaefer, “North Korean ‘Adventurism’ and China’s Long Shadow, 1966-1972,” 39.

<sup>104</sup> *Ibid.*, 4.

in North Korea reported, "Events in China associated with the so-called 'Cultural Revolution' have seriously alarmed the Korean leadership, which has reason to fear its negative influence on the DPRK."<sup>105</sup> Red Guard hostility towards Kim and his regime endured through the late-1960s, prompting the Korean Workers' Party to criticize the Chinese Communist Party, and at times, brought the two neighboring countries "to the brink of armed conflict."<sup>106</sup> The dramatic falling out with China led P'yŏngyang to seek aid from the Soviet Union. Overall, though, the rift with China and ongoing Sino-Soviet disputes only solidified Kim's self-reliance policies and independent military buildup. Less restrained by its traditional allies, Kim also increasingly used military measures to advance his regime's interests against the US and South Korea.

North Korea's rising incursions from 1967 to 1969 were likewise driven by Kim Il Sung's own motives and goals beyond dealing with the pressures caused by Soviet and Chinese interests. First, Kim saw the US and South Korea allied in Vietnam (1965-1975) as an expansion of the American war on global communism, which had potential to spread into North Korea if the Vietcong were defeated. When Park dispatched hundreds of thousands of South Korean troops to Vietnam in the mid-1960s,<sup>107</sup> the North Korean leadership identified "the struggle of the Vietnamese people against the American imperialism as its own."<sup>108</sup> Waging its own war

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<sup>105</sup> "The DPRK Attitude toward the so-called 'Cultural Revolution' in China," March 7, 1967, AVPRF f. 0102, op. 23, p. 112, d. 24, pp. 13-23 (Obtained for NKIDP by Sergey Radchenko and translated for NKIDP by Gary Goldberg), CWIHP, accessed October 31, 2015, <http://digitalarchive.wilsoncenter.org/document/114570>.

<sup>106</sup> Shaefer, 3. In an October 1973 meeting with Tudor Zhivkov, First Secretary of the Bulgarian Communist Party, Kim Il Sung reflected on the Red Guards' extreme hostility towards North Korea during the Cultural Revolution. See Memorandum on the Conversation between Kim Il Sung and Todor Zhivkov, October 30, 1973, CWIHP, accessed November 11, 2016, <http://digitalarchive.wilsoncenter.org/document/114533>.

<sup>107</sup> The years in which South Korea dispatched its troops to Vietnam were 1965, 1966, 1967, and 1968.

<sup>108</sup> See "Report on a Meeting between Enver Hoxha and DPRK Ambassador An Yong," June 20, 1966, AQPPSH, MPP Korese, D 3, V. 1966 (Translated for NKIDP by Enkel Daljani), CWIHP, accessed September 15, 2015, <http://digitalarchive.wilsoncenter.org/document/114407>. This talk between the First Secretary of the Central Committee of the Albanian Labor Party, Enver Hoxha, and North Korean ambassador to Albania, An Yong, reveals

against the US and South Korea on the home front to distract them from Vietnam, North Korea caused commotion and crisis in the Korean peninsula, from 1967 onward.<sup>109</sup> Second, Kim Il Sung believed that instigating domestic instability in South Korea and demoralizing the people through frequent infiltrations would debilitate domestic support for Park's rule. Taking power by a coup in 1961, Park initially lacked popular support, a vulnerability that Kim sought to exploit through both military strategies and propaganda to provoke internal resistance against the Park regime.<sup>110</sup> Third, North Korea was threatened by South Korea's remarkable economic progress under Park's 1<sup>st</sup> Five-Year Economic Development Plan (1962-1966), which not only increased domestic approval of Park, but also drew contrasting attention to Kim's failed Seven-Year Economic Plan (1961-1967).<sup>111</sup> As Park's 2<sup>nd</sup> FYEDP (1967-1971) furthered his enormous progress through rapid industrialization, Kim escalated military threats and tensions to disrupt South Korea's economy and to keep the state in a perpetual war mode. Lastly, from 1967 to 1969, Kim purged his political rivals to gain full control of the Korean Workers Party and pave the way for his successor and son Kim Jong Il (Kim Chŏngil; 1941-2011), and these succession politics impacted relations with South Korea.<sup>112</sup> With the major upheaval in domestic politics, Kim

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the significance North Korean leadership placed on the Vietnam War and the motive for assisting the Vietcong with military aid against the US and South Korea.

<sup>109</sup> North Korea's provocations during this period included an attempt to assassinate Park by deploying 31 commandos to attack the Blue House in January 1968.

<sup>110</sup> As will be discussed later in the chapter, the results would prove to be opposite Kim's expectations, because South Koreans rallied behind Park's self-reliant national defense policy to counter guerrilla incursions and strengthen national security.

<sup>111</sup> The Park government's first 5-year Economic Development Plan (1962-1966) was so effective that, in 1966 alone, South Korea exported \$255.75 million worth of goods, far surpassing the government's original export target of \$117.5 million. See O, *The Korea Story*, 104, 117.

<sup>112</sup> In May 1967, Kim Il Sung purged his top senior officials and long-time comrades, Pak Kūmch'ŏl and Ri Hyosun, at the 15th Plenum of the Sixth Party Central Committee. In 1969, Kim Changbong, Minister of National Security and Ryŏ Ponghak, Commander in Chief of the Korean People's Army (KPA), were also purged, along with other top military officials. See Ryu, "1960 nyŏndae Pukhan ŭi sukch'ŏng kwa Sult'anijūm ŭi tūngjang," 81-82.

intensified the security crisis in Korea in order to unify North Korean leadership and people under the Kim family's rule against their "common enemies," South Korea and the US.

Kim Il Sung's spontaneous and irregular guerrilla offensives at this time involved small, highly mobile attacks, including raids, ambushes and rural combat, inspired by both Kim's own experience as a former guerrilla fighter in Manchuria and the successes of the Vietnamese struggles against the superior US military.<sup>113</sup> The number of North Korea's armed infiltrations into South Korea increased from 13 in 1966 to 121 in 1967, then reached 217 in 1968, nearly doubling those of the previous year.<sup>114</sup> The South Korean government responded with counter measures.<sup>115</sup> However, North Korea's string of bold provocations in 1968 raised tensions to new heights and brought the two Koreas closer to the brink of war than at any other time in the post-war period.<sup>116</sup> The year 1968 was pivotal in Park's decisions to (1) reorganize and expand national security forces through enlistment of civilian reserves, and (2) initiate a plan for domestic arms production. The determining incidents in 1968 were: the North Korean commando raid on the Blue House on January 21<sup>st</sup>, 1968; the capture of the US intelligence ship *Pueblo*, two days later, on January 23<sup>rd</sup>; and the raid of Uljin and Samch'ŏk by 120 armed guerillas, which took place on November 2<sup>nd</sup>, 1968.

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<sup>113</sup> Kim joined the guerrilla forces to fight against Japan's Kwangtung Army in Manchuria in the 1930s. See Joo-Hong Kim, "The Armed Forces," in Kim and Vogel, 176.

<sup>114</sup> Ryu, "1960 nyŏndae mal Pukhan ūi tobal kwa Hanmi kwan'gye ūi kyunyŏl," 186.

<sup>115</sup> South Korea's counter-measures included incursions into North Korea in 1967. See Memorandum of Conversation, Washington, September 15, 1967, *FRUS 1964-1968*, Vol. XXIX, No. 127 document; Taegyun Park, *An Ally and Empire*, 292; see also Ostermann and Person, eds., *Crisis and Confrontation on the Korean Peninsula, 1968-1969*, 41.

<sup>116</sup> Ryu, "1960 nyŏndae mal Pukhan ūi tobal kwa Hanmi kwan'gye ūi kyunyŏl," 186.

## The Blue House Incident

On January 21<sup>st</sup>, 1968, the all-officer 124<sup>th</sup> Army Unit of thirty-one armed North Korean commandos attempted to assassinate President Park Chung Hee by attacking the Blue House, the presidential residence in the heart of Seoul. Out of thirty-one commandos, twenty-seven were killed in action, three fled (two were later killed), and one, Lieutenant Kim Sinjo, was caught alive and taken captive. On the South Korean side, twenty-three soldiers were killed, and fifty-two were injured.<sup>117</sup> On January 22<sup>nd</sup> at 7:00 PM, at a TV press conference after his capture, Kim Sinjo testified to a shocked national audience that the North Korean commandos infiltrated South Korea “to cut off the head of Park Chung Hee.”<sup>118</sup> The incident prompted a national security crisis. The Minister of National Defense at the time, Kim Sŏngŭn (1924-2007), recalled the seriousness of the incident in his memoir:

When I think about it, I’m deeply appalled, because the [North Korean squad’s] assassination attempt of the president through their attack on the Blue House came so close to succeeding. At the time, the Blue House’s security was completely exposed to the enemy to a ridiculous extent...it was possible that they could have invaded the Blue House and killed the president [translation mine].<sup>119</sup>

Minister Kim Sŏngŭn surmised that the military strategists in North Korea who coordinated the attack must have thoroughly deciphered the Blue House security system through numerous spy incursions into the area.<sup>120</sup> Ashamed by the exposure of vulnerability, and feeling responsible for the incident, Kim even submitted a letter of resignation, which President Park rejected.<sup>121</sup>

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<sup>117</sup> Kim, *Korea’s Development under Park Chung Hee*, 104.

<sup>118</sup> Kim Sŏngun, *Na ŭi chan i nŏmch’i naida*, 794-795; Kim Sinjo’s press conference was also nationally broadcasted by radio.

<sup>119</sup> *Ibid.*, 785.

<sup>120</sup> *Ibid.*, 786.

<sup>121</sup> Park instead encouraged Minister Kim to focus on annihilating the rest of the North Korean guerrillas who fled. See Chŏng Chaegyŏng, *Pak Chŏnghŭi ilgi–Haengjŏk ch’orok* (Sŏul: Chimmundan, 1994), 252.

The North Korean commandos had also caused civilian casualties as they fled from the initial confrontation with the police, so the shock of the incident instantly united the Blue House, the Ministry of National Defense, internal security (national police), the Ministry of Communication, the National Assembly, and the media, as well as the entire Korean civilian population, in a concerted effort to eliminate all remaining commandos.<sup>122</sup> During the ensuing confrontations, the streets of Seoul were filled with gunfire, and civilian lives in Seoul were directly threatened in what amounted to the most serious national security situation since the Korean War.<sup>123</sup> One local resident's testimony captured the sense of threat felt throughout the city on the night of the Blue House Incident:

A little past 10:00 PM, I heard a strange sound of explosion and begin to wonder if it was an earthquake. After ten seconds, I heard the same sound of explosion so I went out to the front yard.... Afterwards it got quiet, and then thirty, forty minutes later, there was the same sound of explosion. Through the openings of the windows the sound of guns rang in, and everything was a war atmosphere, and everyone in town stayed up all night with fear [translation mine].<sup>124</sup>

In other testimonies, citizens expressed grievances against the North Korea guerrillas' intrusion and voiced the need to strengthen the national security measures.<sup>125</sup> Over the course of a month, citizens actively cooperated with the police, both by reporting and fighting off the remaining commandos and by denying them any aid, and thus the commandos were quickly defeated. Mass media played a major role in mobilizing citizen resistance and in thwarting commando efforts to obtain food or assistance from locals. When the captured Kim Sinjo bluntly confessed the commando plot, his widely aired confession was sensationalized in the media to stir the national audience and to rally support for President Park. Newspapers publicized civilian casualties and

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<sup>122</sup> *Kukpang sagõnsa, che 1 chip*, 121-126.

<sup>123</sup> *Tonga ilbo*, 22 January 1968.

<sup>124</sup> *Ibid.*

<sup>125</sup> *Tonga Ilbo*, 25 January 1968.

reported on rampages and armed confrontations by escaping commandos against civilians, helping the state to organize a national hunt of fugitives.<sup>126</sup> A telegram from the embassy of the Czech Republic (a socialist ally of North Korea) in North Korea reported on the Park government's anti-guerrilla measures as follows:

the last ones killed from the [North Korean guerrilla] group of thirty-one were physically weak and hungry, which among other things showed that by the very first appeals, South Korean propaganda was able to deter civilians from helping the armed group in any way. These propaganda efforts of South Korean ruling circles were also accompanied by internal measures that were aimed at practically every South Korean and strictly limited possibilities to provide meaningful assistance to members of the armed group.<sup>127</sup>

The report also detailed that “South Korean propaganda was able to sustain the wave of anti-Communism” by fully exploiting funeral ceremonies and deaths of civilians and police officers who were killed by the North Korean guerrillas.<sup>128</sup> The same Czech report noted that considerable political gains accrued to the Park regime as a result of the Blue House Incident, as the South Korean government had made “a complete success” out of the event, by “[turning] public attention from criticizing the [ROK] government, army and police to a more acceptable matter – against the DPRK.”<sup>129</sup> Im Tongwŏn,<sup>130</sup> who participated in the Joint Chiefs of Staff's design of the ‘self-reliant national defense’ policy at the military level, points to the incident as the decisive event in South Korea's new defense posture, as the regime then began raising the “banner of the self-reliant national defense system.”<sup>131</sup> Overall, the Blue House Incident in 1968

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<sup>126</sup> *Tonga ilbo*, 22 January 1968.

<sup>127</sup> “Pueblo and the U.S.-South Korean Relations: Political Report No. 11,” February 9, 1968, Archive of the Ministry of Foreign Affairs of the Czech Republic. No. 031/68. Papes 1-8 (Translated for NKIDP by Adolf Kotlik.), CWIHP, accessed September 1, 2015 <http://digitalarchive.wilsoncenter.org/document/116725>.

<sup>128</sup> *Ibid.*

<sup>129</sup> *Ibid.*

<sup>130</sup> Im worked as a head in strategic planning division in the Joint Chiefs of Staff (1973-1976) and participated in the JCS's design of the “self-reliant national defense” policy at the military level in 1973 after President Park's announcement of self-reliant national defense in 1972.

<sup>131</sup> Im Tongwŏn, *P'isŭmeik'ŏ* (Chungang Books, 2008), 146.

not only influenced security measures taken by the government, but also galvanized a collectively perceived national security threat for South Koreans and thus gained for Park the citizenry's commitment to his national mobilization campaign.

### **The *Pueblo* Incident**

The perceived North Korean threat was raised to a higher international level, when only two days after the Blue House Incident, the USS *Pueblo* (AGER-2), a US intelligence ship consisting of 83 crewmates, was captured by North Korea's navy ships and a fighter jet off the coast of Wŏnsan. During the initial confrontation, one crewmember was killed, three were wounded, and the rest of the crew was captured.<sup>132</sup> North Korea's daring action exposed the unaligned interests and fragility of the US-ROK security alliance. While the US government originally devised a plan for military retaliation against North Korea, it rescinded the plan later, due to US concerns over North Korea's escalating threats and the remote possibility that special operations into North Korea would succeed.<sup>133</sup> Further, President Lyndon Johnson, in a campaign year for re-election, prioritized the release of captured crewmates from North Korea, whereas Park demanded that the US first deal with North Korea's attack on the Blue House with the display of strong military response as an ally.<sup>134</sup> The Johnson-Park disagreement over appropriate responses to North Korea caused a political rift in the otherwise amicable relationship the two nations had enjoyed since 1965, when Park had agreed to send troops to Vietnam. As a further complication, North Korea completely denied attacking the USS *Pueblo*,

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<sup>132</sup> *Kukpang sagŏnsa, che 1 chip*, 149.

<sup>133</sup> Taegyun Park notes, "Only one spy infiltration mission [by the US and South Korea] had succeeded during the period between 1965 and 1967, and independent South Korean infiltration missions into North Korea had a low success rate." See Park, *An Ally and Empire*, 293.

<sup>134</sup> Mission of Cyrus R. Vance: Special Instruction, February 8, 1968, *Pueblo Crisis 1968*, vol. 3, Day-by-Day Documents, Part 11, Box 29, National Security File, Lyndon B. Johnson Library. In Yang, Pak and Yun, 21



and instead accused the US ship of aggressive intrusion into North Korea's coastal waters. Kim Chaebong, North Korea's Deputy Foreign Minister, framed the USS *Pueblo* Incident as an act of self-defense by North Korea against the "systematically hostile actions" of the "US imperialists" instigating a new war in the Korean peninsula.<sup>135</sup> Kim further stated,

This ship, which had committed acts of piracy, had been seized by us outside the harbor of Wonsan. The equipment of the ship: a fully armed spy ship of approximately 1.000 tons, a crew of 83, consisting of 6 officers, 75 sailors and two specialists. The two specialists are members of the notorious intelligence agency of the U.S.A. The enemies resisted our countermeasures, so one got killed and three were wounded, one of them severely. The spy ship is equipped with one air defense machine gun, dozens of guns, ten thousands [sic] rounds of ammunition and hand grenades, radar and other espionage equipment.<sup>136</sup>

The incident confused top American military, intelligence, and policy makers, who all believed the Soviet Union had instigated North Korea's capture of the ship as part of a scheme to distract the US from the ongoing Vietnam War and the war against communist forces internationally.<sup>137</sup> However, declassified Russian archival documents show that both of North Korea's patron nations, the Soviet Union and China, were actually thrown off guard by the incident, and Soviet officials were alarmed to think that Kim Il Sung might well have incited the US in order "to drag the Soviet Union into a war with the United States."<sup>138</sup> While North Korea's relations with the Soviet Union improved as a result of resumed military aid in the late-1960s, the two differed on their basic approaches to the US. Whereas Kim emphasized the imminent US threat to North Korea, the Soviets remained vigilant about avoiding war with the US. On January

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<sup>135</sup> Memorandum of the Foreign Ministry of the DPRK for the Ambassadors and Acting Ambassadors of All Socialist Countries Accredited to the DPR, January 24, 1968, MFAA C 1023/73 (Translated for NKIDP by Karen Riechert), CWIHP, accessed October 1, 2015, <http://digitalarchive.wilsoncenter.org/document/113715>.

<sup>136</sup> *Ibid.*

<sup>137</sup> Mitchell Lerner argues, "... American military, intelligence, and political leaders often ignored local factors in dealing with communist nations, whose defining characteristic was thought to be membership in the larger communist bloc... In planning and executing the *Pueblo* mission, American advisers neglected to do the one thing that was needed above all else: evaluate North Korea as North Korea rather than as a generic communist nation." See Lerner, *The Pueblo Incident*, 232; see also Radchenko, 13.

<sup>138</sup> Radchenko, 1-2.

24<sup>th</sup>, 1968, S. Golosov, Second Secretary of the Soviet Embassy in P'yŏngyang conveyed to a Romanian ambassador, Aurelian Lazar, "Soviet diplomats were extremely worried with respect to the unrestrained actions undertaken by the DPRK against the ROK (the January 21 attack in Seoul) and against the USA, manifested in the capturing of the military vessel AGER-2 [the USS *Pueblo*]." <sup>139</sup> Golosov further suggested, "there is a possibility that the North Koreans, taking advantage of the fact that the USA does not intend to get involved in a new conflict in Korea, are using the tense situation to make clear some aspects of the KWP's [Korean Workers' Party's] internal and external policies, and intentionally caused the incidents on January 21 and January 22 [*sic* January 23]." <sup>140</sup>

With these comments, new primary sources suggest that the North Korean leadership acted unilaterally in the *Pueblo* Incident, demonstrating Kim Il Sung's independent military policies in the late-1960s. The *Pueblo* Incident thus also revealed the Soviets' lack of control over its client nation. In this instance, the Leonid Brezhnev administration's (1964-1982) policy to ease the Cold War tensions and avoid conflicts with the US was compromised by Kim Il Sung's daring adventurism. <sup>141</sup> Unlike the Johnson administration, which assumed the Soviet role in the incident and actively engaged Soviet cooperation in the matter, President Park, who was certain of Kim Il Sung's proactive role in the capture of the ship from early on, urged the US to directly punish North Korea to prevent future intrusive acts. <sup>142</sup> Even more than North Korea's

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<sup>139</sup> Telegram from Pyongyang to Bucharest, Top Secret, No. 76.017, Flash, January 25, 1968, Political Affairs Fond, Telegrams from Pyongyang, TOP SECRET, 1968, Archive of the Romanian Ministry of Foreign Affairs (Obtained and translated for NKIDP by Eliza Gheorghe), CWIHP, accessed October 31, 2015, <http://digitalarchive.wilsoncenter.org/document/113944>.

<sup>140</sup> *Ibid.*

<sup>141</sup> Radchenko, 20.

<sup>142</sup> See Yang, Pak, and Yun, *Pak Chŏnghŭi (2): P'uebŭllo ho sagŏn*, 12, 191-193; "Excellency," February 20, 1968, Korea vol. 1 President Park Correspondence, Box 5, National Security File, Lyndon B. Johnson Library.

own actions, however, Park became further alarmed by the US refusal to retaliate, as it signified to Park unwillingness on the part of the US, as South Korea's so-called protector, to engage in the deepest conflicts in the Korean peninsula.

### **Establishment of Homeland Reserve Forces (HRF)**

Reflecting his diminishing confidence in the US security umbrella, two weeks after the *Pueblo* Incident, on February 7<sup>th</sup>, 1968, Park announced his plan to establish a civilian force of 2.5 million Homeland Reserve Forces (HRF),<sup>143</sup> and for the first time he declared the need to develop a domestic arms factory.<sup>144</sup> The citizens were to be armed through Korean-made arms in order to guard their own villages, towns, and cities and to be actively engaged in the South Korean military's counter-guerrilla, counter-insurgency and counter-espionage operations.<sup>145</sup> Park urged South Korea to “fundamentally alter its national defense posture,” in order to “defend through our strength as the first line of defense [prior to relying on US assistance].”<sup>146</sup> Thus the HRF reflected Park's intentions to reduce the defense burden on the ROK military and spread

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<sup>143</sup> Or *Hyangt'o yebigun* in Korean. While the HRF was the largest component of Park's civilian mobilization for “self-reliant national defense,” and it played an integral role in spurring Park's plan for domestic arms production in 1968, this dissertation's focus is on the civilian groups that were specifically mobilized to build and to fund the defense industry, such as businesses, their workforces and tax-payers. Therefore discussion of the HRF is limited here, even though it merits emphasis in the overall study of Park's self-reliant defense building.

<sup>144</sup> Taet'ongnyŏng pisŏsil [Presidential Secretariat], *Pak Chŏnghŭi taet'ongnyŏng yŏnsŏl munjip* [President Park Chung Hee's Speeches], che 5 chip (vol. 5), (Seoul: Tonga ch'ulp'ansa, 1969), 77. \*Hence on, this work, *President Park Chung Hee's Speeches*, is abbreviated as “PPCHS” through the rest of the chapter. See also Kim, *Korea's Development under Park Chung Hee*, 111-112.

<sup>145</sup> HRF was established as a paramilitary organization to promote the defense readiness of the cities, communities and regions from North Korean infiltrations at anytime. HRF reserve troops consisted of ex-military conscripts, who had completed the military service that was compulsory for all Korean men, then had been re-drafted to serve in the HRF reserve divisions near their homes. While receiving annual training in handling weapons, physical fitness and defense maneuvers against enemy intrusions, they remained close to their own cities, villages, or towns to protect them as units in times of intrusion, war or other emergencies. See US Library of Congress, Federal Research Division, *South Korea: A Country Study*, edited by Andrea Matles Savada and William Shaw (Washington, D.C.: US Government Printing Office, 1992), 287-288.

<sup>146</sup> PPCHS, vol. 5, 80.

national security responsibilities among the entire Korean population, throughout every local and rural community. In the same announcement, Park called for the “spiritual fortification” of the Korean people to fight the communists, and he criticized the traditional tendency of Korean society to depend on the military and United Nations forces for national defense.<sup>147</sup>

The opening ceremony of the newly established HRF was held in Taejŏn, on April 1<sup>st</sup>, 1968, under banners that read, “Let us work while fighting,” and “The defense of our village is in our hands.”<sup>148</sup> At the celebration, Park insisted, “The primary responsibility for our national defense lies with our nation, and it is also each individual citizen’s sacred and absolute duty. Our ally’s aid or collective security system is only to assist us and certainly not to bear any of our own responsibilities.”<sup>149</sup> From then on, the civilian local reserve troops of the HRF joined South Korea’s security forces, even participating in military drills and fighting operations against armed North Korean infiltrators and spies, missions which had previously been the exclusive responsibility of the ROK Army and the police.<sup>150</sup> All civilians, from the urban and coastal areas to the most remote villages, including farmlands, were urged to maintain vigilance against North Korean spies, who might appear anywhere, and to apprehend anyone suspected of spying, to defend their own communities against North Korean infiltrators on sight.<sup>151</sup> Soon, the HRF, which Park ordered to serve as “the eyes and ears”<sup>152</sup> of national security, “became the most comprehensive anti-Communist intelligence network in [South] Korea, encompassing entire

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<sup>147</sup> *Ibid.*, 76-77.

<sup>148</sup> Chung-yum Kim, *From Despair to Hope*, 402.

<sup>149</sup> PPCHS, vol. 5, 142.

<sup>150</sup> Kim, *From Despair to Hope*, 402.

<sup>151</sup> PPCHS, vol. 5, 80.

<sup>152</sup> *Ibid.*

communities, even the smallest units in rural and coastal areas, as well as government agencies and business communities.”<sup>153</sup>

However, while the general public accepted the establishment of HRF as a needed measure for national security, Park’s political opponents and liberal activists were vocal against involving ordinary civilians in armed conflicts. In spite of the compulsory military training (20 days out of 1 year) for the HRF reserves, objections were raised that civilian troops were ill prepared to fight off North Korean infiltrators.<sup>154</sup> Chang Chunha (1918-1975),<sup>155</sup> a member of the New Democratic Party (Sinmindang), strongly opposed the HRF from the start and proposed more rigorous training of the existing soldiers to bolster the security forces, as an alternative plan for using the civilian reserves.<sup>156</sup> Since President Park’s ruling party, the Democratic Republican Party (Minju Konghwadang), constituted the core leadership of the HRF, progressive opponents of Park criticized him for exploiting HRF to expand state control of people’s lives.<sup>157</sup>

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<sup>153</sup> Kim, *Korea’s Development under Park Chung Hee*, 112.

<sup>154</sup> Joining the HRF with the military as a national security force caused internal disarray, disorganization, incidents, and even weak morale and corruption in the national security structure, especially in the early stages. The Ministry of Internal Affairs and MND reports to President Park on the HRF documented rampant lack of discipline and order in the civilian reserves, including accidental shootings, mismanagement of weapon storage and corrosion of weapons, equipment theft, absenteeism or falsified attendance reports at mandatory training sessions, along with bribery and financial mismanagement by officers. The HRF as a security force created confusion of roles in the ROK military, law enforcement (police), and local HRF divisions, and breakdowns in the hierarchy of officers between the three branches and of military command, undermining joint security efforts. Poorly equipped and often ill-prepared civilian reserve units also suffered major casualties in the battles against North Korean infiltrators. See Presidential Secretariat, Naemu, kukpang yebi kun kwan’gyegwan hoeüi kyölgwa pogo, 6 May 1970, file no. EA0004329, PANAK; idem, Yebigun haptong kamsa kyölgwa pogo, 1 July 1970, file no. EA0004355; idem, 7 wöl chung yebigun haptong kamsa kyölgwa pogo, 18 August 1970, file no. EA0004383; idem, Naemu, kukpang yebigun kwan’gyegwan hoeüi kyölgwa pogo, 29 January 1971, file no. EA0004425.

<sup>155</sup> Chang Chunha was one of the progressive leaders who actively led democratic protests against the authoritarian Park regime. As a journalist, he also founded the progressive journal *Sasanggye*. His sudden death by accident in 1975 has been widely suspected as resulting from foul play on the part of the Park regime. See Park Ki-yong, “Suspicious death of activist could be reinvestigated,” *The Hankyoreh*, last modified August 16, 2012, accessed April 18, 2016, [http://english.hani.co.kr/arti/english\\_edition/e\\_national/547372.html](http://english.hani.co.kr/arti/english_edition/e_national/547372.html).

<sup>156</sup> *Kyöngnyang sinmun*, 27 April 1968.

<sup>157</sup> *Tonga Ilbo*, May 6, 1968; see also *Kyöngnyang sinmun*, May 2, 1968.

Nonetheless, the political climate created by North Korea's threats in 1968 enabled Park's ruling party to override all opposition and expand the HRF as the cornerstone of Park's national security initiative in the late-1960s.

### **The Uljin and Samch'ŏk Incident**

The HRF was called into action in a dramatic way following a large-scale incursion by North Korea on October 30<sup>th</sup>, 1968, as eight divisions of 120 men of the 124<sup>th</sup> Army Unit landed in Uljin and Samch'ŏk, on the East Coast, and moved into the Taebaek Mountains to establish guerrilla bases. As part of Kim Il Sung's tactic to instigate indigenous revolt against Park regime from the rear parts of the country, the guerillas began to conduct ideological education sessions among local civilians and forced the "educated" to accept membership in the Korean Workers Party (KWP), even killing some villagers who resisted. On November 3<sup>rd</sup>, after a local civilian reported the North Korean infiltrators, around 70,000 South Korean soldiers launched a counter-guerrilla operation and spent the next two months eliminating the guerrillas.<sup>158</sup>

The incident in Uljin and Samch'ŏk was interpreted by the South Korean government as North Korea's deliberate attempt to provoke a second Korean War, as such infiltrations in remote areas had rapidly increased from 1967 to 1968. Policy makers were alarmed by these infiltrations and viewed them as the North's efforts to create a two-front battle by mobilizing ideological opposition from both inside and outside South Korea.<sup>159</sup> While the massive guerrilla intrusion in Uljin and Samch'ŏk challenged South Korea's security at a new level, however, it also helped Park to mobilize civilian support. In particular, the HRF civilian reserve troops

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<sup>158</sup> Kukpang kunsŏ yŏn'guso, *Tae pijŏnggyu chŏnsa II, 1961-1980* (Sŏul: Kukpang kunsŏ yŏn'guso, 1998), 48; see also Hamm, 78.

<sup>159</sup> O, *The Korea Story*, 118-119; HGKK, vol. 7, 25.

played an important role in the ROK military's ensuing counter-guerrilla operation. The local civilians in Uljin and Samch'ŏk, being familiar with the region's terrain and mountains, provided valuable geographical assistance to the ROK military, through surveillance and guiding to defeat the guerrillas.<sup>160</sup>

### **South Korea's Response to Crisis**

Overall, the 1968 security crisis galvanized the collective empathy and will of government ministers, military officials, and the Korean people for the common goal of strengthening national security, which Park strategically exploited not only to expand the HRF, but also for domestic reforms that supported a new defense system.<sup>161</sup> At the government level, a high level strategic consensus was formed between the Blue House, state officials, and military leaders to push the establishment of the HRF, improve security measures against North Korean infiltrations, and expedite indigenous arms production.<sup>162</sup> Above all, Park's plan to integrate civilians into national security services was endorsed and supported by both the government and military leaders.<sup>163</sup> While some scholars debate the authenticity of North Korea's threats in 1968 and the necessity of Park's hardline security measures as a response, including his Yusin policy

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<sup>160</sup> Kim, *From Despair to Hope*, 402.

<sup>161</sup> Including the establishment of the Homeland Reserve Forces (1968), National Charter of Education (1968) and New Community Movement (1970).

<sup>162</sup> The previously mentioned Im Tongwŏn worked as a top military strategist in the Joint Chiefs of Staff under Park and shared the government's perception of national crisis at the time. Im, despite his later appointment as a high official under liberal President Kim Dae-jung (1998-2003), a strong critic of Park's escalation of North Korea's threats in the late-1960s, acknowledged that President Park's security assessment of the North Korean threat in the late-1960s was "correct." In an interview with the author, Pae Yŏngil, another military strategist under Park who also served as one of the founding committee members of the Combined Field Army (ROK/US) in the 1970s, confirmed that military leaders widely concurred with Park's reaction to North Korea's threats in the late-1960s. See Sin Ukhŭi and Cho Tongjun, *Kowi kwallyodŭl, Puk haek wigi rŭl marhada* (Kuksa p'yŏnch'an wiwŏnhoe, 2009), 168; Pak Pongsu, "1970-nyŏndae Han'guk chaju kukpang chŏngch'aek yŏn'gu," 174, 179; see also Pae Yŏngil, interview by author, February 2, 2012, Seoul, South Korea.

<sup>163</sup> Presidential Secretariat, Kukka anbo che 2 ch'a ch'ukso hoeŭi naeyong, 23 February 1970, file no. EA0004299, PANAK.

in 1972,<sup>164</sup> the Korean, American, and Russian diplomatic archives suggest that North Korea's security threat, at least as perceived by the ROK government at the time, was real, and that the 1968 incidents occurred as unilateral initiatives on the part of North Korea. The civilian and military reports, newspaper headlines and annual chronologies of the events similarly reveal that the sense of insecurity was not limited to the President and his close aides, nor even to the government and the ruling party, but was shared by the population nationwide. As through a chain reaction, these perceived threats in the security environment led to socio-economic restructuring for military modernization in South Korea.

The crisis of 1968 also undoubtedly proved advantageous to Park politically.<sup>165</sup> Through the North Korean threat, Koreans increasingly came to side with Park on issues of national security and economic development, which Park saw as crucial for national defense development. By winning citizen support for his national security measures, he was able to overcome opposition party leaders and the liberal movement that resisted his dictatorship. Military objectives were prioritized over any socially progressive agenda—even social welfare—advocated by many intellectuals and labor activists. In the atmosphere of crisis and anti-communism, in fact, it was nearly impossible to oppose the Park government's program. Domestic insecurities even supplied political justification for Park's amendments to the Constitution in 1969 and 1972, which he accomplished in the name of national security, and which also cinched his authoritarian rule over Korean society. At the same time, the Park government declared in December 1968 its intent to promote a nationalistic school curriculum

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<sup>164</sup> See, for examples, Hong Söngnyul, "1960 nyöndae Hanmi kwan'gye wa Pak Ch'önghui kunsä chönggwön," *Yöksa wa hyönsil*, no. 56 (2005), 297; Hamm, 78; see also Pak, "1960 nyöndae chungban anbo wigi wa che 2 kyöngjeron," ed. Chöng, 148-149.

<sup>165</sup> Sin Chongdae, "Han'guk chöngch'i üi Pukhan yoin yön'gu: 1961-72 nyön ül chungsim ũro" (Ph.D. diss., Sögang University, 2002), 158.



through the National Charter of Education, as well as its “\$1 billion export earnings target” to expedite national economic development in competition with the North.<sup>166</sup>

The 1968 crisis catalyzed military reforms that complemented the establishment of the HRF as well, including Park’s *ch’ongnyŏk anbo* (“total security”) campaign to prepare and ready the populace for a North Korean threat at any time or place, so that the entire nation’s strength could mobilize as a unified force in the event of an invasion.<sup>167</sup> The *ch’ongnyŏk anbo* campaign was displayed through weekly military drills and lectures for all male high school and university students, as well as through nursing education for all female students, in every local community throughout the nation.<sup>168</sup> As Park sought to equip the 20 divisions of HRF soldiers with domestically-produced weapons, he also relentlessly pushed the government agencies (*i.e.*, EPB, MND) and civilian enterprises to develop an industrial infrastructure to provide for domestic arms production, even seeking foreign capital to construct the “Four Core Factories” (a virtual code name for his defense industry).<sup>169</sup> The security crisis was exploited to gain full government, military and civilian business support for rapid development of the defense industry.

As noted above, while Kim Il Sung’s aggressive military strategy was intended to disrupt South Korea’s social stability and economic progress and to spawn domestic resistance against Park, the North Korean provocations also helped the Park regime to rally people’s support and quickly mobilize the nation for defense strengthening, while compressing rapid industrialization

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<sup>166</sup> Kim, *Korea’s Development under Park Chung Hee*, 105.

<sup>167</sup> Mun’gyobu, *Anbo kyoyuk mit Saemaül kyoyuk: Mobŏm saryejip* (Mun’gyobu: March 1972), 3.

<sup>168</sup> *Ibid.*, 11-29; see also Kim, *Korea’s Development under Park Chung Hee*, 112.

<sup>169</sup> Seok-Man Yoon, “POSCO: Building an Institution,” in Kim and Sorensen, 51. In 1969, Park ordered Kim Hangyŏl of the Economic Planning Board (EPB) to construct a domestic defense industry, which was code-named the “Four Core Factories,” consisting of heavy machinery, special steel, shipbuilding, and a pig iron foundry. However, when the EPB failed to secure sufficient foreign loans to fund the project, Park developed the alternative strategy which succeeded as the Heavy and Chemical Industrialization Plan (HCIP) in November 1971, the outcomes of which are elaborated in chapter 3.

into the relatively short period from the late-1960s through the 1970s.<sup>170</sup> In this sense, the “North Korea factor”<sup>171</sup> gave Park leverage with civilians who were needed for the state’s service.<sup>172</sup> As threats continued into the 1970s, national security concerns permeated all sectors of society, including opposing political parties.<sup>173</sup>

## II. The US Factor

North Korea’s provocations in 1968 reverberated through US-ROK relations, a bilateral dynamic which also introduced complexities apart from the North Korea factor. When the US decided not to retaliate against North Korea in the aftermath of the Blue House Incident, and then again following the *Pueblo* Incident, Park and his aides were embittered, especially in light of the fact that the attack on the presidential mansion could have ended President Park’s life. On the day of the *Pueblo* Incident, January 23<sup>rd</sup>, 1968, at the ROK Ministry of National Defense (MND)’s briefing with the USFK (US Forces in Korea) and UNC (United Nations Command), the ROK Minister of Defense, Kim Söngün, who was described by the USFK Commander Charles H. Bonestill as “emotionally irate,” expressed his frustration over the lack of US response to the North Korean attempt to assassinate President Park, as compared to the immediate response it showed after the capture of the *Pueblo*.<sup>174</sup> The US response to both the

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<sup>170</sup> Sin, “Han’guk chöngch’i üi Pukhan yoin yön’gu,” 145-159.

<sup>171</sup> *Ibid.*, 145.

<sup>172</sup> *Ibid.*, 151.

<sup>173</sup> The number of North Korean attacks on South Korea between 1971 and 1980, as verified by the headquarters of the ROK Army, was 190. See Yukkun ponbu, *Taech’imt’u chakchönsa: 1971-1980* (Kukkun inswaech’ang, 2011), 19.

<sup>174</sup> At the meeting, the ROK Minister of National Defense was also reported as stating that the MND “would refrain from retaliatory raids against North Korea for time being” at the insistence of the US’s strong prevention, “but if North Koreans made other significant raids, he would promise nothing further.” See Telegram from the Commander in Chief, United Nations Command, and Commander of United States, Korea (Bonesteel) to the Commander in

Blue House and *Pueblo* incidents damaged South Korea's trust of the US. While the US protection had previously served as the main deterrent to a North Korean invasion, the Park regime was now distressed by skepticism over the US security commitment and was gravely concerned about what more might follow in the form of North Korean provocations. Furthermore, despite South Korea's insistence on being included in negotiations with North Korea over the release of US captives following the capture of the *Pueblo*, the US held meetings exclusively with North Korean representatives,<sup>175</sup> leaving Park alienated and dismayed. After all, by sending the second-largest number of soldiers to the Vietnam War, he had previously assumed profound political risk on behalf of his US ally, despite South Korea's own preoccupation with threats from North Korea.

Over the subsequent meetings and exchanges of letters/telegrams with US military officials, the embassy in Seoul and the US government, South Korean leaders openly expressed disappointment and frustration over a US policy that seemed to offer peaceful and diplomatic solutions to the *Pueblo* Incident while dismissing any stronger counter-measures against North Korea's provocations. Park's officials continued to object to the US's lack of assertiveness and continued to threaten unilateral actions against North Korea, complaining that President Johnson was more concerned with his own reelection and with preventing war in the Korean peninsula than he was with supporting South Korea as a US ally. The US government noted the growing tension between the US and South Korea as follows:

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Chief, Pacific (Sharp), January 23, 1968, Department of State, INR/IL Historical Files, *Pueblo*, 23 January 1968 to December 1968, CWIHP, accessed October 31, 2015, <http://digitalarchive.wilsoncenter.org/document/113368>.

<sup>175</sup> After a series of negotiations between North Korea and the US, the captured crewmembers were released by North Korea on December 23<sup>rd</sup>, 1968.

In the ROK view, our diplomacy has placed excessive emphasis on the [*Pueblo*] crew rather than NK aggression, and this belief has seriously strained US/ROK relations. Numerous actions to repair this damage are under consideration.<sup>176</sup>

President Johnson sent his special envoy Cyrus B. Vance to Seoul from February 11<sup>th</sup> to 12<sup>th</sup>, 1968, to assure President Park of the US commitment to South Korea and “to secure Park’s personal assurance not to take unilateral action against the North.”<sup>177</sup> The grueling negotiations between Vance and the irate Park yielded rewards and costs for both parties. While Vance was able to deter a unilateral attack on North Korea, the US’s biggest concern, he was not assured of Park’s long-term restraint.<sup>178</sup> Park secured an additional \$100 million in military aid, along with the US concession to support construction of an M-16 plant in South Korea, but he was refused a guarantee on future US military retaliation against North Korean infiltrations. In the end Park’s trust in the US security commitment was weakened.

As Vance failed to mend the Johnson administration’s relationship with Park, Park’s persistent demands for military measures against North Korea and ongoing threats to retaliate drove a deeper wedge in the US-ROK alliance. Shortly after Vance’s meeting with Park, Walt Whitman Rostow, Special Assistant for National Security Affairs (1964-1968) to President Johnson, relayed to Johnson the following message:

The South Koreans continue to feel that we have placed emphasis upon the *Pueblo* case at the expense of attention to the North Korean raiders’ attempts on President Park’s life. They also feel that, in general, we

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<sup>176</sup> North Korean aggression and the *Pueblo* incident, Possible future strategies, undated, *Pueblo Crisis 1968*, vol. 3, Day-by-Day Documents Part 12, Box 29, National Security File, Lyndon B. Johnson Library. In Yang, Pak and Yun, *Pak Chŏnghŭi (2) Pueblo-ho sagŏn*, 203.

<sup>177</sup> Vance’s special mission included conveying to President Park: (1) the need for the immediate release of the USS *Pueblo* and its crew as the priority; (2) the *Pueblo* Incident’s impact on US domestic politics in a year of re-election for Lyndon Johnson; (3) an appreciation for the two allies’ close communications, trust and confidence in each other in such a troubled time; (4) Johnson’s assurance of a strong US commitment to the defense of South Korea once the USS *Pueblo* and its crew were returned. See Mission of Cyrus R. Vance: Special Instruction, February 8, 1968, *Pueblo Crisis 1968*, vol. 3, Day-by-Day Documents Part 11, Box 29, National Security File, Lyndon B. Johnson Library. In Yang, Pak and Yun, *Pak Chŏnghŭi (2) Pueblo-ho sagŏn*, 198-199; see also Kim, *Korea’s Development under Park Chung Hee*, 105.

<sup>178</sup> Park, *An Ally and Empire*, 295-296.

are too patient in the face of North Korean provocations and that this is giving misleading and possibly very dangerous signals to North Korea and her allies.<sup>179</sup>

When asked by President Johnson for the reasons behind Park's unceasing frustration and anger at the US, Vance explained:

Because we did not permit any retaliatory action on the attack on Blue House. The depth of feeling over that is very deep. It was considered a personal affront and a loss of face. They considered it very serious that the raiders got within 300 yards of Blue House bent upon killing the President and his family.<sup>180</sup>

On April 14<sup>th</sup>, 1969, President Park's fears over the US's security commitment were exacerbated, when North Korea shot down an American EC-121 reconnaissance plane in the international airspace about 80 miles from the North Korean border, killing thirty-one crew members. Four days later, in a telegram from the US Embassy in Seoul to the Department of State, William Porter, the US Ambassador in South Korea, conveyed the following message from President Park to the newly elected President Richard Nixon (1969-1974):

President [Park Chung Hee] said he wants to convey to President Nixon his firm belief that this incident will be repeated again as soon as North Koreans have an opportunity. Choice seems to lie between making them [*i.e.*, North Koreans] understand by a counterblow that they cannot count on continued patience and restraint as they pursue their aggressive policy, or we [*i.e.*, South Koreans] can give up our right to operate on and over international waters.<sup>181</sup>

Despite Park's insistence, Nixon, decided in the end to forego any military retaliation against North Korea, for fear of getting involved in another civil war in the Korean peninsula, especially amid the American public's increased criticism of the ongoing Vietnam War.<sup>182</sup> As Nixon rode to the election of president on the wave of anti-war protests in the US, with his criticism of the

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<sup>179</sup> Memorandum for the President: Status of Pueblo Case, February 20, 1968, President Park Correspondence, Box 258, Korea, vol. 1, National Security File, Lyndon B. Johnson Library. In Yang, Pak, and Yun, 210-211.

<sup>180</sup> Notes of the President's Meeting with Cryus R. Vance, February 15, 1968, *FRUS*, 1964-1968, Vol. XXIX, Part 1, Korea, Document 180.

<sup>181</sup> Telegram From the Embassy in Korea to the Department of State, April 18, 1969, *FRUS*, 1969-1976, Vol. XIX, Part 1, Korea, 1969-1972, Document 18.

<sup>182</sup> Kim, *Korea's Development under Park Chung Hee*, 106.

US involvement in the Vietnam War and its armed confrontation in a foreign civil war, his political concerns far outweighed President Park's insistence on South Korea's security.

### **The Nixon Doctrine**

Viewed in retrospect, the Nixon administration's passive response to the EC-121 incident, which increased Park's distrust of the US, actually served as a prelude to Nixon's shocking announcement of the foreign policy which came to be known as the "Nixon Doctrine" (or "Guam Doctrine"), in Guam in July 1969.<sup>183</sup> During his tour of Asia, Nixon held an informal gathering with reporters on July 25<sup>th</sup>, 1969, in which he elaborated on his administration's foreign policy and answered questions from the reporters. Here Nixon stated, "...But as far as our [the US's] role is concerned, we must avoid the kind of policy that will make countries in Asia so dependent upon us that we are dragged into conflicts such as the one we have in Vietnam."<sup>184</sup> In response to a reporter's question, Nixon reiterated that the US would "honor its treaty commitments," but he added,

...as far as the problems of internal security are concerned, as far as the problems of military defense, except for the threat of a major power involving nuclear weapons, ... the United States is going to encourage and has a right to expect that this problem will be increasingly handled by, and the responsibility for it taken by, the Asian nations themselves.<sup>185</sup>

During his stop in Bangkok, Thailand, on July 29<sup>th</sup>, 1969, at a meeting with the US ambassadors serving in Southeast Asia, Nixon reiterated, "Where [*sic*, the] problem is internal subversion,

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<sup>183</sup> The Nixon Doctrine came as a shock to President Park and other Koreans, but it was consistent with the Nixon administration move toward "détente" – or, the alleviation of Cold War tensions between the US and communist regimes of the USSR and PRC. Nixon's shift of US foreign policy influenced the US withdrawal of troops in March 1971, shortly before Henry Kissinger's famous China visit in July 1971 that led to the historical East-West détente.

<sup>184</sup> Editorial Note, July 25, 1969, *FRUS, 1969–1976*, Vol. I, Foundations of Foreign Policy, 1969–1972, Document 29.

<sup>185</sup> "279 - Informal Remarks in Guam With Newsmen," July 25, 1969, *The American Presidency Project*, Richard Nixon; Editorial Note, July 25, 1969, *FRUS, 1969–1976*, Volume I, Foundations of Foreign Policy, 1969–1972, Document 29.

countries must deal with problem[s] themselves. We will help—but not [with] American ground forces.”<sup>186</sup> From the beginning of Park’s military rule in 1962, the presence of US troops had not only guaranteed his regime’s stability but also South Korea’s national security, allowing the country to focus on its economic development. Nixon’s declaration of new foreign policy and his subsequent remarks confirmed Park’s concerns about the US abandoning its security commitment in Asia.

On August 21<sup>st</sup>, 1969, during a meeting with President Nixon in San Francisco, Park attempted to convince Nixon of the urgency of South Korea’s security situation, interpreting Kim Il Sung’s intent “to have the American troops stationed in the ROK withdraw as they have done in South Vietnam, alienate the ROK from the U.S. and have the U.S. not intervene when anything happens in Korea.”<sup>187</sup> At the same time, Park was realistic about US public pressure on Nixon to withdraw the US from foreign conflicts and the inevitable downsizing of US security forces. Making his case for keeping troops in South Korea, yet acknowledging Nixon’s position and South Korea’s eventual need to develop its independent military abilities, Park reiterated his urgency for stronger US military aid to modernize the ROK military as the best way to reduce the US security involvement in Korea:

The strengthening of ROK defense would check these provocations of Kim and have him give up the idea of invading the South by force. A way to achieve this objective is to strengthen the equipment and combat capability of the ROK forces rather than to strengthen U.S. forces in South Korea, to the extent that the ROK can singlehandedly resist North Korean invasion, since the U.S. has various commitments all over the world.<sup>188</sup>

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<sup>186</sup> Memorandum of Conversation, July 29, 1969, *FRUS, 1969–1976*, Vol. I, Foundations of Foreign Policy, 1969–1972, Document 31.

<sup>187</sup> Memorandum of Conversation: Talks Between President Nixon and President Pak, August 21, 1969, *FRUS, 1969–1976*, Volume XIX, Part 1, Korea, 1969–1972, Document 35.

<sup>188</sup> *Ibid.*

Park did not expect the US to permanently commit to South Korea's defense, and he had also by this time sought to develop South Korea's self-reliant national defense independently. Nixon agreed that Park and his government's efforts "toward military and economic self-reliance [were] the correct road to take."<sup>189</sup> The two presidents' mutual support for South Korea's indigenous military modernization contrasted with the traditional US policies that had deterred Koreans from developing their own weapons and had rendered the ROK military totally dependent on the US weapon imports for most of the 1960s.<sup>190</sup> As a result of Nixon's shift, by the year 1970, "the development of South Korean self-sufficiency in the production of defense materiel [*sic*, material] had essentially become the formal policy of the United States,"<sup>191</sup> a policy that endured throughout the 1970s. Nixon assured President Park at the meeting that the US would "not retreat from the Pacific area and we will not reduce our [security commitment]" to South Korea, especially when North Korea's provocations were at a peak.<sup>192</sup> Nevertheless, on November 24<sup>th</sup>, 1969, just three months after his meeting with Park, Nixon ordered Henry Kissinger, the National Security Adviser, to draft plans by the end of the year to reduce the US troops in South Korea by half.<sup>193</sup> The US then actually reduced the troops by about one-third in 1971.

### **The US Withdrawal of Troops**

The Nixon Doctrine dramatically transformed US foreign policy through the US withdrawal from Indochina and the US détente with the Soviet Union and China. The idea of

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<sup>189</sup> *Ibid.*

<sup>190</sup> CIR, 76.

<sup>191</sup> *Ibid.*, 78.

<sup>192</sup> Nixon to Kissinger, November 24, 1969, Box H-41, NSC Institutional Files, NPMS. See Ma, "Pak Chŏnghŭi wa nambuk taehwa," in *Pak Ch'ŏnghŭi sidae rŭl hoego hada*, ed. Yi, 138-139.

<sup>193</sup> Nixon to Kissinger, November 24, 1969, Box H-41, NSC Institutional Files, NPMS.



removing the USFK troops from South Korea unsettled Park the most. On March 20<sup>th</sup>, 1970, based on the National Security Decision Memorandum (NSDM) 48, “Following NSC review of U.S. policy and programs toward Korea,” President Nixon “decided to reduce the U.S. military presence in Korea by 20,000 personnel by the end of FY [Fiscal Year] 71.”<sup>194</sup> Less than a week later, the US ambassador in Seoul announced to Park Nixon’s plan to remove the 7<sup>th</sup> division of the USFK, which was around 20,000 troops. The announcement shocked Park, because he had been led to believe that the US would not begin the inevitable downsizing of troops until South Korea developed sufficient economic ability to fully support its own military modernization, which Park had planned to achieve at the earliest by 1975.<sup>195</sup> As Nixon remained firm on the withdrawal plan, Park nevertheless continuously pleaded with the US and the UN that the modernization of the ROK military must take place before the US troop withdrawal.<sup>196</sup>

On August 24<sup>th</sup>, 1970, US Vice President Spiro Agnew visited South Korea to explain the Nixon administration’s withdrawal policy as well as to negotiate the terms of the plan. In meetings with Park, August 25<sup>th</sup>-26<sup>th</sup>, Agnew also sought to explain the US rationale. As Kim Chŏngnyŏm, the Chief of Staff under President Park, recalled,

US Vice President Agnew explained that the Nixon Doctrine was a foreign policy in response to the US people’s opposition of US military intervention in foreign countries, and consequently, the size of the US military would be reduced. The US Vice President also added that it was necessary to decrease military expenditures because of the US’s fiscal circumstances. He also said that, as a part of the doctrine, the US established a plan to steadily reduce its military bases and troops stationed in foreign countries. He explained that as a part of the plan, the 7<sup>th</sup> US Army Division stationed in Korea would be withdrawn by the end of June 1971, when the US government’s 1970 fiscal year ended.<sup>197</sup>

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<sup>194</sup> National Security Decision Memorandum 48, March 20, 1970, *FRUS*, 1969–1976, Vol. XIX, Part 1, Korea, 1969–1972, Document 56.

<sup>195</sup> Ma, “Pak Chŏnghŭi wa nambuk taehwa,” 146.

<sup>196</sup> Letter, UNCURK Principal Secretary Kuzbari to UN Chef de Cabinet Narasimhan, July 31, 1970, “International incidents and disputes - Korea - correspondence (603.1),” Executive Office of the Secretary-General, S-0196-0003-06, United Nations Archives and Records Management Section (UN ARMS), New York, NY (Obtained for NKIDP by Charles Kraus), CWIHP, accessed October 1, 2015, <http://digitalarchive.wilsoncenter.org/document/117445>.

<sup>197</sup> Kim, *From Despair to Hope*, 396.

Vice President Agnew promised increased military aid to South Korea in exchange for the withdrawal of US ground troops in Korea. However, while Park requested of Agnew that the US pay approximately \$3 billion over the next five years for the modernization of South Korea's military equipment in exchange for the US troops withdrawal, Agnew agreed to only \$1.5 billion assistance for military modernization over the same five-year period (1971-1976).<sup>198</sup> Park and Agnew engaged in long and heated debates over the US commitment to South Korea's long-term security, military aid, and troop withdrawal, and the two sides agreed to hold further discussions at future talks to determine the final agenda, including Park's request for US assurance that it would not remove more than 20,000 US troops from South Korea.<sup>199</sup> However, on his way to board the plane to leave South Korea, Agnew, contradicting his agreement with President Park, told American news reporters that the US planned to withdraw all of the USFK forces—not only the 7<sup>th</sup> Division—from South Korea within five years.<sup>200</sup> Therefore, the Park regime in reality had only until 1976 to modernize its military and establish an independent national security. When the 7<sup>th</sup> Division of the USFK pulled out in March 1971, the ROK military took charge of defense at the 155-mile military demarcation line (ceasefire line, often referred to as the “Korean Demilitarized Zone,” or DMZ) for the first time since the end of the Korean War.<sup>201</sup> From the

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<sup>198</sup> The National Security Council had already determined the amount of military aid that would be granted to South Korea, prior to the Park-Agnew meeting in August 1970. See Memorandum From Laurence E. Lynn, Jr., of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), February 26, 1970, *FRUS, 1969–1976*, Vol. XIX, Part 1, Korea, 1969–1972, Document 53.

<sup>199</sup> O, *The Korea Story*, 121, 123.

<sup>200</sup> Kim, *From Despair to Hope*, 398.

<sup>201</sup> See Presidential Secretariat, Chuhanmi 7 sadan e taehan kakha ūi ch'iha ch'insŏ kŏnūi, 25 March 1971, file no. EA0004436, PANAK.

Park regime's perspective, US withdrawal in the face of ongoing threats by North Korea necessitated the quickest possible upgrade of South Korea's self-defense abilities.

Later declassified files explain the deeper logic behind the Nixon administration's decision to withdraw troops. Aside from political and fiscal demands within the US for reduced military involvement in Asia, Nixon considered military factors in South Korea. Nixon's policy advisers determined that the ROK military, along with the existing US and UN enforcement in South Korea, was already sufficiently equipped and positioned to defend a North Korean attack, especially without the latter's support by the Soviets or Chinese. A memorandum to Kissinger from Laurence E. Lynn, Jr., of the National Security Council Staff, for example, reveals that the NSC concluded: (1) "a decision to withdraw a U.S. division and to maintain an 18 or 19 division ROK force structure involves no military risks of any significance [to South Korea]"; and (2) "we [the US] need not 'modernize' the entire ROK 18 or 19 division force structure to enable them to defend themselves against the present or likely future North Korea force structure."<sup>202</sup> These documents show that the Nixon administration fundamentally disagreed with President Park's assessment regarding North Korea's military threat, and US authorities believed that Park was intentionally exaggerating the security situation.<sup>203</sup> The general position held by the US military at the time was also that the Soviet Union and China, from which North Korea would need "considerable material and probably military personnel assistance" for any sustained

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<sup>202</sup> Memorandum From Laurence E. Lynn, Jr., of the National Security Council Staff to the President's Assistant for National Security Affairs (Kissinger), February 26, 1970, *FRUS, 1969–1976*, Vol. XIX, Part 1, Korea, 1969–1972, Document 53.

<sup>203</sup> Telegram 2147 from Seoul, April 27, 1970, POL 23-7 KOR S. RG 59, NA. In Ma, "Pak Chŏnghŭi wa Nambuk taehwa," 140

military operations, would not support Kim Il Sung in a unilateral launch of an invasion into South Korea and risk another Korean War.<sup>204</sup>

Notwithstanding the Nixon administration's assessment of the North Korean threat in the late-1960s, Park's perspective on South Korea's security situation merits further appreciation from an indigenous and psychological standpoint. Although the ROK military, along with the UN and reduced US troops, may have indeed had the capabilities to defend South Korea using conventional warfare in the event of a North Korean invasion, Kim Il Sung's strategy of unconventional and small-scale provocations had a disproportionately negative impact on South Korea's political and social stability.<sup>205</sup> The Park regime had already experienced the immediate impact of North Korea's guerilla incursions and the consequent national unrest that was stirred through deep fear among the citizenry. The NSC had failed to evaluate the full implications of North Korea's sporadic and seemingly "small" threats to South Korea's national security and domestic stability, also underestimating the ongoing ideological and political warfare between the two Koreas, in which both regimes constantly sought to present the image of the other as illegitimate, vulnerable, and weak.

While Park certainly tactically exploited the crisis to encourage stronger domestic unity, the "shock value" of North Korean infiltrations unsettled South Koreans about their exposure to outside threats, reinforcing a public image of the Park regime as "unprepared" for Kim Il Sung's tactics.<sup>206</sup> The frequency and ease with which North Korean guerrillas infiltrated South Korean regions, as well as a demonstrated willingness to sacrifice their own lives in battle, had the

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<sup>204</sup> US Department of State, Foreign Service Institute, *United States Air Force Pacific Bases in the 70's: A Case Study*, by William L. Roche, R6735 (Washington, D.C., April 1971), 5.

<sup>205</sup> Ma, "Pak Chŏnghŭi wa nambuk taehwa," 142.

<sup>206</sup> Kim, "The Armed Forces," in Kim and Vogel, 174-175.

potential and real psychological effect of undercutting South Koreans' confidence and sense of security. For Park, then, North Korea's continual threats, without any punitive measures to thwart them, undermined the sovereignty and long-term security of South Korea in its rivalry with North Korea. Furthermore, in terms of strategic planning, while the Kim Il Sung regime had full control over North Korea's incursions and war planning, Park needed US permission to launch any attack on North Korea in response, due to the US Operational Control (OPCON) over the ROK military. Therefore, the ROK military was held in perpetual in check.

Even more significantly, in terms of independent military capabilities, North Korea had already, ahead of South Korea, begun rapid industrialization and military modernization, advanced in part by massive Soviet military aid in the late-1950s and early 1960s.<sup>207</sup> North Korea's superior industrial capability was demonstrated in its capacity to equip the entire military with modernized domestic weapons in the late-1960s.<sup>208</sup> Meanwhile, as a result of the US arms restriction policy set in the 1960s, South Korea did not even have a defense industry in the late-1960s. While South Korea's participation in the Vietnam War in the late-1960s rewarded the Park government with the US five-year military aid package (1966-1971) to subsidize ROK military modernization, the US inability to deliver full assistance caused setbacks in the plan. Further, North Korea domestically produced modern Soviet guns (AK-17's), whereas South Korean soldiers relied on US-supplied M-1 rifles, which the Ministry of National Defense

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<sup>207</sup> HGKK, vol. 7, 24-25.

<sup>208</sup> By 1968, North Korea had capacities to produce its own heavy artillery, ammunition, explosives, and automatic firearms. See Presidential Secretariat, Miguk pangsŏng kukche anjŏn tamdang pu ch'agwanbo wa ūi hoedam kyŏlgwa pogo, 4 November 1968, file no. EA0002502, PANAK.

(MND) complained were “heavier, longer, and slower” than the lighter and more modern firearms produced in North Korea, and the disadvantage had real implications for battle.<sup>209</sup>

Besides having outdated arms, the ROK military also relied entirely on US military aid to purchase all guns and ammunition. Immediately after the establishment of the HRF in April 1968, then, President Park pursued South Korea’s independent guns and ammunition development and production to arm 2.5 million HRF reserves and 600,000 ROK military soldiers, disregarding US restraints. Pressured by Park’s all-out efforts and negotiations with foreign suppliers to acquire a domestic gun factory, the US State Department finally agreed to the construction of an M-16 rifle plant in South Korea in May 1968, even though the negotiations dragged on for three years.<sup>210</sup>

### **Park’s Initiatives in Response to the Nixon Doctrine**

As the Nixon administration announced its plan to withdraw the US troops from South Korea in 1970, and as South Korea was equipped with glaringly obsolete military supplies, the Park regime also understood that the US aid of \$1.5 billion, in contrast to Park’s original request of \$3 billion, would not be sufficient to modernize the entire ROK military. Frustrated with US passivity, including the unwillingness to transfer advanced weapon technologies to South Korea, Park sought to develop indigenous weapons and military technology independent of US constraints.

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<sup>209</sup> Due to the M-1 rifle size, its weight and its unsuitability for the physiques of Korean soldiers, the military had trouble fighting off North Korean infiltrators. See Presidential Secretariat, Miguk pangsŏng kukche anjŏn tamdang pu ch’agwanbo wa ūi hoedam kyŏlgwa pogo, 4 November 1968, file no. EA0002502, PANAK.

<sup>210</sup> See CIR, 77; see also Kim, *From Despair to Hope*, 402-404.

As a first step, on August 6<sup>th</sup>, 1970, Park's "Presidential Order 5267" established the Agency for Defense Development (ADD), a special juridical institution under the MND.<sup>211</sup> Consisting of top civilian researchers in science and technology, the ADD became the central institution in South Korea's domestic weapons R&D and advancement of technology for Korean-made weapons.<sup>212</sup> The US State Department and US Embassy in South Korea did not view the ADD with approval, but instead questioned Park's motives for establishing a separate weapons-specializing institute, since the incumbent Korea Institute of Science and Technology (KIST)<sup>213</sup> had capacity to research the development of the basic weapons within its facilities.

US suspicions were heightened in response to Park's Weapons Exploitation Committee (WEC), which the US knew only as "a covert, ad hoc governmental committee responsible to the Blue House for weapons procurement and production,"<sup>214</sup> and which worked in close coordination with the ADD for weapon procurements from abroad. In the early-1970s, the WEC, which included Park's senior secretaries, the Minister of National Defense, and director of the ADD, as well as a handful of top military advisers and scientists, made secret expeditions to foreign weapon plants in Taiwan, Norway, France, Switzerland, England, and Israel to study advanced defense industries outside of the US.<sup>215</sup> The primary objective of the WEC was to procure select weapon technologies that the US had banned from South Korea, including nuclear

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<sup>211</sup> Kukpang kwahak yŏn'guso, *Kukpang ūi ch'osŏk 40 nyŏn, 1970-2010* (Taejŏn: Kukpang kwahak yŏn'guso, 2010), 160, 209.

<sup>212</sup> KKYS, vol. 3, 97; see also Kim, *From Despair to Hope*, 416–417.

<sup>213</sup> KIST (Korean Institute of Science and Technology) was established in 1965 as a think tank and a research institute with the funding provided by the US for South Korea's participation in the Vietnam War.

<sup>214</sup> CIR, 79.

<sup>215</sup> *Ibid.*, 79-80; see also Im, *P'isŭmeik'ŏ*, 146.

arms and precision missiles, which Park considered indispensable for South Korea's self defense against North Korea, given the withdrawal of US troops.

Park then officially implemented his vision to develop a self-reliant national defense by launching South Korea's Five-Year Military Modernization Plan (1971-1976). In February 1971, the ROK finalized its agreement on the US withdrawal of the 7<sup>th</sup> Infantry Division in return for a \$1.5 billion military assistance program, which provided the funding to kick start Park's new military program.<sup>216</sup> The next month, three years into the overall negotiations, the MND finally signed the M-16 contract with the US defense contractor Colt Industries, which held the patent on M-16 rifles.<sup>217</sup> However, the US delayed building the M-16 factory in South Korea until 1973, and Korean soldiers continued with the M-1 rifles, vintage American World War II machines.<sup>218</sup>

While the Nixon Doctrine formally gave South Korea unprecedented access to procure US weapons and technology through assistance of Technological Data Packages (TDPs), the US never offered a "blanket endorsement of Korean defense production."<sup>219</sup> US policymakers suspected that if South Korea had higher weapon capabilities an arms race might ensue in East

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<sup>216</sup> As a result of this agreement, the 7<sup>th</sup> Infantry Division withdrew from South Korea the following month, March 1971. See also Kim, "The Armed Forces," in Kim and Vogel, 177; However, South Korea's military modernization suffered a setback when, soon after the agreement, the US Congress cut the budget for military aid to Korea.

<sup>217</sup> The negotiation to build an M-16 factory dragged on partly as a result of the Colt Industries' preference to have South Korea purchase instead of manufacture the M-16s. The agreement to build the factory was finally signed on March 31<sup>st</sup> and April 22<sup>nd</sup>, 1971. See "Memorandum of Understanding between the Government of the Republic of Korea and the Government of the United States of America Relating to the Establishment of an M-16 Rifle Production Program in Korea," in Kukpangbu kunsu p'yŏnch'an wiwŏnhoe, *Kukpang choyakchip, 1945-1980, che 1 chip* (Sŏul: MND, 1981), 467; see also CIR, 81, 83, 352.

<sup>218</sup> The ammunition for Korean-made M-16s was supplied locally through the Poongsan Corporation's construction of the domestic ammunition factory in 1973. See Horikane, 372; see also HGKK, vol. 7, 25; see also Memorandum of Conversation: Talks Between President Nixon and President Pak, August 21, 1969, *FRUS, 1969-1976*, Vol. XIX, Part 1, Korea, 1969-1972, Document 35.

<sup>219</sup> CIR, 79.



Asia, or the ROK might even unilaterally invade North Korea to demand reunification.<sup>220</sup>

Furthermore, while the Nixon Doctrine substantially withdrew US military supports in Asia and promoted “self-defense abilities” by its allies, the US continually enforced its policies in the region, also interfering with South Korea’s own military initiatives.<sup>221</sup> According to the US House of Representatives Committee on International Relations in 1978, “the United States [in the 1970s] followed an ambiguous policy with respect to Korean self-sufficiency that both left the door open to Korea to pursue its own goals, and probably created uncertainty as to the exact intentions of the United States.”<sup>222</sup> The inherent contradictions in US policies exacerbated Park’s suspicions about US intentions and security commitments.<sup>223</sup>

Overall, both the geopolitical context and the available primary sources are consistent with the argument that North Korea’s behaviors and US policies in the late-1960s triggered Park’s decision to implement a self-reliant national defense policy for building an independent defense industry. Given the popular democratic protests against Park’s military regime in South Korea, it would have been politically impossible for Park to institutionalize an aggressive defense modernization project at the national level with full governmental, military, and public backing, except for the fact that North Korea had leveled sufficient threats to change the security

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<sup>220</sup> In fact, US policy restriction on South Korea’s arms development preceded Park, extending all the way back to the regime of Rhee Syngman (1948-1960), who had publicly endorsed South Korea’s forceful reunification with North Korea through military means. Like Park, Rhee had been frustrated by the US refusal to grant more arms support to South Korea, a policy which he believed had hindered Korean reunification. See *Tonga ilbo*, August 8, 1954; see also Myunglim Park, “The ‘American Boundary’, Provocation, and the Outbreak of the Korean War,” *Social Science Japan Journal* 1, no. 1 (April 1998), 40.

<sup>221</sup> Nolan, *Military Industry in Taiwan and South Korea*, 25.

<sup>222</sup> CIR, 86.

<sup>223</sup> Park also learned early on that his assertions and displays of independence ironically offered the quickest route to securing greater US military assistance. That is, the US would release weapon technologies only when pressured to do so. That pressure came when the independent ROK development of said technologies appeared imminent. For more on this dynamic, see chapter 5 on the Yulgok Operation.

environment in the late-1960s. The shocking US Nixon Doctrine, followed by troop withdrawal and arms restrictions in this context presented the South Korean leadership with a crisis that necessitated fundamental restructuring of its national defense system, both practically and conceptually. Altogether, the international crises in the late-1960s helped to create a political and security environment favorable to justifying Park's self-reliant national defense policy, his plan for an independent defense industry, and his chosen measures of control and mobilization of society.

### **III. Internal Factors: Nationalizing *Chaju Kukpang* in South Korea**

The factors discussed in the foregoing can be called “external” and “tangible” drivers of policy and movement, whereas the influence of Park's personal agency through ideological mobilization of the populace constituted “internal” and “intangible” (cultural and psychological) factors driving South Korea's self-reliant national defense movement. The former were outside of Park or his government's realms of control for the most part. The latter were to a much greater degree under his personal and political influence. To grasp how he designed and implemented the self-reliant national defense policy, it is essential to understand Park's ideology and his personal connection to and influence on the national culture. Park's speeches and writings suggest his strong belief that a cultural transformation at a deep level of the Korean people's implicitly-held collective philosophy on national defense had to take place prior to the material transformation of national defense and development of the defense industry.<sup>224</sup> Therefore, history should account for the ways in which Park's ideological and cultural campaigns

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<sup>224</sup> Hyung-A Kim and Taegyun Park have mentioned Park's efforts to fundamentally transform the Korean people's ideology and attitude in regard to economic development and national defense. See Kim, *Korea's Development under Park Chung Hee*, 111; Pak, “1960 nyōndae chungban anbo wigi wa che 2 kyōngjeron,” in Chōng, *Pak Chōnghŭi sidae yōn'gu ŭi chaengjōm kwa kwaje*, 145-151.

mobilized the Korean citizens while also laying fertile ground for the radical and costly development of an independent defense system in South Korea. The following sections examine Park's ideas and methods for transforming people's consciousness on national security and discuss how Park apparently succeeded in shaping and transforming the people—mentally and spiritually (that is, intangibly and internally)—to support his new defense agenda.

### **Park's Self-Reliant National Defense Ideology**

At a press conference on January 9<sup>th</sup>, 1970, Park elaborated on his concept of 'self-reliant national defense' for the first time, stating that it meant, "acquiring enough national power so that the ROK Armed Forces will be able to *independently* and adequately deter and destroy a North Korean invasion [*italics mine*]." <sup>225</sup> According to O Wŏnch'ŏl, the president's declaration meant, "We should be responsible for the defense of our own country," a cause to which Park "devoted his life." <sup>226</sup> As South Korea did not have its own defense industry in the late-1960s, Park 'self-reliant national defense' policy centered on indigenous arms production to equip the military and reserve troops with Korean-made arms without US military aid. The second principle in Park's self-reliant national defense included a civilian-based "total security system," as previously mentioned. <sup>227</sup> At a time when South Korea was profoundly deficient in national resources to establish an industrial base on which to build its own national defense industry apart from US support, Park cultivated civilian ownership and leadership in national security development and modernization, and he pursued the new defense system by engaging the will of

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<sup>225</sup> See PPCHS, vol. 7, 28; see also Pak Ilsŏng, "'Chaju kukpang chŏngch'aek ūi ch'ujin kwa kun ūi hyŏndaehwa, 1970-1997,'" *Kunsa*, no. 68 (August 2008), 100.

<sup>226</sup> O, *The Korea Story*, 124, 419.

<sup>227</sup> Cho'e Chongch'ŏl, "Han'guk ūi chaju kukpang t'aese hwangnip – 1970-nyŏndae ūi kukpangsajŏk ūiŭi," *Han'guk chŏngch'aek hakhoe*, no. 6 (July 1998), 196.

the people through this motive and vision. Park determined that a strong national drive and effort to “protect one’s own country with one’s own power” was critical for his agenda to succeed.<sup>228</sup> In his view the necessary will had to be fueled by a people’s self-consciousness, that they, as the owners of the land, must autonomously compose, build and sustain the national security power as the main subjects of national defense.<sup>229</sup>

As a model, Park often drew from Israel, a self-reliant national defense program suited to application in South Korea. Despite being a small state surrounded by larger neighbors, like Korea, Israel had an independent ability to defend itself through strong civilian participation in its defense industry and a vibrant domestic defense industry, which supplied advanced arms for the Israel Defense Forces (IDF), achievements that Park admired and praised.<sup>230</sup> Park also often referred to Meiji Japan (1868-1912) and its modernization of the Japanese economy and military, as an historical model of national development to be applied to South Korea’s economy and modernization.<sup>231</sup> Indeed, Park’s dual promotion of “self-reliant national economy” (*charip kyŏngje*) and “self-reliant national defense” (*chaju kukpang*) harked to the rallying cry of the modernization movement in Meiji Japan, “*fukoku kyōhei* (富國強兵),” meaning “rich country,

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<sup>228</sup> Min Pyŏngch’ŏn, “Chaju kukpang ūi kaenyŏm kwa Han’gukchŏk chŏgyong munje,” *Kukpang yŏn’guje* 30 (1971), 24.

<sup>229</sup> *Ibid.*

<sup>230</sup> President Park even sent a numerous teams of policy makers and military advisers to Israel to explore its “fountain of strength”. For example, from April 1<sup>st</sup> to May 5<sup>th</sup>, 1970, an expedition team was sent to study Israel’s military background, strategies, organization, training, arms procurement, reserve army, the 6-day war, and other topics. When Park established the ADD, he ordered the ADD to set goals for South Korea to achieve independent weapon system capacity on a par with Israel by 1976. See PPCHS, vol. 5, 108; Im, *P’isŭmeik’ŏ*, 146; see also Presidential Secretariat, Isŭrael sich'al (kunsu punya) kwiguk pogo kŏnŭi, 18 July 1970, file no. EA0004367, PANAK.

<sup>231</sup> Chungang ilbo t’ŭkpyŏl ch’wijae t’im, *Sillok Pak Chŏnghŭi* (Sŏul, Chungang M&B, 1998), 117-118; Kim Chŏngnyŏm, *A Pak Chŏnghŭi*, 116-117; *Kyŏnghyang sinmun*, 15 January 1971; see also *Kyŏnghyang sinmun*, 1 April 1970.

strong military” (or “enrich the country, strengthen the military”), or “*puguk kangbyŏng*” in Korean.

As noted above, notwithstanding the prominent influence of external threats in the late-1960s and 1970s, Park’s agenda must be examined partly as a by-product of his own political ideology and will, influenced also by his historical interpretations of Korea.<sup>232</sup> Park sought to fully draw indigenous empathy, strength, and resources from the Korean people’s historical and cultural discourse. Describing Korea’s history as “a history of suffering and foreign invasion,” in his writings, Park often criticized Korea’s past lack of internal strength for self-development, noting the “absence of the spirit of national independence”<sup>233</sup> and traditional reliance on foreign powers. These conditions rendered Korea perennially vulnerable to both internal disorder and external subjugation by neighboring nations. In Park’s words,

That ours has been a history of suffering is not just a dogmatic assumption. In view of our national character and geopolitical position, ours has been a history of internal pauperization, and internal and external oppression.<sup>234</sup>

At the core of Park’s vision was the concept of national independence from the foreign intrusions, in view of Korea’s protracted history of uninterrupted interventions and raids by powerful neighboring countries competing over expansionist goals. Park’s ideal of self-reliance can also be seen as a microcosm of his contemporaneous Koreans’ sentiments, which had developed through Japanese colonization (1910-1945), tragic national division as sanctioned amid superpower conflicts of the Cold War, a devastating civil war, and extreme poverty.<sup>235</sup>

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<sup>232</sup> Young Jak Kim, “Park Chung Hee’s Governing Ideas,” in Kim and Sorensen, 99.

<sup>233</sup> Park Chung Hee, *Our Nation’s Path: Ideology and Social Reconstruction* (Seoul: Hollym Corporation, 1970), 123.

<sup>234</sup> *Ibid.*

<sup>235</sup> The Korean War (1950-1953) presented Korea with interventions by the United States, the Soviet Union (through arms assistance), and China.

Especially since the North Korean invasion that had provoked the Korean War (1950-1953), strong waves of anti-communism swelled in South Korea, which were expressed through a collective drive for developing a stronger national defense, a concern that was reinforced by a constant sense of threat from the North.<sup>236</sup> Park honed the nationalist message of self-reliance to resonate with the post-Korean War populace, which had collectively endured the long trials and difficulties of national weakness amid international conflicts over supremacy, a generation which held onto a self-perception of perpetual victimization as well as a deep distrust of the larger powers. Park's ideals thus met with the receptivity of a collective hunger for national independence. In this regard, Chung-in Moon (Mun Chŏngin) and Byung-joon Jun (Chun Pyŏngjun) have observed,

Park's ideational structure was by and large a reflection of the South Korean people.... Park's modernization can be seen as the crystallization of the aspirations of the South Korean populace, who struggled to overcome backwardness, poverty, and military vulnerability.<sup>237</sup>

Evidence that such a hunger for national independence was deeply at work among Koreans of the day is found in the prominently cited term *chaju* ("self-reliance"), a representation which was used not only by Park, but also by Kim Il Sung in the North. The central theme of the latter's state ideology was *Juche* ("self-reliance").<sup>238</sup> So, both Korea independently promoted similar "self-reliant" ideals and policies even against their patron

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<sup>236</sup> During the 1950s, President Rhee Syngman's staunch anti-communist ideology and his ruling party's mobilization efforts to deter domestic communism had already imbued South Korean society and culture with anti-communist ideals. See, for example, *Tonga ilbo*, December 3, 1958.

<sup>237</sup> Chung-in Moon and Byung-joon Jun, "Modernization Strategy: Ideas and Influences," in Kim and Vogel, 138-139.

<sup>238</sup> Today, *Juche* (*chuch'e* in McCune Reischer) is a core term of ultra-nationalist ideology in North Korea. The term literally rendered is 'main body.' In North Korean scholarship *Juche* has also been rendered "independent stand," "self-sufficiency," and "self-reliance"—translations which more specifically suggest the basis of the cherished Korean essence. *Juche* asserts Korean nationalism in the utmost extreme, as a form of nationalism in which *minjok* (民族), or the collectivity of people sharing the same ethnicity and comprising the (Korean) nation, must be absolutely independent from foreign political intrusions, and in which Koreans must at all costs remain loyal to their nation and its leader. See Kwon, "International Relations and the Shape of National Identity in North Korea," 54.

nations throughout the 1960s and 1970s,<sup>239</sup> despite their political and ideological differences (capitalism vs. communism). Their identical postures reflected their shared sense of historical oppression and victimization by foreign aggression, the defining cultural feature of Korean nationalism.

### **Mental and Cultural Reforms**

From early on, Park believed that cultural transformation of the Korean people at a philosophical level related to national defense had to take place prior to the material transformation of the national defense system or the development of the defense industry. Accordingly, one of the core agendas of his self-reliant national defense was the full integration of the people into the defense establishment along with a full installation of national security responsibilities among Korean citizens. Although the South Korean people had historically-cultivated, deep aspirations for national independence and sovereignty, they had not established practices or social structures to directly engage with the exclusive domain of the military or government affairs. Park criticized Korean traditional practices and attitudes and called for the fundamental transformation of people's "mental attitude" (*chǒngsinjŏk chase*)<sup>240</sup> towards national security in response to outside threats in late-1960s.<sup>241</sup> Park's speeches from 1968 on increasingly stressed his agenda to transform the *mentality* of the government, the military, and

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<sup>239</sup> As mentioned earlier in this chapter, Kim Il Sung himself pursued the "self-reliant national defense" for North Korea's military starting in 1962. He began promoting his "*Juche* ideology" as a national doctrine in the 1970s, prioritizing the ideal. Likewise, Park in South Korea promulgated self-reliant national defense policy from the late-1960s to the 1970s.

<sup>240</sup> President Park's speeches in 1968 often emphasize the importance of change in people's mental attitude for South Korea's security and modernization. See PPCHS, vol. 5.

<sup>241</sup> PPCHS, vol. 5, 78.

the Korean people.<sup>242</sup> In this regard, he also saw himself setting forth a new philosophy and outlook on national defense.

Park began to preach the need for change in mental and cultural realms as early as 1967, in order to complement South Korea's export and economic development,<sup>243</sup> during the year in which South Korea also suffered increasing incursions by North Korean guerillas. While one of Park's officials, Minister Pak Ch'unghun of the Economic Planning Board (EPB), had first mentioned the "Second Economy" (*che 2 kyŏngje*) on November 11<sup>th</sup>, 1967, the concept began to receive national attention at Park's New Year's press conference on January 15<sup>th</sup>, 1968, shortly before North Korea's guerrilla attack on the Blue House on January 21<sup>st</sup>, 1968.<sup>244</sup> In response to a reporter's inquiry into the term, "Second Economy," Park explained,

The Second Economy is not the academic term that was used before or drawn from any scholarship...it is a term that I came up with and if it is not the appropriate term, I think it doesn't matter if it can be revised to a different word. But it means that while we are building our economy, which requires our efforts into the visible physical and material realm, at the same time, our *mental attitude* must be correct in order to more efficiently pursue the 'economic development' or 'modernization movement' [italics mine; translation mine]...<sup>245</sup>

Park argued that this intangible, immaterial, mental aspect, the people's mindset—or, the "Second Economy"—should be fundamentally transformed in order to complement the development in the physical and material economy, or the "First Economy"<sup>246</sup> (*che 1 kyŏngje*). While the nation's modernization, economic construction, and increased exports were all important, just as vital was what the eyes did not see, including the cultural and spiritual mindset

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<sup>242</sup> Park had been discussing what he called *chŏngsinjŏk hyŏkmyŏng*, or "mental revolution," since the beginning of his military regime in 1961. In 1968, after his decision to build a defense industry, he more actively promoted similar notions. See Pak Chŏnghŭi, *Uri minjok ŭi naagal kil* (Tonga ch'ulp'ansa, 1962).

<sup>243</sup> Pak, "1960 nyŏndae chungban anbo wigi wa che 2 kyŏngjeron," 147-148.

<sup>244</sup> *Ibid.*, 148 -149.

<sup>245</sup> PPCHS, vol. 5, 35.

<sup>246</sup> *Ibid.*, 37.



of Koreans, which Park suggested should develop in parallel with physical developments.<sup>247</sup>

Park called for a revolution in the inherent national character and sought to inculcate Koreans with a new ideological frame that would alter their historical and cultural discourse from inside out, even outlasting the material developments.

With this call, Park declared the “Second Economy Movement” in South Korea for the “spiritual” development of discipline, economic frugality and hard work to drive Koreans’ efforts in strengthening national security and increasing South Korea’s per capita income to US \$200 dollars by 1969.<sup>248</sup> Due to ideological emphasis and Park’s use of the term “Second Economy,” however, Park’s critics and political opponents (as well as later scholars) accused him of attempting to sweep non-economic factors into the economic developmental model in order to establish his ideological rule over all areas of society and politics while subverting democracy, a charge Park denied.<sup>249</sup> Kim Yonghwan, the former vice minister of the economy under Park, elaborated on Park’s vision and rationale:

President Park Chung Hee believed that the economic development would be impossible without the citizens’ burning energy within their agreement and participation. For this purpose, first, Park believed that the defeatist mentality in people’s underlying consciousness had to be eradicated and that the mental revolution, which transforms it [*i.e.*, the defeatist mentality] into confidence, was necessary. Thus, Park thought that the people’s confidence was so important that it should even be specifically labeled; hence the term, “Second Economy” [translation mine].<sup>250</sup>

Park’s concept of “Second Economy” was akin to the early 20<sup>th</sup>-century Korean nationalist leader Yi Kwangsu’s *Minjok kaejoron* (theory of national transformation), which sought an

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<sup>247</sup> *Ibid.*

<sup>248</sup> Three days later, on January 18<sup>th</sup>, 1968, Park’s ruling party formed a special promotional committee to implement the nation’s “Second Economy Movement.” See Chŏng Chaegyŏng, *Pak Chŏnghŭi silgi*, 252; see also Kim, *Korea’s Development under Park Chung Hee*, 136.

<sup>249</sup> PPCHS, vol. 5, 40; Kim, *Korea’s Development under Park Chung Hee*, 136; see also Pak, “1960 nyŏndae chungban anbo wigi wa che 2 kyŏngjeron,” 117-153.

<sup>250</sup> Kim Yonghwan, *Kaebal nyŏndae wa IMF wigi si ŭi chaejŏng, kŭmyung chŏngch’aek pisa* (Sŏul: Maegyŏng ch’ulp’an, 2006), 284.

internal and ideological transformation of the Korean people by cultivating minds for independence and enlightenment, while under Japanese colonial rule.<sup>251</sup> Indeed, Park's usage of the term "Second Economy" portended the state's drastic conversion of citizens in a superstructural realm in order to support the state's economic and industrial programs for defense development.

### **National Mobilization**

Park's national mobilization for cultural reformation throughout the late-1960s and the 1970s targeted civilians as primary subjects of ideological transformation to assert his plan for a radically new national security system. As Park presented self-reliant national defense as a national movement in which all Korean citizens held a stake, the mobilization program aimed to cultivate an ideal citizenry at ideological and cultural levels. Under this campaign, the state apparatus, through modernization projects, social and educational reforms, and military enlistments, conscripted the people's active and sacrificial service for national security.

The establishment of the Homeland Reserve Forces in 1968, perhaps more than any other program, reflected the fundamental transformation of the civilian role in South Korea's defense, as for the first time, citizens shared national security duties, through their participation in drills with the ROK military and police as well as in counter-guerrilla operations. In the same year, through a new National Charter on Education, the Ministry of Education actively proliferated anti-communist, nationalist and developmental ideals to indoctrinate Korean students in the

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<sup>251</sup> For more on Yi Kwangsu and his idea of *Minjok kaejoron*, see Michael Robinson, *Cultural Nationalism in Colonial Korea, 1920-1925* (Seattle: University of Washington Press, 1988), 71-75.

government's vision for self-reliant national defense in a way that appealed to both their historical and contemporaneous situations.<sup>252</sup>

The state implementations of the Administered Mass Organizations (AMOs), such as *Saemaül undong* (New Village Movement) in 1970,<sup>253</sup> were especially effective as cultural and educational tools of indoctrination for Park's modernization and defense ideals. Through *Saemaül*, a rural developmental campaign that inculcated the "spirit of *chaju*" (self-reliance) in the local populace, Park promoted the independent Korean spirit, work ethic and nationalistic loyalty to the state, based on virtues identified with Korean history and traditional values.<sup>254</sup> The idea of self-reliance in *Saemaül* became a collectively imbued notion, making it easier for Koreans to embrace self-reliant national defense policy and support it.

Park's national mobilization, amid the security crises in the late-1960s, laid foundations for his authoritarian rule to carry out highest priority, which was military modernization. Park began extensively limiting freedoms under the pretext of national security as the US withdrew the 7<sup>th</sup> Infantry Division in 1971. On December 6<sup>th</sup>, 1971, Park declared a "National State of Emergency" stating, "At the present time...the threat from outside is extremely urgent."<sup>255</sup> Less than a year later, on October 17<sup>th</sup>, 1972, Park declared what became known as the Yusin (translated, "Restoration" or "Revitalization") system under martial law, which on the one hand

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<sup>252</sup> Cho Hüiyŏn, "Pak Chŏnghŭi sidae ūi kangap kwa tongŭi: Chibae, chŏnt'ong, kangap kwa tongŭi ūi kwan'gye rŭl tasi saenggak handa," in *Taejung tokchae* 2, ed. Im Chihyŏn and Kim Yongu (Sŏul: Ch'aek sesang, 2005), 177.

<sup>253</sup> *Saemaül Undong* is sometimes referred to as "the New Community Movement" in English. On Administered Mass Organizations (AMOs), such as *Saemaül undong*, which mobilized the modernization of rural villages and industrial factories in the 1970s, see Moon Sangseok, "Mechanism of Mass Mobilization and Creating State Citizens During the Economic Development Period: A Case of South Korea," Ph.D. Dissertation (The University of Texas at Austin, 2008).

<sup>254</sup> With the inception of *Saemaül*, Park often promoted traditional agrarianism, which glorified rural life as the essence of the Korean nation. See Gi-Wook Shin, *Ethnic Nationalism in Korea*, 107.

<sup>255</sup> PPCHS, vol. 8, 501.

nullified opposition parties and the National Assembly, and on the other hand guaranteed Park's lifetime presidency through no term limitations. Backed by the Yusin system, the Park government fully mobilized domestic agencies, including private businesses and labor, as well as their facilities and resources, in order to embark on South Korea's indigenous arms production under Heavy and Chemical Industrialization (HCI) policy (1973).

Park's promulgation of Yusin and its authoritarian policies stirred strong democratic protests by the opposition party, intellectuals, students and workers. Park's political opponents accused Park of "piggybacking" on the security threats posed by North Korea as a way to implement his domestic policies, including the establishment of the HRF, the National Charter of Education, and the national ID registration, all as methodically instituted to strengthen the regime's control of the populace, ultimately to impose his dictatorship under Yusin.<sup>256</sup> For example, Kim Dae-jung,<sup>257</sup> a long-time liberal critic of the Park regime and an opposition party leader in the late-1960s and 1970s, accused Park of escalating tensions with North Korea as a means to rationalize his iron-grip political rule.<sup>258</sup> Like Kim, Park's liberal critics viewed the government as exploiting the internal scene, capitalizing on a purported security crisis, and even purposefully escalating whatever real tensions were created by North Korea, in order to concoct the myth of a threat to national sovereignty.<sup>259</sup>

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<sup>256</sup> Many scholars who studied the Park era supported this reasoning, arguing that Park had meticulously planned the path to his totalitarian rule under Yusin. See Hong, "1960 nyŏndae Hanmi kwan'gye wa Pak Ch'ŏnghŭi kunsŏ chŏnggwŏn," *Yŏksa wa hyŏnsil*, no. 56 (2005), 297.

<sup>257</sup> Kim would later become the eighth president of South Korea, serving from 1998 to 2003.

<sup>258</sup> *Kyŏnggyang sinmun*, 22 April 1971; see also Ma Sangyun, "Tet'angt'ŭ ŭi wihŏm kwa kihoe-1970 nyŏndae ch'o Pak Chŏnghŭi wa Kim Taejung ŭi anbo insik kwa nolli," *Segye chŏngch'i* 14 (2011), 118.

<sup>259</sup> See Taegyun Park, "Beyond the Myth: Reassessing the Security Crisis on the Korean Peninsula during the mid-1960s," *Pacific Affairs* 82, no. 1 (Spring 2009), 93-110.

In sum, while it might never have attracted a completely unanimous effort, Park's self-reliant national defense ideology and policy resonated with large segments of populace. Park crafted a message of "self-reliance" that appealed to nationalist sentiments of Korean people on the basis of their historic oppression and national grievances, striking a chord with their longings to evoke a drive to achieve national self-reliance. His perception of external threats and the need to protect national sovereignty also connected with the citizenry's intensive alertness to security issues. In the end, national mobilization and cooptation by state apparatuses instituted a full conscription of citizenry into the national security structure to ensure that Park's defense plans would be executed to the fullest extent. Throughout the process, Park endeavored to transform the collective consciousness of the people as willing, patriotic, and sacrificial agents of national security independence, which Park deemed necessary to achieve his purposes.

#### **IV. Conclusion**

As North Korea's provocations in 1968, followed by the Nixon Doctrine of 1969, led Park to question the ROK's existing system of national security, he ultimately developed a radical response which led to a transformation of South Korea's government, military, economy, and society, within the span of a decade. The international crisis created an environment conducive to Park's self-reliant national defense ideals and programs, including independent arms production and the implementation of Yusin reform, thus giving the systematic push that drove defense industrialization in the 1970s.

While democratic progress was set back in South Korea, Park's security-first policies expanded state power to mobilize the Korean populace towards building national defense capabilities. As Koreans had already developed a longing for a stronger national defense, Park seized the perceived national security emergency as an occasion to ignite the Korean people's

fervor and national pride for the cause of guaranteeing sovereignty (*i.e.*, self reliance) through military modernization (*i.e.*, national defense). Therefore, his mobilization efforts were directed toward mentally and culturally shaping and transforming the people to strive for a ‘self-reliant national defense’ through building the requisite industrial and military projects in the 1970s.

Through the combination of Korean people’s extremely heightened fears and Park’s control, vision and persuasion, the state mobilized a consenting—or, at the very least, compliant—general population. While not all Koreans agreed with Park’s politics nor contributed proactively (or voluntarily) to Park’s self-reliant national defense campaigns, they did, as the state’s *kungmin* (or, ‘national citizens’)<sup>260</sup> participate in the prevalent national movement in one way or another. As a result, eventually a self-reliant national defense was shaped through what might be described as an incongruous yet formidable coalition of the state and its civilians.

The indigenous defense industry that did develop, in fact, transcended what might have otherwise been a more basic national security and industrial project. The ‘self reliant national defense’ developed as a cultural symbol of national dignity and independence. By the mid-1970s, Park’s pursuit of a self-reliant national defense had become such a forceful movement that it appeared to have been a natural outgrowth of an inexorable direction in South Korean politics, so much so that even the leaders of the opposition party could not entirely resist the tide of nationalism and defense development. Eventually, South Korean society across all sectors, except for Park’s harshest critics and liberals, accommodated itself to the situation. As he channeled the dynamic and proactive agency of a consenting labor force and entrepreneurs into momentous streams of national development, Park in the 1970s effectively secured active

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<sup>260</sup> See Moon Sangseok, “Mechanism of Mass Mobilization and Creating State Citizens during the Economic Development Period,” 59.

civilian participation in the HCI program, thereby establishing the basis of an indigenous arms production.

## Chapter 3 Defense-Centered Heavy and Chemical Industrialization

In 1971, when Park Chung Hee appointed O Wŏnch'ŏl the head of the Second Economic Secretariat (SES; Kyŏngje che-2 pisŏsil) in the Blue House,<sup>261</sup> placing him in charge of developing South Korea's defense industry, the ROK also adopted the Heavy and Chemical Industrialization Plan (HCIP).<sup>262</sup> This plan implicitly and for the most part covertly integrated defense-related civilian industries into an indigenous system for the mass production of weapons, Park's top priority. As a result, a particularly South Korean-styled military-industrial complex took shape, and by the end of 1976, the nation achieved self-sustaining production of conventional arms through civilian-based manufacturing. This chapter explains the ideological and policy origins of the HCIP, the implementation of its "Master Plan," and its final outcomes in South Korea's weapons production system.

### I. Foundations of HCI

From the earliest days of his rule, Park preached that citizen freedom and safety, or national security, were inextricably linked with South Korea's economic performance through industrial development. On January 1<sup>st</sup>, 1962, Park stated, "While we need formidable national defense strength to protect our freedom from the communists' threats, national economic reconstruction must be achieved to obtain such freedom."<sup>263</sup> He frequently declared, "Economic

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<sup>261</sup> O's full title in translation is, "the Second Senior Presidential Secretary for the Economy" (Kyŏngje che-2 susŏk pisŏgwan), abbreviated as "Second Economic Secretary" in the dissertation. Likewise "Second Economic Secretariat" or "SES" will be used for O's office, "The Office of the Second Senior Presidential Secretary."

<sup>262</sup> HCI was officially unveiled in January 1973.

<sup>263</sup> Pak Chŏnghŭi, *Han'guk kungmin ege koham* (Sŏul: Tongsŏ Munhwasa, 2005), 33.



construction is the foundation for national strength.”<sup>264</sup> His convictions were underlined by his government’s signature slogan promoting economic development, “Let us fight while rebuilding!”<sup>265</sup> As Kim Chǒngnyŏm, Park’s Chief of Staff (1969-1978), recalled in an interview with the author, President Park fundamentally held that “both the military and economy, or national security and economic development, must advance together in order to establish a so-called ‘self-reliant national defense.’”<sup>266</sup> Spurred on by North Korea’s military provocations in 1968, while also responding to the US announcement of the Nixon Doctrine in 1969, Park advocated large-scale domestic arms production through economic and industrial development.

Amid the US policy on troop withdrawal during the 1970s, Park asserted an ideology of “self-reliance” (*chaju*) as he drove the Korean populace toward greater economic and military autonomy, urging civilians to build a self-sufficient economy (*charip kyŏngje*), the foundation on which South Korea could establish a self-reliant national defense (*chaju kukpang*).<sup>267</sup> The president’s agenda required the full engagement of civilian businesses and a civilian workforce. In speeches, Park often described the symbiotic relationship between civilian economic contributions and the strengthening of a military for national security, while he also promised that the development of military capabilities would in turn provide stability and security for

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<sup>264</sup> PPCHS, vol. 8, 19.

<sup>265</sup> See Young Jak Kim, “Park Chung Hee’s Governing Ideas: Impact on National Consciousness and Identity,” in Kim and Sorensen, 98.

<sup>266</sup> Park’s policy-makers in the Blue House adopted his emphases and his ideas and purveyed them through catch phrases such as these: “national defense with economic development,” “enable economy; enable national defense,” and “military modernization based on strong economy.” See Kim Chǒngnyŏm, interview by author, 5 April 2013, Seoul, South Korea.

<sup>267</sup> See Park’s speech in *Tonga Ilbo*, 20 July 1971.

civilian economic productivity.<sup>268</sup> For Park, only a self-defense capability attained through independent economic growth and rapid industrialization by Koreans themselves would achieve South Korea's "national restoration" (*minjok chunghŭng*), particularly concerning his political vision of self-reliance.<sup>269</sup>

### **Early Military-Civilian Convergence in Defense Industry**

Park initiated plans for military modernization in response to the 1966 Brown Memorandum, which stipulated that the US would subsidize military equipment modernization according to a US-designated five-year plan (1966-1971).<sup>270</sup> Due to subsequent cuts and delays in the promised US military aid, the Park government formulated policies to leverage civilian industrial productivity, including manufacturing facilities and labor, to cost-effectively and independently produce arms.<sup>271</sup> In 1968, under Park's order to arm the 2.5 million HRF troops with Korean-made weapons, the government drafted a three-year plan (1968-1971) for developing a defense industry (*Pangwi sanŏp chŏngbi 3 kaenyŏn kyehoek*) and pushed the MND to incorporate the civilian infrastructure in basic military production.<sup>272</sup> To support the plan, the government and ruling party collaborated to promote the advancement of the civilian machinery

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<sup>268</sup> PCCHS, vol. 8, 163; At a New Year's press conference on January 9<sup>th</sup>, 1970, Park stated, "We must consider the economic construction that we are pursuing to be the same as the strengthening of national defense." See PCCHS, vol. 7, 28.

<sup>269</sup> Kim, "Park Chung Hee's Governing Ideas," 97.

<sup>270</sup> Presidential Secretariat, Kunwŏn igwan ōmmu hyŏnhwang pogo, 19 February 1970, file no. EA0004298, PANAK.

<sup>271</sup> For example, Han'guk hwayak (Korea Explosives; later, Hanwha) was assigned to produce domestic munitions through joint production with a US defense corporation in 1968, as well as military explosives such as grenades in its dynamite factory in Inch'ŏn in 1968. See Hanwha Inch'ŏn kongjang 50-nyŏn p'yŏnch'an wiwŏn, *Hanwha Inch'ŏn kongjang 50-nyŏn* (Sŏul: Hanwha, 2005), 183.

<sup>272</sup> Kim Kwangmo, *Han'guk ūi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek* (Sŏul: Chigu munhwasa, 1988), 300; *Tonga Ilbo*, 10 February 1968; see also *Kyŏnghang sinmun*, 5 July 1968.

industry as part of the same mission to develop the domestic defense industry.<sup>273</sup> By the late-1960s, the military was already adapting to a system of *kyŏngje kunsahwa*, or “economic militarization,” modeled after the privatized American defense industry and so embraced the concept of using civilian capacities to develop arms.<sup>274</sup> This “national security economy” model<sup>275</sup> blurred and erased distinctions between peacetime and wartime industry and between commercial products and military products, as civilian plants were equipped to manufacture defense products full-time in the event of war.<sup>276</sup> Thus the plans for civilian production of defense products were fully conceived at both the government- and military-level by the late-1960s.<sup>277</sup>

When the Nixon Doctrine was declared in 1969, South Korea accelerated implementation of the civilian production of weapons. Park himself contemplated the tactics for this process in his private journal, publicized and popularized the concepts through speeches, and was closely involved in the MND’s execution of the strategies. Park’s diary entry on April 25<sup>th</sup>, 1970, noted that he planned to supplement civilian plants with additional facilities for localized weapons production, and he preferred this alternative to government-constructed, separate arms or artillery factories.<sup>278</sup> Park’s preference was motivated by the lack of independent state resources

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<sup>273</sup> See *Chosŏn ilbo*, 27 July 1968; see also *Maeil kyŏngje* 20 July 1968.

<sup>274</sup> Course material for the Army Staff College in South Korea, published in 1967 and titled, *National Defense Budget and Military Aid*, evince that the ROK Army officers were imbued with the economic designs of US military industrial complex. See Yukkun taehak, *Kukpangbi wa kunwŏn* (September 1, 1967), 11.

<sup>275</sup> *Ibid.* The course material notes that *kukpang kyŏngje*, or “national security economy,” is based on the development of a civilian peace industry that can also be used for domestic defense production.

<sup>276</sup> *Ibid.*, 26.

<sup>277</sup> See *Tonga Ilbo*, 5 March 1968.

<sup>278</sup> Pak Chŏnghŭi taet’ongnyŏng-Yuk Yŏngsu yŏsa kinyŏm saŏphoe, *Kyŏre ŭi chidoja: Pak Chŏnghŭi taet’ongnyŏng ŭi ch’ijŏgŭl chungsim ŭro han Han’guk hyŏndaesa* (Sŏul: Yugyŏng chaedan, 1990), 291; see also Pak Yŏnggu, *Han’guk ŭi Chŭnghwahak kongŏphwa: Kwajŏng kwa naeyong*, vol. 1 (Sŏul: Haenam, 2012), 72.

to fund a military infrastructure from the bottom up, especially with the budget cuts in US military aid. Instead of using a limited state budget to build new munitions plants, Park recognized that his approach to upgrade existing local plants would save time and resources for independently securing armaments for South Korea. At a ceremony for the completion of T'aech'ang Textile Corporation's factory in Okch'ŏn on July 4<sup>th</sup>, 1970, Park publicly disclosed that the factory had the potential to convert to firearms manufacturing in the event of a national emergency, setting an example for all other factories equipped with manufacturing facilities.<sup>279</sup>

In the same year, Chŏng Naehyŏk, the Minister of National Defense, declared that military equipment, including land vehicles, communication devices, and small speedboats, would be developed by civilian manufacturers along with Park's Five-Year Economic Development Plan.<sup>280</sup> Records from 1968 to 1971 reveal that the MND increasingly assigned defense-related production components and activities to existing plants, facilities and shipyards operated by civilian manufacturers.<sup>281</sup> For example, Blue House records indicate that under Park's direct command, the MND sought to strengthen maritime defense by expanding civilian shipyards' construction of naval speedboats, from the late-1960s to the early-1970s.<sup>282</sup> Other defense-related ministries took additional measures to implement Park's plans. On June 12<sup>th</sup>,

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<sup>279</sup> Chŏng, *Pak Chŏnghŭi silgi*, 326; see also *Chosŏn Ilbo*, 5 July 1970.

<sup>280</sup> *Kyŏnghyang sinmun*, 25 March 1970; see also Pak, *Han'guk ŭi Chunghwahak kongŏphwa*, vol. 1, 72.

<sup>281</sup> See, for examples, *Chosŏn ilbo*, 24 February 1968; *Maeil Kyŏngje*, 25 March, 1970; *Kyŏnghyang sinmun*, 12 April 1971.

<sup>282</sup> The MND reports to President Park on the use of the National Defense Donation detail allocations to the Navy to construct speedboats in local civilian shipyards. For example, on February 8<sup>th</sup>, 1969, under Park's direct order, a construction project for a 15-ton FRP (Fibre-Reinforced Plastic) patrol boat was completed in a civilian plant belonging to the Nambang chinha Corporation. On March 2<sup>nd</sup>, 1971, the ROK Navy used defense donations to build two more speedboats in a civilian shipyard operated by Chosŏn Kongsŏ Corporation. See Presidential Secretariat, FRP-che kyŏngbijŏng sijaksŏn chun'gong pogo, 4 February 1969, file no. EA0001873, PANAK; idem, Pangwi sŏnggŭm e ŭihan kosokchŏng kŏnjo kyehoek kŏnŭi (Kukpangbu), 2 March 1971, file no. EA0004431, PANAK.

1970, the Secretariat of National Security (kukka anbo samuguk) reported to Park on the status of a policy pursued by the National Security Council's Emergency Planning Committee (EPC).<sup>283</sup> The report highlighted ongoing efforts by the EPC to install an "Emergency Planning Officer" (from the military rank of at least colonel) in each of 50 selected enterprises and presented a plan to expand the installment (of these officers) into additional businesses. These officers were tasked to manage business readiness to serve industrial and defense needs in case of a national emergency. Plans included converting selected businesses to arms producers as needed. In April 1971, Sin Wönsik, Assistant Secretary of Weapon Supplies in the MND, formally announced the state's plan to increase technical and technological support to civilian manufacturers to expand their domestic arms production.<sup>284</sup>

Overall, the strategy for civilian-based defense industrialization was conceptually devised and materially implemented by 1971. This point has not been previously elaborated in the literature, as indigenous efforts for military modernization prior to the 1970s have been examined only scarcely, if at all.<sup>285</sup> As will be further elaborated, most studies of Park's military modernization have focused on policies of O Wöñch'öl, the technocrat from the MCI (Ministry of Commerce and Industry) who was appointed by Park in 1971 to lead defense industry development. Records now prove that certain government activities were directed to merge civilian and defense production as early as 1968, and these activities forged the theoretical and infrastructural foundations for South Korea's Heavy and Chemical Industrialization (HCI), O's main initiative for civilian-based defense industrialization in the 1970s.

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<sup>283</sup> Presidential Secretariat, Chuyo kiöpch'e pisang kyehoekkwan paech'i hyönhwang, 12 June 1970, file no. EA0004343, PANAK.

<sup>284</sup> *Tonga ilbo*, 12 April 1971.

<sup>285</sup> Pak Yönggu's comprehensive study of HCI is one of few works to discuss Park's independent policies for civilian-based arms production prior to 1971. See Pak, *Han'guk ũi Chunghwahak kongöphwa*, vol. 1, 72-73.

## Signature Projects: POSCO and the Four Core Factories

Park's second Five-Year Economic Development Plan (1967-1971) sought to advance defense-related heavy industries, including integrated steel, smelting, manufacturing, shipbuilding, and precision machinery. In response to North Korea's military threats in 1968, Park aggressively pushed the indigenous production of steel as essential to both the defense industry and civilian heavy industries.<sup>286</sup> Two of Park's earliest, and inarguably most significant, projects were the Pohang Iron & Steel Company (P'ohang chech'öl or, POSCO, as it came to be known in the 1990s) and the "Four Core Factories" (Sadae haekkongjang). With Park's full support, POSCO, South Korea's first steel manufacturing corporation, was founded in April 1968.<sup>287</sup> One of Park's most trusted aides, Kim Hangyöl (1923-1972), Deputy Prime Minister and the Minister of the Economic Planning Board (EPB; Kyöngje kihoegwön), secured Japanese war reparation funds to finance construction of the POSCO steel mill. Park then handpicked Pak T'aejun (1927-2011), a successful entrepreneur and a former military officer under Park's command, to oversee management of the mill's construction from 1971 to 1973.<sup>288</sup> As of July 1973, with the fulfillment of this long-held goal, South Korea had secured its own supply of steel for weapons production.

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<sup>286</sup> The development of a domestic steel industry had been at the top of Park's list of key industries since his first Five-Year Economic Development Plan (1962-1967). Park attempted to establish an integrated steel mill as early as March 1962, then again in 1964 and 1967, only to see his efforts fail due to lack of internal resources and funds. See Rhyu and Lew, "Pohang Iron & Steel Company," in Kim and Vogel, 322, 325.

<sup>287</sup> *Ibid.*, 336.

<sup>288</sup> Afterwards and until October 1992, Pak T'aejun served as the president of POSCO.

The proposal that led to plans for the Four Core Factories came from Dr. Harry Choi of the US-based Battelle Memorial Institute in 1970,<sup>289</sup> while Choi was working with the Korea Institute of Science and Technology (KIST) to advance South Korean industrialization. As Choi presented his research to Park and his economic officials in June of that year, Choi concluded that South Korea would be able to establish the industrial foundations for a modern defense industry once it had successfully founded five key factories – an integrated steel mill, a special steels plant, a large shipbuilding yard, an integrated machinery factory, and a foundry factory.<sup>290</sup> Choi's suggestion that South Korea could build its own defense industry through the plan immediately captured Park's interest. The government had already begun constructing POSCO's integrated steel mill, one of the five factories on Choi's list; and in July 1970, determining that South Korea should focus on the four remaining factories, Park again tapped Kim Hangyŏl of the EPB, this time to set up the remaining four essential heavy industries, which Kim later code-named the "Four Core Factories."

Although Kim Hangyŏl adopted Choi's ideas as Park's top national priority, the Four Core Factories project stalled. From the start of planning, Kim relied on his previously successful strategy of securing Japanese war reparations.<sup>291</sup> But in this case, Japan repeatedly denied requests from 1970 to 1971, suspecting that the factories would be designed for military purposes, despite Kim's assurances to the contrary. Japan's opposition to its ally's military buildup can be understood from the perspective of the US foreign policy on South Korea, which

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<sup>289</sup> The Battelle Memorial Institute in the United States cooperated with the Korea Institute of Science and Technology (KIST) at the time.

<sup>290</sup> HGKK, vol. 7, 153.

<sup>291</sup> Chung-yum Kim, *From Despair to Hope*, 405.

included strict arms control on Park's military development.<sup>292</sup> The US-Japan alliance was the cornerstone of US security policy in Asia, and postwar Japan depended on this alliance for its national defense, so Japan's policy-making was closely tied to Washington's interests in the region.<sup>293</sup> Therefore, Japan proved highly reluctant to provide any potential funding for the Korean defense industry. After Japan's final refusal to commit to the Four Core Factories project, at the Korea-Japan ministerial meeting in Tokyo, August 1971, the EPB turned to the US and European nations for loans, citing South Korea's industrial needs, but to no avail. On November 10<sup>th</sup>, 1971, a year and a half after Park's order to build the Four Core Factories, the EPB reported the breakdown in financing in a briefing with President Park. According to Kim Chŏngnyŏm, who was present, Park deeply lamented the report, since his Five-Year Military Modernization Plan (1971-1976) hinged on the success of the Four Core Factories.<sup>294</sup> Park's urgency was heightened by Nixon's plan to fully withdraw all US ground troops from South Korea by 1976, a plan to which Park had reluctantly agreed, anticipating that the Four Core Factories would be completed by the end of his third Five-Year Economic Development Plan (1972-1976).<sup>295</sup> At this

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<sup>292</sup> A militarized South Korea would have presented an affront to the US which opposed Park's development of banned weapons and the implications of such developments for the regional arms race. This issue likely played a significant role in Japan's refusal to support South Korea's Four Core Factories.

<sup>293</sup> After Japan's surrender at the end of the World War II in 1945, the US-led allied forces occupied Japan and forced the country's demilitarization under a new constitutional amendment (Article 9, "Peace Clause"). Even after the end of the Allied Occupation in 1952, the US maintained a large military presence in Japan, which was specifically banned from creating its own armed forces under the postwar constitution. As part of the US security design to keep both allies in check, while encouraging Japan-ROK economic cooperation in the 1960s and 1970s, the US was never supportive of their military cooperation. See also Defense Nuclear Agency, *Regional Rivalries and Nuclear Responses*, vol. II, *The South Korean Case: A Nuclear Weapons Program Embedded in an Environment of Great Power Concerns* (Washington, D.C., February 1978), 58.

<sup>294</sup> Kim Chŏngnyŏm, interview by author, 5 April 2013, Seoul, South Korea.

<sup>295</sup> Letter From Korean Prime Minister Kim to the President's Assistant for National Security Affairs (Kissinger), October 6, 1971, *Foreign Relations of the United States, 1969-1976*, Vol. XIX, Part 1, Korea, 1969-1972, Document 112.



point, then, South Korea was left with only about four years to establish an independent weapons system.<sup>296</sup>

Meanwhile, Park's progress in military modernization was further hampered by the US's unwillingness to share American weapon technology for South Korea's indigenous arms development, even under Nixon's withdrawal policy. The US intentionally limited sharing of weapon data and blueprints of key weapons to keep ROK arms capabilities in check and to prevent Park from instigating a military engagement with North Korea, whether for his own political purposes or to seek reunification.<sup>297</sup> The US priority in East Asia was to maintain the *status quo*—not Korean reunification—as a balance of power between the Soviet Union and US in the region.<sup>298</sup> Park's aggressive pursuit of advanced weapon technologies played into US fears, particularly in the climate of the East-West détente between the US and China in 1971. The Nixon administration was leery of stirring any embers of a Cold War rivalry around a South Korea militarized and equipped with advanced weapon technology. However, the US refusal to assist South Korea with weapon technology fueled Park's drive to develop an independent defense industry from 1968 to 1971, including his ambitious yet flawed "Four Core Factories" project.

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<sup>296</sup> O, *The Korea Story*, 131; see also HGKK, vol. 5, 25-26.

<sup>297</sup> The State Department put heavy surveillance on South Korea's weapons activities and blockaded Park's numerous attempts to procure advanced US weapon technologies in the 1970s.

<sup>298</sup> During the 1970s, Secretary of State Henry Kissinger (1973-1977) and the National Security Council on several occasions expressed concerns about the impact that a South Korean armament and nuclear capability would have on Japan's potential proliferation. For example, See Memorandum for Secretary Kissinger from John A. Froebe, Jr. (NSC), "Draft State Cable on Approach to South Korea on French Reprocessing Plant," July 11, 1975, National Security Adviser Presidential Country Files for East Asia and the Pacific, Box 9, Korea (9), Gerald R. Ford Presidential Library, CWIHP, accessed September 15, 2015, <http://digitalarchive.wilsoncenter.org/document/114623>.

## II. Formulating Weapons Production Policy, November 1971 – October 1972

The EPB's failure with the Four Core Factories led to the rise of new leadership to build the defense industry. Following the EPB's briefing with President Park, Chief of Staff Kim Chŏngnyŏm was approached by O Wŏnch'ŏl, who had an engineering background and was serving as an assistant secretary of the MCI. O, who had also attended the EPB's presidential briefing earlier on the same day, shared with Kim an alternative plan for developing a defense industry using the country's internal resources without reliance on foreign loans.<sup>299</sup> Intrigued by O's innovative plan, and being familiar with O's excellent work in the MCI, where Kim had formerly served as minister (1967-1969), Kim immediately took O to present his plan directly to the president.<sup>300</sup> During an intense, four-hour meeting with Park on November 10<sup>th</sup>, 1971, O outlined an indigenous arms production system that would immediately accomplish Park's most immediate goal, which was to equip 2.5 million reserve troops with Korean-made arms. It was this meeting that led to the historic rise of O as the chief policy-maker for South Korea's defense industry, along with the emergence of the Heavy and Chemical Industrialization Plan (HCI), which provided the national framework for independent arms production in the 1970s. During their long discussion, O convinced Park to agree in principle to the following five basic strategies:<sup>301</sup>

First, every weapon would be made of independent parts, and all weapons parts would be manufactured separately and then fully assembled into weapons. Since the US had refused to share weapon blueprints, O argued, each part of the US basic weapons should be disassembled

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<sup>299</sup> Kim Chŏngnyŏm, *Ch'oebin 'guk esŏ sŏnjin 'guk munt'ŏk kkaji*, 393-394.

<sup>300</sup> Kim Chŏngnyŏm, interview by author, 5 April 2013.

<sup>301</sup> See O, *The Korea Story*, 132-135; see also Kim, *Korea's Development under Park Chung Hee*, 167-168.

and then replicated with precision materials. Copied parts and hardware could then be mass-produced domestically and assembled as exact copies of the originals. As historical background, similar reverse engineering strategies had been successfully employed by Japanese manufacturers in electronics, software, and semiconductor industries in the 1960s and 70s.

Second, domestic manufacturing technology would attain to 1/100 mm precision, with a newly trained skilled workforce that would accurately carve the steel.<sup>302</sup> At the time, South Korea's manufacturing technology had achieved precision only to 1/10 mm. Park had promoted the scientific and technological development of the Korean workforce during his second Five-Year Economic Development Plans (1967-1971).<sup>303</sup> Nevertheless, on February 26<sup>th</sup>, 1970, the Economy and Science Council (ESC) of the Ministry of Science and Technology had reported that South Korea's industries had a critical lack of skilled workers.<sup>304</sup> The report further suggested that the educational system should be overhauled to meet the scientific and technical demands of industrialization. Park's prior concerns provided a solid basis for embracing O's second point.

Third, the state would need to designate top civilian manufacturers for each weapon part/hardware product, instead of establishing separate munitions or weapons plants, with the exception of an M-16 factory, the construction of which had already commenced. This principle built into O's design the localized production of weapon parts at existing civilian factories, a cost effective alternative to centralized production in an independent military facility. This plan fit

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<sup>302</sup> O, *Pak Chŏnghŭi nŭn öttŏtk'e kyŏngje kangguk mandŭrŏnna*, 117-119.

<sup>303</sup> See Chŏng, *Pak Chŏnghŭi silgi*, 317; see also Pak Chŏnghŭi taet'ongnyŏng-Yuk Yŏngsu yŏsa kinyŏm saŏphoe, *Kyŏre ŭi Chidoja*, 328-338.

<sup>304</sup> Presidential Secretariat, Simŭi pogosŏ, 26 February 1970, file no. EA0023181, PANAK.

with the MND's use of civilian facilities in the late-1960s, which Park encouraged.<sup>305</sup> The policy would also promote economic competition between companies.

Fourth, the defense industry would be developed as an integral part of South Korea's HCI policy, as the mass production of modern weapons would require a scale and advancement of heavy and chemical industries on the level of developed nations. Here O introduced his Heavy and Chemical Industrialization Plan (HCIP)—including expedited industrial and economic development, promotion of advanced exports, and increased influx of foreign capital—as essential to South Korea's defense industrialization.<sup>306</sup> While O's account credits himself as the architect of HCI policies and presenter to President Park on November 10<sup>th</sup>, 1971, in fact, Park had envisioned South Korea's heavy and chemical industrialization since his first Five-Year Economic Development Plan (1962-1966), which included efforts to build the steel industry.<sup>307</sup> As mentioned earlier, Park's second Five-Year Economic Development Plan (1967-1971) had likewise pushed the development of key civilian industries and the technical workforce for both economic and national defense development.<sup>308</sup> Furthermore, from 1969 to 1971, as the EPB had unsuccessfully attempted to finance the Four Core Factories, it targeted sector-specific developments in machinery, steel, nonferrous metals (iron), and shipbuilding. Earlier efforts notwithstanding, however, O can be credited with providing a fresh and comprehensive set of

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<sup>305</sup> Park's personal memo in April 1970 in Pak Chŏnghŭi taet'ongnyŏng-Yuk Yŏngsu yŏsa kinyŏm saŏphoe, *Kyŏre ŭi Chidoja*, 291.

<sup>306</sup> O, *The Korea Story*, 135.

<sup>307</sup> Rhyu and Lew, "Pohang Iron & Steel Company," in Kim and Vogel, 323.

<sup>308</sup> For example, the aforementioned *National Defense Cost and Military Aid* explains the significance of key civilian industries in Park's second Five-Year Economic Development Plan (1967-1971; FYEDP), including integrated steel, oil refining, smelting, integrated manufacturing, shipbuilding, precision machines, and cement, for South Korea's military modernization. From Yukkun taehak, *Kukpangbi wa kunwŏn*, 33; see also Pak Chŏnghŭi taet'ongnyŏng-Yuk Yŏngsu yŏsa kinyŏm saŏphoe, *Kyŏre ŭi Chidoja*, 328-338.

policies to establish the Park regime's models, which had not yet been implemented on an industrial scale.

Fifth, the weapon parts and hardware produced by civilian companies would be subjected to the Agency for Defense Development (ADD)'s verification process, and only the parts that passed would be assembled in the military arsenals (*kunch'ang*). This policy solidified the ADD's role as supervisor of South Korea's weapons research and development (R&D) and reinforced the tight-knit cooperation between the ADD and the local producers of domestic weapons. It bears repeating, however, that Park had already envisioned the ADD's central role in South Korea's military modernization efforts when he founded the special institution in 1970.<sup>309</sup>

O assured Park that with the above policy design, basic infantry weapons for self-defense, such as rifles, machine guns, mortars, grenades, and mines, among others, could be manufactured in a mere six months, without foreign loans.<sup>310</sup> After more questioning, Park agreed to implement O's key strategies and ordered him to work in the Blue House from the next day onward, so that O could execute his plans under the president's direct watch. With Park's approval of O's plans, the EPB's Four Core Factories project was immediately cancelled.

It is most likely that O's sophisticated schemes for defense industrialization were rather quickly understood and embraced by Park because of the way that O's proposal to integrate civilian sectors into the defense industry comported with what Park's policymakers and the MND had already started to implement even prior to O's meeting with Park in 1971. While Park's vision had not reached the scale envisioned by O, whose plan involved a complete industrial overhaul to expand weapon production and integrate it with national economic

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<sup>309</sup> Kukpang kwahak yŏn'guso, *Kukpang ūi ch'osŏk 40 nyŏn*, 209.

<sup>310</sup> O, *Pak Chŏnghŭi nŭn ŏttŏtk'e kyŏngje kangguk mandŭrŏnna*, 118.

development, Park's previous experiments with civilian defense manufacturers undoubtedly prepared him to support O's approach. In certain ways, O's plan, emphasizing "reverse engineering" and HCIP, was an upgraded and expanded version of Park and the MND's precedent movement toward economic militarization. However, it is not necessarily the case that Park would have developed the HCI on his own without O's involvement. O definitely served as a transformative historical actor; he was indispensable to pushing forth the concrete agenda and to micro-managing South Korea's HCIP and the modernization of the weapons industry. Perhaps O even possessed the ideal set of talents and personality traits to assert the bold plan, in accord with historic timing and the full support of the president. Nevertheless, the broader historical context indicates that Park's aims for self-reliant national defense, including the domestic armament of Korean reserve troops, provided the context O needed to succeed, and O's plans succeeded largely because they meshed well with Park's own prior vision and commitments. Overall, it should be acknowledged that while Park would not have succeeded without O, neither would O have succeeded without Park's independent determinations, planning, and willingness to take huge political and economic risks to construct a self-reliant national defense.

### **The Second Economic Secretariat (SES) in the Blue House**

On the day following the EPB briefing, President Park formally appointed O Wŏnch'ŏl to head the Second Economic Secretariat (SES) in the Blue House, enabling Park to directly oversee O's work. O Wŏnch'ŏl's promotion elevated his authority to a level unmatched by any other government position, aside from either the presidency itself or the office of the president's Chief of Staff, a position occupied by Kim Chŏngnyŏm. In the 1960s, the Second Economic Secretariat had overseen the shipbuilding (or maritime) industry, but the office had been

abolished in 1969.<sup>311</sup> With O's appointment, the SES was reinstituted as the president's personal task force for developing the defense industry and HCI. Nevertheless, for security purposes, the term "defense industry" was completely censored out of official communication, and the SES was deliberately represented in public and in media as overseeing only the HCI, without any reference to the defense industry.<sup>312</sup> For US surveillance of Park's independent arms development was so intensive that it was necessary for the SES to disguise its efforts as industrial reform.

The SES reported only to Park, and thus it was distinguished from other government agencies. The SES also sent out direct orders from the Blue House to other ministries for policy implementation, bypassing formal procedures, political opposition, and systematic restrictions. Therefore the HCI could be advanced without impediment.<sup>313</sup> Kim Kwangmo, formerly O's top assistant in the SES, stated the following in an interview: "Having such presidential support was the only way the SES could make the push for HCI developments."<sup>314</sup> While the SES primarily functioned as the "command and control" over defense industry planning, purchase, and weapons procurement, carrying out Park's priorities also included developing covert nuclear arms and long-range missiles programs. The SES furthermore mediated between defense industrialization and national economic development, as HCI simultaneously implemented reforms in economic-industrial structures (see Figure 1).<sup>315</sup>

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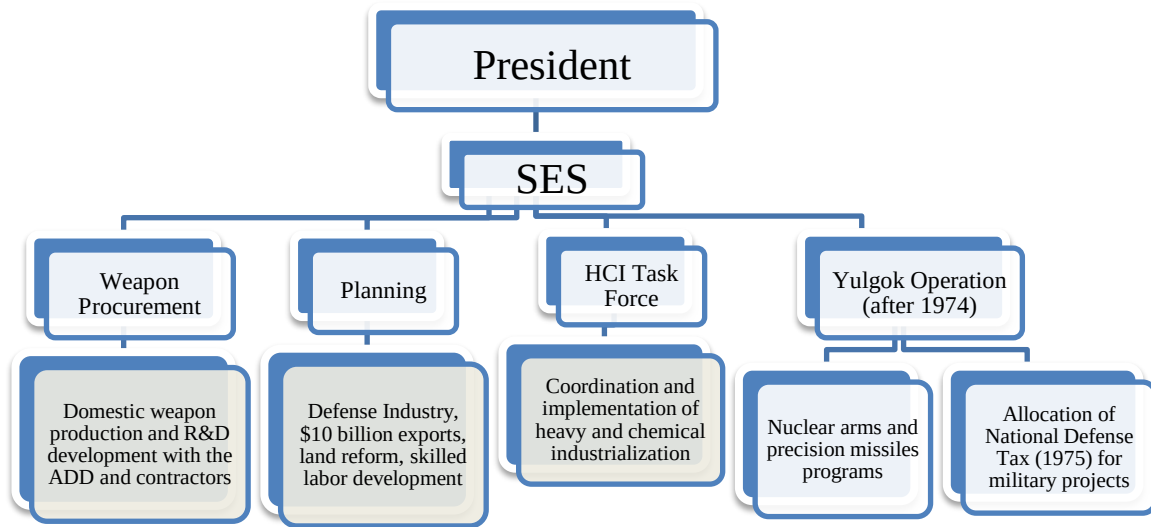
<sup>311</sup> HGKK, vol. 5, 27.

<sup>312</sup> *Ibid.*, 26-27.

<sup>313</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>314</sup> *Ibid.*

<sup>315</sup> Part of the data in Figure 1 was gathered from Chŏng, *Kim Ilsŏng kwa Pak Chŏnghŭi ŭi kyŏngje chŏnchaeng*, 319.



**Figure 1. The Roles of the SES**

With the SES, Park effectively created what Hyung-A Kim has called the “HCI Triumvirate”: O Wŏnch’ŏl, the Second Economic Secretary, directly micro-managed and implemented HCI policies and defense industrialization; Kim Chŏngnyŏm, Park’s Chief of Staff and his top economic-financial manager, took charge of general economic policy-making to support HCI funding and development; and President Park, as commander in chief, exercised authority and political reinforcement for HCI development and the modernization of the defense industry.<sup>316</sup>

O’s appointment to the SES signaled an important shift and new trend in government power structures. Under Park’s relentless drive to advance domestic science and technology for HCI development, a new generation of civilian experts with technical training rapidly rose to top positions in ministries and military-related research institutes, replacing traditional bureaucrats and military officers. O himself recruited four other technocrats from the Ministry of Commerce and Industry (MCI) to work with him in the SES, including Kim Kwangmo, Yi Sŏkp’yo, Kwŏn

<sup>316</sup> Kim, *Korea’s Development under Park Chung Hee*, 168. Kim Chŏngnyŏm, in this regard, was in charge of the “First Economy” (“kyŏngje 1”), which was the general and infrastructural economy, whereas O Wŏnch’ŏl was in charge of the “Second Economy” (“kyŏngje 2”), which consisted of the defense industry and the HCI.



Kwangwŏn, and Ch'oe T'aech'ang, and later added Kim Pyŏngwŏn, who worked as a secretary in the Blue House protocol office, a total of six members in the SES.<sup>317</sup> As a further example, under O's influence, Sim Munt'aek,<sup>318</sup> a civilian scientist, replaced a military general as the new director of the ADD in 1972. After Sin's appointment, many other civilian experts joined the ADD as head researchers, filling roles that had previously been filled by military scientists.

O's rise to the SES also signified a shift in Park's economic administration, as decisions previously made by EPB bureaucrats were handed over to MCI technocrats.<sup>319</sup> Even prior to O's appointment, there was internal strife between the EPB's US-educated economists on the one hand, who advocated macro-economic policies, and the MCI technocrats on the other hand, who preferred micro-economic reforms for national economic development.<sup>320</sup> Whereas the EPB had acted as the government's central agency in all economic policies in the 1960s, Park had begun to rely more on the MCI with his appointment of Kim Chŏngnyŏm as Chief of Staff in the Blue House (1969-1978) in 1969.<sup>321</sup> The EPB, in charge of Park's first and second Five-Year Economic Development Plan(s) (FYEDP; 1962-1972), did not originally incorporate the HCIP into the third FYEDP (1972-1976). However, in 1971, as Park supported O, the HCIP became central to the economic plan.<sup>322</sup> Further, while Park had commissioned the SES to develop the defense industry, the SES's role in economic and industrial activities quickly expanded, while

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<sup>317</sup> HGKK, vol. 5, 29-31.

<sup>318</sup> Sim was the director of the KIST at the time, and it was O who recommended him for appointment as the director of the ADD. See HGKK, vol. 7, 398.

<sup>319</sup> Kim, *Korea's Development under Park Chung Hee*, 168.

<sup>320</sup> *Ibid*, 78.

<sup>321</sup> As previously mentioned, before Kim Chŏngnyŏm was appointed as the president's Chief of Staff, he had served as the Minister of MCI (1967-1969). Hence, Kim's promotion under Park also elevated the MCI's role.

<sup>322</sup> Nishino, "Ilbon model e sŏ Han'gukjŏk hyŏksin ũro," 186.

HCI led to overhauling the domestic industrial base after 1973. Therefore, the SES eventually replaced the EPB as the chief apparatus making national economic policy.

### Lightning Operation Exhibits Basic Weapons

During his November 10<sup>th</sup> meeting with President Park, O had guaranteed that “reverse engineering” would enable the domestic production of basic infantry weapons within six months.<sup>323</sup> A week after this meeting, O ordered the ADD to produce eight basic weapons under the code name, “*pŏn’gae saŏp*,” or “Lightning Operation” (see Table 1).

**Table 1. Lightning Operation Weapons**

| Weapons                 | Model x Number Produced                                       |
|-------------------------|---------------------------------------------------------------|
| Carbine guns            | M2 x 10                                                       |
| Automatic pistol        | M1 x 2                                                        |
| Machine gun             | M1919 A4 x 5<br>M1919 A6 x 5                                  |
| Mortar                  | 60 mm M19 x 4<br>81 mm M29 x 6<br>60 mm (lighter version) x 2 |
| Rocket launcher         | 3.5 inch M20 A1 x 2<br>M20 B1 x 2                             |
| Grenade                 | MK2 x 300                                                     |
| Anti-personnel landmine | M18 A1 x 20                                                   |
| Anti-tank landmine      | M15 x 20                                                      |

Source: Data from HGKK, vol. 5, 38.

O gave the ADD scientists a one-month deadline to complete a first group of copied weapon models. In an autobiographical piece written for *Sindonga* magazine, Dr. Ku Sanghoe, the ADD scientist in charge of developing the 3.5-in rocket launchers (M20 A1 and M20 B1) for Lightning Operation, recalled the arduous work under the pressure of the condensed

<sup>323</sup> O, *The Korea Story*, 134; HGKK, vol. 7, 390.

timeframe.<sup>324</sup> The scientists began by borrowing and dismantling a US-made rocket launcher from the ROK Army, and then continued by precisely measuring and sketching each part of the weapon by hand to draw up a blueprint. Afterwards, the ADD designated and coordinated with civilian manufacturers to construct a prototype of each weapon part. Finally, the ADD assembled the weapons.

On December 16<sup>th</sup>, 1971, a month after O's orders, through a sustained effort which required many sleepless nights, the ADD scientists achieved what had seemed unimaginable, allowing O Wŏnch'ŏl to exhibit a first batch of basic infantry weapons for President Park, who declared, "This is the best Christmas gift I have received this year!"<sup>325</sup> With Park's instant approval, O ordered the ADD to develop a second batch of weapons, which included upgrading weapons tested at the first exhibition. Impressed with Lightning Operation's efficiency and output and its display of South Korea's new arms potential, Park even instructed O to begin development of long-range missiles capable of hitting P'yŏngyang, the capital of North Korea (160 km from the DMZ), as a deterrent to invasion by Kim Il Sung.<sup>326</sup>

### **Defense Industry Policy, 1972**

At his New Year's address on January 1<sup>st</sup>, 1972, President Park reiterated, "We must develop weapons with our own hands and modernize our military's weapons."<sup>327</sup> Growing confident in South Korea's independent capabilities, Park pushed through formal policies in 1972 to expand O's ideas to a national scale of defense industry development. Subsequently, the

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<sup>324</sup> Ku Sanghoe, "Ku Sanghoe Paksa ūi Han'guk misail kaebal e taehan hoego (1)," *Sindonga* (February 1999), accessed on February 6, 2014, [http://www.donga.com/docs/magazine/new\\_donga/9902/nd99020340.html](http://www.donga.com/docs/magazine/new_donga/9902/nd99020340.html).

<sup>325</sup> *Ibid.*

<sup>326</sup> HGKK, vol. 7, 418-419.

<sup>327</sup> PPCHS, vol. 9, 13.

Defense Industry Promotion Council (DIPC)<sup>328</sup> held the two most significant policy meetings in February and October of 1972, engaging government, military, and science leaders, who adopted the concept of a defense industry built within the framework of HCIP and then formulated policies for weapon R&D, a weapon production system, and the development of a skilled workforce.<sup>329</sup>

For its principal strategic agenda, the DIPC endorsed a "full empowerment of a military-business-science triangle"<sup>330</sup> to advance South Korea's defense industry; and the council agreed to maximum mobilization of the three fields to achieve state-of-art technologies required for defense products.<sup>331</sup> With this three-pronged system, then, the ADD and MND took immediate measures to foster active cooperation between the military, defense businesses, and research institutes to improve Korean-made military products. For example, starting in 1972, the MND began exhibiting the latest domestic arms and military equipment at an annual Defense Products Evaluation Conference, inviting personnel from the government, military, defense businesses, and research institutes/academia, to evaluate Korean-made military products. Based on these conferences, the MND gathered comprehensive feedback to continually improve the quality and economic competitiveness of locally-produced weapons and equipment.<sup>332</sup>

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<sup>328</sup> DIPC began as a formal council led by the President to plan the development of a domestic defense industry. DIPC's core membership consisted of President Park, the Prime Minister, the Vice Prime Minister, the Minister of National Defense, and the director of the ADD.

<sup>329</sup> HGKK, vol. 5, 78.

<sup>330</sup> *Ibid.*

<sup>331</sup> *Ibid.*, 120.

<sup>332</sup> See Presidential Secretariat, Kunsup'um p'yönggahoe silsi kyölgwa pogo, 19 September 1972, file no. EA0004621, PANAK; idem, 73-nyöndo kunsup'um p'yönggahoe silsi kyölgwa pogo (kukpangbu), 15 December 1973, file no. EA0004759, PANAK.

At the February 1972 meeting, the DIPC also set O's "reverse engineering" principle as state policy and formalized the following six-point strategy to establish a domestic weapons production system:

1. The weapons production will be constructed in parallel with the development of peacetime industry. As a cooperative system between the military and civilian industrial sectors, the weapons production system will be established with civilian industry as its foundation.
2. Civilian businesses will be designated as defense contractors of each weapon part.
3. The weapons production will be implemented as follows: the civilian defense businesses will be in charge of manufacturing the weapon parts, whereas the military arsenals [of each military force—the Army, Navy and Airforce— which each had its own arsenal at the time]<sup>333</sup> will be responsible for assembling those parts.
4. The weapons-producing factories of defense businesses should take into account the safety of their locations and enforce security measures.
5. As weapon production requires an advanced precision industry, precision technicians (or skilled laborers) for the defense industry must be developed.
6. By unifying military and civilian product standards as closely as possible, the peacetime industrial base should be turned toward defense industrialization [translation mine].<sup>334</sup>

Since South Korea at this time had a weak industrial base for defense production, the DIPC's plan was centered on the "peacetime industry" of the civilian companies<sup>335</sup> (see point 1) that would localize and diversify production of individual military parts. The state set a "30:70" peacetime ratio (or at times 20:80, based on arms needs);<sup>336</sup> i.e., during peacetime, civilian factories would devote 30 percent of production to arms and 70 percent to civilian goods, but during wartime would convert to 100 percent arms production. The civilian producers of weapons would maintain assembly lines for defense products as part of their corporate activities and would continue to profit from commercial production during peacetime. With this scheme, O sought to minimize the impact on economic efficiency that would be caused by future

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<sup>333</sup> HGKK, vol. 5, 134.

<sup>334</sup> *Ibid.*, 135.

<sup>335</sup> Kim Chin'gi, "Han'guk pangwi sanŏp ŭi paljŏn chŏllyak e taehan yŏn'gu," 113.

<sup>336</sup> Kim Kwangmo, "Such'ul 100-ŏkpul mokp'yo rŭl chogi talsŏng han Chunghwahak kongŏphwa chŏngch'aek," *Pak Chŏnghŭi*, no. 33 (October 2012), 51.

fluctuations in weapon demand.<sup>337</sup> As the sixth point in the plan indicates, the council aimed for a full convergence of military and peacetime industries, synching local civilian production, economic competitiveness, abundant human capital, and advanced technological capacities. By contrast, most other nations, including North Korea, were at this time investing a large proportion of national income to build separate military plants for arms production.

In the DIPC plan to maximize efficiency, top civilian businesses and existing civilian industrial infrastructure were commissioned to domesticate weapons production in local facilities and were determined to function as South Korea's *de facto* defense industry. The DIPC meeting of February 1972 also established criteria for selecting defense contractors on the basis of the following qualifications: healthy business management and financial stability, renowned precision in the industry, efficient and productive assembly lines capable of producing civilian goods and weapons, self-verification systems to guarantee high quality products, and high-level research teams and R&D capabilities.<sup>338</sup> On May 20<sup>th</sup>, 1972, based on these criteria, in a ministerial meeting chaired by the Prime Minister, the government began the process of designating defense contractors.<sup>339</sup> At the meeting, the strategy was developed to select 19 civilian businesses for the mass production of five types of weapons (60 mm/81 mm mortars, 3.5 inch rocket launchers, M26/M33 grenades, M79 grenade launchers, anti-personnel/anti-tank land mines), and a new five-year plan (1972-1976) with a budget (4,593,000,000 Korean *wŏn*) was formulated for the production of these weapons.

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<sup>337</sup> O, *The Korea Story*, 133.

<sup>338</sup> HGKK, vol. 5, 138-139.

<sup>339</sup> On June 3<sup>rd</sup>, 1972, O reported to President Park on the May 20<sup>th</sup> meeting, which was attended by the Prime Minister, Vice Prime Minister, Minister of National Defense, Minister of Commerce and Industry, Minister of Science and Technology, the director of the ADD, and the director of KIST. See Presidential Secretariat, Pangwi sanŏpch'e chijŏng, 3 June 1972, file no. EA0004575, PANAK.

Additional strategic details on weapons production and civilian infrastructure are found in a report to the president handwritten by O Wŏnch'ŏl and titled "Weapons Production System,"<sup>340</sup> dated February 15<sup>th</sup>, 1972.<sup>341</sup> O's seven-point report details policy guidelines for development of an independent defense industry, specifically designating the machinery-industrial sector as the locus of domestic weapon production. The report is translated here:

1. Weapons production must be achieved through the full advancement of the *domestic machinery industry* [italics mine]. It must begin with the concept of "system engineering" which maximizes the mutual cooperation between each specialized compartment toward the optimal goal. This could contribute to achieving the defense industry's main goal of establishing a weapons mass production system in the shortest timeframe as well as the machinery industry's goal of transforming the industry into a mass production system based on businesses' specialized manufacturing of each product part (rather than the current state of each business's production of multiple parts for smaller quantity production).
2. A mass production system established by professional manufacturers would have the following qualities: ability to produce high-quality goods; possession of necessary technology, skills and facilities for weapons production for immediate use; ability to mass-produce; ability to produce the weapons parts at a low price; precision capabilities of a professional manufacturer; and possession of self-regulatory measures to guarantee the quality of each product and contribute to the interchangeability of parts.
3. For weapons production, an assembly plant, as the mother plant, will not be absolutely crucial, as the existing [civilian] factories and workforce can be used to assemble the parts of many weapons (*i.e.*, grenades, landmines, ammunition shells, and artilleries such as rocket launchers and mortars).
4. Since the weakest aspects of the domestic machinery industry are precision technology and quality control, the Ministry of Commerce and Industry (MCI) is working to improve specialization within the machinery industry, *as the weapons production system based on parts specialization equals the development of the machinery industry*. Specializing defense producers should be selected in accordance with the MCI's development policies [italics mine].
5. The designation of multiple companies (2 or more) for each weapon part could bring the benefits of increased competition for high-quality product, offer greater security through diversified production, prevent the negative effect of monopoly, and improve technological advancement based on shared skills/technology.
6. Domestic weapons R&D must be overseen by existing research institutes, such as the Korea Institute of Science and Technology (KIST), the Agency for Defense Development (ADD), and the Korea Atomic Energy Research Institute (KAERI), and formed into an independent specialized system.
7. Since domestic weapons production has begun and is still at a developing stage, its expansion through the participation of many civilian businesses is indispensable for strengthening its foundation [translation mine].<sup>342</sup>

While most of O's points are consistent with the agenda set by the DIPC's first meeting, a few additional details are contained in O's report. Furthermore, whereas the DIPC policy set

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<sup>340</sup> Presidential Secretariat, Pyŏnggi saengsan ch'eje, 15 February 1972, file no. EA0004549, PANAK.

<sup>341</sup> While the exact date of the first meeting of the DIPC is not recorded (including in O's memoir), since O's "Weapon Production System" report was written in the same month as the DIPC's first meeting in February, it is possible that this report was also based on the decisions reached at the meeting.

<sup>342</sup> Presidential Secretariat, Pyŏnggi saengsan ch'eje, 15 February 1972, file no. EA0004549, PANAK.

strategic guidelines agreed on by government leaders, O's report offers particulars on the state plans to implement these policies. First, O's points 1 and 4 explicitly indicate the central role of the "domestic machinery industry" in a system set up to mass produce weapons, while basically equating the machinery industry with arms production. Whereas the DIPC mentions the parallel development of peacetime and military industries (DIPC point 1, above), however, O's report directly indicates that the machinery industry is to share infrastructure with weapon parts production. Second, O's approach, which he labels "system engineering" (point 1), envisions a program that flawlessly synchronizes the government, the machinery industry, and private manufacturers, all running together like a well-oiled system. The rest of O's points either principally reassert the DIPC's agenda or specify the state's plans to implement those policies. The same priorities would later be reflected in the HCI policies of 1973, when the Park regime emphasized the growth of the domestic machinery industry, as well as when, through MCI's initiative and funding, the Ch'angwŏn Industrial Complex was built in 1974 as the hub of both South Korea's machinery industry and the military-industrial complex.

### **ADD's Second Lightning Operation (April 3<sup>rd</sup>, 1972)**

Meanwhile, after the initial successes with Lightning Operation, ADD scientists struggled to replicate the more sophisticated weapons ordered by O for the operation's second exhibition, because original blueprints were critical to the effort. Fortunately for ADD, the Lightning Operation's first exhibition prompted the US to soften its arms restrictions on South Korea.<sup>343</sup> Further, the 1971 exhibition gave credence to the US Department of Defense (DoD)'s argument

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<sup>343</sup> The pattern of US arms transfers to South Korea throughout the 1970s shows that the US granted its military technologies to South Korea whenever the Koreans had come close to developing the weapons on their own. The US grants of military assistance to South Korea could allow the US to monitor the ADD's programs closely, instead of risking South Korea's development of banned weapons underneath the surveillance. See chapter 5 for an explanation of this US pattern.



that increased US technical and technological support for South Korea's independent weapon capabilities would eventually help the US to accelerate its full troops withdrawal, in accordance with the Nixon Doctrine.<sup>344</sup> Persuaded by the DoD, the US government dispatched a technical assistance team (ARPA; Advanced Research Projects Agency) headed by Clyde D. Hardin to the ADD.<sup>345</sup> On January 7<sup>th</sup>, 1972, Hardin's team arrived in South Korea and delivered the US Technical Data Package (TDP) aid. Through Hardin's committed assistance, ADD scientists gained access to US classified weapons data and original weapons blueprints that were crucial to the indigenization of US-modeled weapons for Lightning Operation's second exhibition.<sup>346</sup> Meanwhile, the ADD also expanded collaboration with other allied nations, including Japan's Special Technical Research Laboratory (JSTRL) in order to advance Korean-model guns,<sup>347</sup> and the Republic of China (Taiwan) for the exchange of weapons products, joint research activities, and technical supports.<sup>348</sup>

On April 3<sup>rd</sup>, 1972, less than five months after O's first meeting with Park, the ADD's second Lightning Operation showcased Korean-made carbine guns, machine guns, grenade launchers, 3.5-inch and 66-mm anti-tank rocket launchers, anti-personnel mines, and anti-tank

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<sup>344</sup> The DoD and the JUSMAG-K (Joint U.S. Military Affairs Group – Korea) supported the Nixon Doctrine's aid for South Korea's military modernization through greater military assistance, but the US State Department opposed the aid, viewing President Park as a danger to US arms control efforts in Asia. This division between the DoD and Department of State contributed to instabilities in the US arms transfers to South Korea in the 1970s.

<sup>345</sup> See HGKK, vol. 7, 398-399.

<sup>346</sup> Hardin's team was later disbanded by the US, due to Hardin's indiscretions in revealing US secret weapons data to South Korea. See Ku Sanghoe, "Ku Sanghoe Paksa üi Han'guk misail kaebal e taehan hoego (1)," *Sindonga* (February 1999), accessed on February 6, 2014, [http://www.donga.com/docs/magazine/new\\_donga/9902/nd99020340.html](http://www.donga.com/docs/magazine/new_donga/9902/nd99020340.html).

<sup>347</sup> Presidential Secretariat, Han'gukhyöng sohwagi kisul chehyu, 28 December 1971, file no. EA0004526, PANAK.

<sup>348</sup> Presidential Secretariat, Hanjung hyömnnyölk, 24 July 1972, file no. EA0004600, PANAK.

mines.<sup>349</sup> This exhibition fulfilled O's promise to Park to develop Korean-made basic weapons within six months and displayed South Korea's independent ability to produce conventional arms.<sup>350</sup> Park was so impressed that, on the next day, he officially ordered O to expand plans to equip the ROK military with weapons, including Korean-made 105-mm howitzers, tanks, aircraft, submarines, and navy vessels, whereas O's original, narrower task in November 1971 was focused only on replacing outdated firearms used by the Homeland Reserve Forces.<sup>351</sup> O's new assignment required massive industrial factories and advanced domestic technology, which, as O later observed, gave impetus to the fullest expansion of HCI.

### **Second DIPC meeting, October 1972**

With Park's increasing confidence in O, the second meeting of the DIPC was held in October 1972. The DIPC reconfirmed O's plans to grow the civilian industrial capacity for weapons production, adopting the key agenda of the HCIP. As O claims, the policy agendas for both HCIP and the defense industry were reported together at this defense meeting,<sup>352</sup> a fact supporting the argument that HCI was started for the defense industry. Guided by the basic instructions set for the defense industry in the previous February meeting, the DIPC's second meeting established the necessary policy measures to commence HCI-based defense industrialization right away. According to the business selection criteria set in the previous meeting, the DIPC finalized its official designation of 29 civilian businesses<sup>353</sup> as the first group

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<sup>349</sup> O, *The Korea Story*, 140-141.

<sup>350</sup> Kukpang kwahak yŏn'guwŏn, *Kukpang ŭi ch'osŏk 40 nyŏn*, 162.

<sup>351</sup> See HGKK, vol. 7, 403, 405-407; see also O, *The Korea Story*, 148.

<sup>352</sup> HGKK, vol. 5, 76.

<sup>353</sup> The government ministries had originally planned to designate 19 businesses as defense contractors at a ministerial meeting on May 20<sup>th</sup>, 1972, but the DIPC expanded the number to 29 businesses in October 1972.

of government defense contractors, which were to provide the infrastructure for manufacturing weapon parts under HCI.<sup>354</sup> Also at this second meeting leaders deliberated the reform policies for the advancement of science and technology for civilian workers in the defense industry. Specific measures were adopted here to train skilled laborers through educational reforms along with state subsidies for technological high schools (*konggo*) and vocational training.<sup>355</sup> It was decided that Kŭmo Technical High School would be established as the nation's premier institute for training technical workers. These plans were pivotal for both the defense industry and HCI development.

Overall, from the time O first met with President Park in November 1971, to when DIPC officially adopted the HCIP in October 1972, HCI and defense industry policies were inseparably linked. As a result of Lightning Operation and the two DIPC meetings, Park's top policy-makers and military leaders fully expanded O's ideas as the state-mandated strategies for South Korea's defense industrialization.<sup>356</sup> In the background, the Nixon Doctrine's stipulations on financing Park's Five-Year Military Modernization Plan (1971-1976) were already leading to significant reductions in US military aid by 1972, leaving the MND little alternative to domestic weapons production through HCI to supply the ROK military's arms needs.<sup>357</sup> With the leadership consensus on HCI policies at the DIPC meeting in October 1972, President Park in the same month announced his Yusin policy, granting himself unlimited political authority to drive the

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<sup>354</sup> HGKK, vol. 5, 189-190.

<sup>355</sup> *Ibid.*, 204.

<sup>356</sup> Im Tongwŏn, who worked as the chief architect of the self-reliant national defense policy within the Joint Chiefs of Staff (JCS), stated that South Korea was "at the point where the self-reliant national defense and the Heavy and Chemical Industrialization had to go together," as a limited industrial and economic base had rendered South Korea completely reliant on the US for all its arms products. See Im Tongwŏn's interview in Sin and Cho, *Kowi kwallyodŭl, Puk haek wigi rŭl marhada*, 167.

<sup>357</sup> Presidential Secretariat, Hanmi yŏllye anbo hyŏbŭi hoeŭi kyŏlgwa pogo (kukpangbu), 28 June 1972, file no. EA0004585, PANAK.

industrial reforms for the HCI. The stage was set for Park's official declaration of HCI as national policy in January 1973.

### III. The HCI and Defense Industry Relationship

At a New Year's press conference on January 12<sup>th</sup>, 1973, three months after the second meeting of the DIPC and Park's declaration of Yusin reform, the president publicly announced the HCI policy (*Chunghwahak kongŏphwa chŏngch'aek*), declaring that South Korea had entered the "age of the heavy and chemical industrialization," explaining that the government planned to center the nation's industry and economy around this program.<sup>358</sup> Park's promulgation of HCI set forth sector-specific development plans for the state's concentrated investments and exports in heavy and chemical industries, including steel, shipbuilding, heavy machinery, and petrochemicals.<sup>359</sup> With the HCI proclamation, Park also stated the government's ambitions to expand South Korea's exports to US\$10 billion in annual earnings and to increase per capita income to US\$1,000 by the early-1980s.<sup>360</sup> In addition, Park pronounced the "National Scientification Movement," promoting domestic scientific and technological training to groom the highly skilled workforce needed for HCI expansion.<sup>361</sup>

Park's speech, which never mentioned "defense industry," might have been seen as completely economic-oriented if analyzed apart from the context of HCI policy's formulation from 1971 to 1972. However, as the above chronology indicates, the main motive of HCIP was

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<sup>358</sup> PPCHS, vol. 10, 58.

<sup>359</sup> *Ibid.*, 59.

<sup>360</sup> Park Chung Hee and O Wŏnch'ŏl also envisioned HCI as a way toward developing an export-oriented defense industry to propel South Korea's economy and national defense.

<sup>361</sup> PPCHS, vol. 10, 58-59.

to establish the domestic defense industry, and for Park’s closest insiders like O Wŏnch’ŏl and Kim Chŏngnyŏm, the term “HCI” was a strategic disguise and synonym for “defense industry” (*pangsanŏp*), shrouding the work from US scrutiny.<sup>362</sup> The SES, the governing apparatus of the HCI, continued to carry out its primary function, which was to implement a defense industry by restructuring the industrial base to enable domestic arms production.

### HCI and Defense Industry Intertwined

A series of government memos, activities and policy measures centered on Second Economic Secretary O Wŏnch’ŏl, immediately following Park’s HCI promulgation on January 12<sup>th</sup>, 1973, reflect the enmeshment of HCI with the defense industry. Less than two weeks after Park’s declaration of the HCIP, a classified memo from O Wŏnch’ŏl to President Park, dated January 23<sup>rd</sup>, 1973, and titled, “Report on South Korea’s Weapon Production Abilities,” reported on the status of domestic arms production.<sup>363</sup> In this memo, O charted the number of designated defense contractors and their capabilities for producing seven types of weapons (see Table 2).

**Table 2. South Korea’s Weapons Production Ability**

| Weapon Name              | # of contractors for production | Weapon Production Ability |
|--------------------------|---------------------------------|---------------------------|
| Grenade                  | 8                               | 420,000                   |
| Anti-personal landmine   | 5                               | 36,000                    |
| Anti-tank landmine       | 3                               | 30,000                    |
| 60-mm mortar             | 8                               | 900                       |
| 81-mm mortar             | 8                               | 600                       |
| 3.5-inch rocket launcher | 4                               | 1,200                     |
| Grenade launcher         | 6                               | 2,400                     |

Source: Data from Presidential Secretariat, *Pyŏnggi saengsan nŭngnyŏk pogo*, 23 January 1973, EA0004651.

<sup>362</sup> Kim Chŏngnyŏm, interview by author 5 April 2013; Kim Chŏngnyŏm, *Ch’oebin’guk esŏ sŏnjin’guk munt’ŏk kkaji*, 324; see also HGKK, vol. 5, 76.

<sup>363</sup> Presidential Secretariat, *Pyŏnggi saengsan nŭngnyŏk pogo*, 23 January 1973, file no. EA0004651, PANAK; see also Pak Pongsu, “1970-nyŏndae Han’guk chaju kukpang chŏngch’aek yŏn’gu,” 184.

Since some of the businesses in Table 2 produced more than one product, the number of civilian businesses in the report is conflated. O's chart indicates that South Korea's weapon production abilities were already quite advanced by the time of Park's HCI promulgation in January 1973. Evidently, the seven weapon models listed as ready for domestic production had already surpassed the experimental stages designated by the ADD and were sufficient as prototypes ready for mass production. The high production figures for these weapons by Korean defense contractors reflect the considerable technological and industrial progress made by domestic manufacturers as mass producers of modern weapon parts since 1971. With these developments, then, the government clearly had both a full-fledged plan and the necessary industrial infrastructure to begin the mass production of Korean-made weapons alongside the launch of the HCI in January 1973.

On January 31<sup>st</sup>, 1973, at a briefing with Park and his principal advisers, O Wŏnch'ŏl discussed reorganizing industrial structures and developing the defense industry, which O identified as "one overarching project," viz., HCI.<sup>364</sup> With the Korean-made weapons from the Lightning Operation proudly on display, it was at this meeting that O presented the draft of his now-famous Master Plan for the HCI titled, *Chunghwahak kongŏp chŏngch'aek sŏnŏn e ttarŭn kongŏp kujo kaep'yŏnnon* ("Theory on the Restructuring of Industrial Organization Based on the HCI Promulgation"; hereafter, *Kaep'yŏnnon*).<sup>365</sup> O elaborated on the interdependent and parallel development of the HCI and defense industry to serve both economic and defense purposes

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<sup>364</sup> O, *The Korea Story*, 246, 249; see also Kyŏngje 2 [Second Economic Secretariat] (January 31, 1973), *Hoeŭi kaksŏ*.

<sup>365</sup> Kyŏngje 2 (January 30, 1973), *Chunghwahak kongŏp e ttarŭn kongŏp kujo kaep'yŏnnon* [A Theory on Industrial Restructuring based on the Heavy and Chemical Industrialization Promulgation]. Hereafter *Kaep'yŏnnon*. A scanned copy of this document, originally from Kim Kwangmo's personal file, was provided to the author in 2014 by Dr. Shin Seung-Bae through introduction of Professor Hyung-A Kim.

through the advancement of a domestic precision industry, skilled labor, mass production capabilities, and expansion of exports.<sup>366</sup> Most significantly for Park, the HCI would enable a national-scale expansion of the defense industry and the armament of the ROK military with Korean-made weapons. At the end of O's briefing, with O's projected financial commitment of \$10 billion in both domestic and foreign capital (\$10 billion combined),<sup>367</sup> Park ordered Prime Minister Kim Chongp'il to begin the HCI right away and to acquire the necessary capital.

Two days later, on February 2<sup>nd</sup>, 1973, the Heavy and Chemical Industry Promotion Committee (HCIPC: Chunghwahak kongŏp ch'ujin wiwŏnhoe) was founded under Presidential Decree No. 6675 to function as a governing body led by the prime minister to review HCI draft plans and make final decisions for their implementation.<sup>368</sup> Despite the prime minister's official title as the chairman of the HCIPC, however, it was Park who took charge. The HCIPC formed its own task force, named Heavy and Chemical Industry Promotion Committee Planning Corps (Chunghwahak ch'ujin wiwŏnhoe kyehwoektan; hereafter the "HCI Planning Corps"), to directly micro-manage and push the national implementation of HCI policies.<sup>369</sup> President Park appointed O Wŏnch'ŏl himself as director of the HCI Planning Corps in the Prime Minister's Department while also retaining O as the president's Second Economic Secretary, still responsible for developing the defense industry out of the Blue House. O's dual appointments as

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<sup>366</sup> O, *The Korea Story*, 249-254.

<sup>367</sup> While O's initial agreement with Park in November 1971 was to develop domestic arms for the Homeland Reserve Forces using only South Korea's internal resources, following the success of the Lightning Operation's exhibition in April 1972, O was tasked with equipping the entire ROK military through the expansion of his defense industry plan. Thus the cost estimate increased to \$10 billion and required foreign capital as well.

<sup>368</sup> The HCIPC's members included the Prime Minister, O Wŏnch'ŏl as the committee's secretary, and ministers of the following six ministries: the EPB, the MCI, the Ministry of Finance, the Ministry of Education, the Ministry of Construction, and the Ministry of Science and Technology. See Kim, *Korea's Development under Park Chung Hee*, 177.

<sup>369</sup> *Ibid.*

HCI chief policy-maker and Second Economic Secretary further signified the actual convergence of HCI and the defense industry. O's first task as director of the HCI Planning Corps was to immediately lead an international campaign to obtain the foreign capital needed for South Korea's HCI, especially from US investors, with a priority on investment in the machinery industry.<sup>370</sup>

On February 17<sup>th</sup>, 1973, a month after Park's HCI promulgation speech, the government implemented the "Special Measures Law for Defense Procurement" (see chapter 4).<sup>371</sup> This legislation helped to solidify defense business development, assisting with defense-related businesses' developmental needs through state grants, loans, and tax deductions. Since the businesses that qualified as defense contractors also served in the heavy and chemical industrial sectors, the law essentially served the needs of both defense- and HCI-related businesses, especially in the machinery sector. The special law's promulgation only a month after Park's HCI promulgation further reflected the strong link between the HCI and the defense industry.

### ***Kaep'yōnnon* on Restructuring Industrial Organization**

At the heart of South Korea's plans for the HCI's development of defense was the aforementioned *Kaep'yōnnon*, presented by O Wōnch'ōl at a briefing in the Blue House on January 31<sup>st</sup>, 1973. Remarkably, this Master Plan for the HCI, which was operative throughout the 1970s, was essentially prepared by only two technocrats, O Wōnch'ōl and his assistant Kim Kwangmo, who used their personal knowledge, individual research, and discussions between

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<sup>370</sup> O Wōnch'ōl, "Opportunities to Participate in Heavy and Chemical Industries in Korea," May 1973 (Park Chung Hee Memorial Museum/Library), 3.

<sup>371</sup> Han'guk pangwi sanōp chinhūnghoe p'yōnch'an wiwōn, *Pangjinhoesa* (Sōul: Han'guk pangwi sanōp chinhūnghoe, 1988), 283.



themselves to compose the entire policy.<sup>372</sup> The *Kaep'yŏnnon* never mentions the defense industry. Kim Kwangmo confirmed in an interview not only that this deliberate omission helped conceal the arms development, but also that all written records pertaining to the defense industry were disguised as HCI records, especially against US surveillance.<sup>373</sup> The development of the defense industry was arranged within the policies to support South Korea's heavy and chemical industrialization. *Kaep'yŏnnon* in fact contained plans for civilian-produced weapons, institutional arrangements for their production, and a system for mobilizing and training the workforce needed for defense industrialization. As elaborated below, *Kaep'yŏnnon* targeted specific industries, prioritized exports in industrialization policy, promoted a public-private sector convergence, and directed investments in Human Resource Development (HRD).

First, *Kaep'yŏnnon* outlined plans to develop key industries, including industrial machinery, shipbuilding, steel, petrochemical/chemical, and electronics, as well as to build five distinct industrial complexes to support mass production in these industries.<sup>374</sup> The sector specifications of this policy reflected a shift away from light industries to heavy and chemical industries while also expanding South Korea's exports to include intermediate goods. In terms of the policy's relevance to the defense industry, Kim Chŏngnyŏm elaborates:

Indeed, the steel industry and the nonferrous metal industry needed to be developed to produce steel, specialized steel, copper, and zinc, all of which are basic materials of the defense industry. Also, the machinery industry needed to be developed to facilitate precise high-tech processing, along with the electronic industry to produce electronic weapons and components. Also, the scale had to [sic, be] big enough considering the massive demand of having to arm 600,000 soldiers in the standing army and 2.5 million reserve soldiers.<sup>375</sup>

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<sup>372</sup> According to my interview with Kim, O was a man of many ideas, and it was Kim's responsibility to document and organize both O's and Kim's own ideas into concrete and systematic policies. Then, O, as a brilliant presenter, was responsible for persuading Park and obtaining approval through briefings on policy implementation. Kim Kwangmo, interview by author, 18 April 2014.

<sup>373</sup> Kim Kwangmo, interview by author, 16 April 2013.

<sup>374</sup> Kyŏngje 2, *Kaep'yŏnnon*, 15, 28.

<sup>375</sup> Chung-yum Kim, *From Despair to Hope*, 409.

*Kaep'yŏnnon* referred to the industrial machinery sector as “the pillar” of South Korea’s heavy and chemical industries, yet also its weakest sector.<sup>376</sup> Based on O’s plan,<sup>377</sup> a large-scale and low-cost mass production of machinery/weapon parts by civilian plants in a machinery industrial complex effectively constituted South Korea’s defense industry in the 1970s.

Besides the above industries, *Kaep'yŏnnon* also planned the Export-Oriented Industrialization (EOI) of South Korea’s heavy and chemical industries.<sup>378</sup> Exporting goods produced by highly skilled and knowledge-based manufacturing industries boosted South Korea’s defense industry, as the export-oriented machinery industry promoted domestic defense product marketability, technology, competitiveness and quality at an international level.<sup>379</sup> In this regard, the Park regime sought to model South Korea’s defense industry after Israel, for Park had seen how the very small country had achieved indigenous military power and self-sufficiency and was gaining economic profits through weapon exports. Park dispatched a number of Korean expeditions to Israel in the early 1970s to study Israel’s national defense and defense industry, as mentioned earlier.<sup>380</sup> Agreeing with Park’s pursuits, O conceived a defense industry that would be export-oriented.<sup>381</sup> An exporting defense industry was expected to benefit South Korea’s economic profitability and growth, since demand for cheaper weapons was high on the global

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<sup>376</sup> Kyŏngje 2, *Kaep'yŏnnon*, 18.

<sup>377</sup> These plans were outlined in O Wŏnch’ŏl’s “Weapon Production System” memo in February 1972. See Presidential Secretariat, Pyŏnggi saengsan ch’eje, 15 February 1972, file no. EA0004549, PANAK.

<sup>378</sup> Kyŏngje 2, *Kaep'yŏnnon*, 19-20.

<sup>379</sup> Chung-yum Kim, *From Despair to Hope*, 419; *Kaep'yŏnnon*, 19.

<sup>380</sup> See Presidential Secretariat, “Isŭrael” sich'al (kunsā punya) kwiguk pogo kŏnŭi, 18 July 1970, file no. EA0004367, PANAK; See also Im, *P'isŭmeik'ŏ*, 146.

<sup>381</sup> This model was discussed during O’s first meeting with Park in November 1971, where O clearly stated that he conceived of a defense industry that would not only serve military purposes, but would also contribute to strengthening South Korea’s exports and economic development. See O, *The Korea Story*, 135.

market. The capital obtained through sales from exports would contribute to South Korea's HCI by increasing the foreign capital inflow for re-investment in industrial development.<sup>382</sup>

As the EOI model necessitated the government's partnership with the private sector, *Kaep'yŏnnon* further aimed to establish an advanced system of cooperation between the government and the private sector through special laws, institutional support, business-friendly infrastructure, and public funding to assist the private sector's integration with the public sector.<sup>383</sup> While it was not openly stated in *Kaep'yŏnnon*, this sweeping system of collaboration would fully incorporate civilian businesses into the national defense development in a mutually beneficial relationship: the defense industry would gain the entrepreneurial creativity, economic competitiveness, technological innovativeness and production abilities of civilian enterprises; at the same time, civilian industries would achieve modern standards for business management, precision, efficiency, and high quality production from the defense industry. As mentioned earlier, civilian manufacturers would mainly produce commercial goods during peacetime, but would function solely as arms producers during war. The public-private national system was conceived to be "a system of total power" (*ch'ongnyŏk ch'eje*), enabling South Korea's full mobilization for military modernization.<sup>384</sup>

Finally, in parallel with Park's campaign for the "National Scientification Movement," *Kaep'yŏnnon* highlighted the need for advancements in domestic human resources, especially in the areas critical to the defense industry's success, including precision industry, science and

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<sup>382</sup> Kim, *From Despair to Hope*, 419.

<sup>383</sup> Kyŏngje 2, *Kaep'yŏnnon*, 31.

<sup>384</sup> The convergence of separate sectors and elements into "a system of full national power" or "full empowerment of the military-business-science trinity" was set as the Park government's top policy agenda for military modernization at the DIPC's February and October meetings in 1972. See HGKK, vol. 5, 76, 78.

technology.<sup>385</sup> *Kaep'yŏnnon* proposed a national ten-year plan for human resource development of engineers, scientists, technicians and craftsmen, in order to transition the Korean workforce from predominantly simple laborers to highly skilled workers.<sup>386</sup> Educational reforms were devised to train laborers who could, upon graduation, work in the precision industry in the HCI sectors and who could essentially function as the first-generation technical workforce for defense industrialization.<sup>387</sup> For South Korea to achieve a level of industrialization that was competitive with the developed world, *Kaep'yŏnnon* also recommended the state's introduction of modern science and technology in all heavy and chemical industries,<sup>388</sup> which, for the defense industry, would be critical for the advancement of domestic weapons R&D and military technologies.

### **Evolving HCI-Defense Industry Relationship**

As HCI exposed civilian businesses to the free market and international competition, the proportion of non-defense related commercial production and technology (*i.e.*, machinery) was scaled up. In fact, Kim Kwangmo, who served as the vice director of the HCI Planning Corps, claims that Park's priority switched from the defense industry to the HCI after 1976-1977.<sup>389</sup> This switch might have been influenced by North Korea's less volatile behavior in the mid-1970s. The HCI gradually "absorbed" military products, since many of them were similar to commercial machinery products, and as a result, the defense industry increasingly became one "component"

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<sup>385</sup> Kyŏngje 2, *Kaep'yŏnnon*, 21-23.

<sup>386</sup> *Ibid.*, 4, 22.

<sup>387</sup> *Ibid.*, 22.

<sup>388</sup> *Ibid.*, 21.

<sup>389</sup> Kim's point here emphasizes the accelerated expansion of HCI, after 1976-1977, which he claims eventually turned Park from focusing on HCI support for the defense industry to expanding HCI's role in South Korea's overall economic growth. See Kim Kwangmo, interview by author, 18 April 2014.

of the HCI framework rather than sustaining the central and primary place in HCI.<sup>390</sup> Pak Yönggu, who has extensively studied the HCI documents, claims that the character of the HCI fundamentally changed after Park's HCI promulgation in 1973. That is, the HCI's economic goals supplanted the original defense industry objectives.<sup>391</sup>

Available empirical data suggests that Park made hardly any public reference to the defense industry after 1973, and there is a dearth of government records on the Park government's weapon policies during the mid- to late-1970s. Therefore, on the surface, it might appear that the defense industry was lower priority for Park than his highly conspicuous and well publicized campaign for HCI after 1973.<sup>392</sup> However, scarcity of evidence for Park's emphasis on the defense industry during the mid- to late-1970s might also simply reflect the clandestine nature of the project, which became more controversial and even more secretive after the promulgation of HCI in 1973. In fact, Park's implementation of Yulgok in 1974, under which operation Park intensified efforts for independent weapons development, including nuclear arms and long-range missile programs, necessitated increased concealment against US surveillance. The regime further tightened secrets as Park's conflicts with the Jimmy Carter administration (1977-1981) escalated over arms regulations during the late-1970s. In this sense, while the HCI's expansion and its market exposure greatly broadened the scope of South Korea's non-defense related economic activities and production, it is difficult to gauge whether Park's policy priorities

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<sup>390</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>391</sup> Pak, *Han 'guk ŭi Chunghwahak kongöphwa*, vol. 1, 104. Here, Pak Yönggu also cites O Wöñch'öl, who noted that in 1971, the government prioritized the "defense industry," calling it the "national strategic industry," but then in 1973 started calling "HCI" the new "national strategic industry." This shift indicates to Pak that President Park's priority literally shifted from defense to HCI after 1973. However, the defense industry was pursued as a covert mission under the auspices of HCI, also a code word for "defense industry," O's highest priority. See HGKK, vol. 7, 102.

<sup>392</sup> See Pak Yönggu's view above.

had truly shifted away from the defense industry and toward the HCI in the mid-1970s, notwithstanding what Kim Kwangmo and Pak Yŏnggu have argued. Although Kim Kwangmo's role in the SES included both HCI policies and management over classified weapon projects, his tasks were compartmentalized and separate from the top decisions in defense in nuanced ways.<sup>393</sup> Under Park's security system, only the Blue House Five-Member Committee, including O Wŏnch'ŏl, had full control and oversight over both the defense industry developments and the HCI. Kim, although prominent in SES policymaking, worked under O's supervision and thus Kim's knowledge of larger plans might have been relatively more limited. Furthermore, since Park considered national economic development and national security as essentially two sides of one coin, it would be logically inconsistent to suggest that Park's promotion of HCI economic policies represented a diminished role for the defense industry. Park's defense philosophy, as evidenced in his speeches and writings throughout the 1960s and 1970s, consistently treated economic and defense developments as mutual and interdependent pursuits, with economic strengthening a prerequisite to national defense strengthening.

#### **IV. "Korean-Style" Defense Industry Development**

Since the 1990s, many experts observing the Newly Industrialized Economies (NIEs) in Asia have compared the rapid industrializations of similar developmental state models.<sup>394</sup> South

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<sup>393</sup> At least in official capacity, only the secret Blue House Five-Member Committee, which included O Wŏnch'ŏl, plus the MND Five-Member Committee, were involved in the top decision-making process of Yulgok's military projects. On Kim's role in the classified weapon projects under Yulgok Operation, see also chapters 5 and 6.

<sup>394</sup> Japan's model, as the first example of rapid industrialization in Asia under a strong developmental state, was popularly seen as the prototype for Asia's Newly Industrialized Countries (NICs)—namely, South Korea, Taiwan, Hong Kong, and Singapore—that soon followed Japan with their own state-led development of economy and industry in the 1970s and 1980s. See, for example, Umesh C. Gulati, "The Foundations of Rapid Economic Growth: The Case of the Four Tigers," *American Journal of Economics and Sociology* 51, no. 2 (April 1992), 161-172; The World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (Oxford: Oxford University Press, 1993).

Korea's HCI in the 1970s is often compared with Japan's heavy and chemical industrialization from 1957 to 1967.<sup>395</sup> Both countries adopted strong state-led and export-oriented industrialization (EOI) policies under US sponsorship in the Cold War context. *Kaep'yŏnnon* itself cites various examples from Japan's precedent-setting performance during this decade of heavy and chemical industrialization, including the latter's ten-year developmental plan, the promotion of a technology-intensive industry, export policies, support of entrepreneurs and the business sector, and education of skilled labor.<sup>396</sup>

However, South Korea incorporated its defense industry into the HCI in a distinctive way, and the primary objectives and contexts of Japan and South Korea were different.<sup>397</sup> Japan's policies for heavy and chemical industrialization were purely economic and functioned under full US military control and guarantees over Japan's national defense. By contrast, South Korea's HCI policies were triggered by dire security challenges and were shaped by Park's commitment to equip Korean troops with domestically produced arms. Therefore, Park launched HCI in order to develop independent arms manufacturing through industrial reorganization. South Korea pursued economic militarization in a way that distinguished its process from that of its patron the US as well, even though the HCI-based plan for the defense industry espoused some of the disposition and key components of the US military-industrial complex, which was likewise driven by the private sector. South Korea could not possibly have replicated the US model, due

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<sup>395</sup> From 1957-1967, Japan's heavy and chemical industrialization increased the country's exports from \$26 million to \$100 million in goods. See Kim Kwangmo, "Such'ul 100-ŏkpul mokp'yo rŭl chogi talsŏng han chunghwahak kongŏphwa chŏngch'aek," *Pak Chŏnghŭi*, no. 33 (October 2012), 46.

<sup>396</sup> See *Kaep'yŏnnon*, 7-8, 12-13, 19, 29.

<sup>397</sup> Nishino, "Ilbon model e sŏ Han'gukjŏk hyŏksin ŭro," 204-205.

to a lack of internal resources and industrial foundations.<sup>398</sup> Park and his technocrats guided ROK defense industrialization according to particular structural distinctions that are further elaborated below.

## **Presidential Guidance**

The first and most prominent feature of South Korea's particular HCI and defense industry development was its "presidential guidance" (*taet'ongnyŏng chisi*) system, which institutionalized President Park's absolute authority over the operation. Such close supervision by the nation's president over defense industry development had no precedent in any other country, where formal ministries of national defense or military headquarters were designated to plan and implement military strengthening efforts.<sup>399</sup> Under the presidential guidance system, all planning and policies related to the defense industry had to pass through the SES, Park's personal instrument for managing plans, instead of the MND or JCS (Joint Chiefs of Staff), before being handed down to the ADD and civilian manufacturers for implementation.<sup>400</sup> The scheme was therefore Blue House-centered, with "top-down" policies issued in the state's "big push program"<sup>401</sup> for HCI development of defense-related industries over a collapsed timeframe. With full institutional backing and direct oversight by the Blue House, the SES freely designated key industries to be developed, restructuring the national industrial landscape, while also implementing extensive nationwide technological and educational reforms.

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<sup>398</sup> Unlike the US private sector, which had prospered with a defense production base since the World War I (1914-1918), the Korean state was engineering and developing a nascent private sector transition into the defense industry.

<sup>399</sup> Kim Chin'gi, "Pak Chŏnghŭi wa Han'guk ŭi mugi, pangwi sanŏp," in *Pak Ch'ŏnghŭi sidae rŭl hoego hada*, ed. Yi Chisu, 182.

<sup>400</sup> *Ibid.*, 184-185; see also Ku, *Han'guk ŭi pangwi sanŏp*, 30, 33.

<sup>401</sup> Kim, *Korea's Development under Park Chung Hee*, 172, 178.



The Blue House-centered approach ensured that the SES would be unhindered as it promoted HCI and the defense industry, especially against opposition to Park's independent arms development. In 1971, the military initially opposed SES plans for an independent defense industry, favoring instead continued reliance on US military imports.<sup>402</sup> ROK military leaders, who had traditionally maintained close ties with the USFK's military command and were accustomed to procuring US-made weapons, expressed skepticism about the potential quality of Korean-made arms.<sup>403</sup> Similarly, EPB officials opposed the state-interventionist HCI policies advocated by O Wŏnch'ŏl, while endorsing the American free market system. The EPB was also concerned about the HCI's estimated cost (\$10 billion in capital), believing that South Korea's lack of financial resources made O's proposal too risky. Opposition party members resisted Park's plans on general political grounds and challenged the HCI in particular. Then, beyond domestic opposition, Park faced his biggest challenge *vis-à-vis* US arms regulations, as Washington sought to hold Park's independent weapons production capacities in check and remained watchful over South Korea's procurement of advanced weapons technologies.<sup>404</sup>

Despite both domestic and international opposition, South Korea aggressively pushed Park's aims, mobilizing a national integration and cooperation of the government, military headquarters, businesses, and research institutes behind Park's authority and will to drive HCI and to build a self-reliant national defense. Directed by the absolute authority of the executive power, the SES compelled relevant ministries, including the EPB and MND, as well as the ADD,

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<sup>402</sup> Kim Kwangmo, interview by author, 16 April 2013. Even though the MND had earlier followed Park's order to begin domestic arms production in response to the urgency of North Korea's escalating threats in the late-1960s, the ministry still preferred for the majority of arms to be imported from the US and thus opposed the SES plan for a full-scale Korean defense industry.

<sup>403</sup> Kim Kwangmo, *Han'guk ūi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek*, 303; Kim, interview by author, 16 April 2013.

<sup>404</sup> HGKK, vol. 7, 420.

MCI, Ministry of Foreign Affairs, Ministry of Home Affairs, KCIA (Korea Central Intelligence Agency), and JCS, to coordinate and achieve Park's aims for military modernization.<sup>405</sup> It was also through Park's presidential guidance that the MND and ADD proactively negotiated secret arms deals with overseas arms suppliers for weapons procurement, including banned nuclear and missile technologies, thus flouting US arms restrictions. Overall, through the national cohesion and the weapons procurement system overseen by the president, South Korea's indigenous system of weapons production developed at an unprecedented pace in the 1970s.

While this system advanced the HCI and defense industry, however, the nation incurred heavy costs in other areas. In particular, the president, as the "engine of governance,"<sup>406</sup> overstepped the checks and balances of constitutional and bureaucratic procedures, legal regulations and limitations, as all operations were subsumed under his personal influence and particularly his political control over civilian industries. In fact, the defense industry operated so much through Park's decision-making authority that a sudden and steep decline in production ensued following Park's assassination in 1979, and the industry suffered systematic ineptitude, loss of direction, stalled growth, and financial scandals throughout the 1980s.<sup>407</sup> The SES, which

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<sup>405</sup> See Presidential Secretariat, Anbo chŏngse chonghap p'yŏngga punsŏk pogo chŏlch'a, 8 March 1974, file no. EA0004775, PANAK.

<sup>406</sup> Sung Deuk Hahm and L. Christopher Plein, "Institutions and Technological Development in Korea: The Role of the Presidency," *Comparatives Politics* 28, no. 1 (October 1995), 61.

<sup>407</sup> Critical flaws in the state's centralized policies on defense industry development became apparent when Park was assassinated in 1979. Over the next decade, the industry steeply declined under the Chun Doo Hwan regime (1980-1988). Eager to please the United States, Chun immediately abolished the SES, which directed Park's covert weapon operations, including the domestic nuclear arms program that the US opposed. He put the MND back in charge of the defense industry, due to the MND's traditional strong ties with the US. As the command and control headquarters of the defense industry was dismantled in the 1980s, managerial efficiency, innovativeness, and productivity of domestic production deteriorated. The MND furthermore re-opened the doors to the corruption, scandals, and financial mismanagement that had plagued military spending prior to Park but that Park had minimized by asserting direct oversight and by appointing civilian-based management (via SES and MCI). As defense businesses began delivering poor performances under the new regime's downgraded management and weak support, Chun began relying on foreign technological acquisitions, shifting from Park's priority of advancing indigenous weapon R&D. Without active state administration constantly promoting and pushing defense businesses with clear direction, agenda, and long-term support, businesses resorted to passivity, while the former rapid pace of

acted as the governing agency for defense industry development throughout the 1970s, was also rendered obsolete after Park's demise.

### **Centralized HCI Administration**

A second feature of South Korea's HCI development was its extremely tight and centralized leadership, consisting of a small team of top technocrats headed by the SES. After 1973, Park heavily relied on Blue House technocrats affiliated with the MCI, such as Kim Chŏngnyŏm and O Wŏnch'ŏl, to advise him and lead the government's economic and industrial policies for HCI. As the HCI structure prioritized absolute efficiency, secrecy, and minimal delays, in accord with Park's priorities, O and his technocrats operated with the elitist rubric and philosophy *sosu chŏngye* (meaning, "a small number of the elites to complete the task").<sup>408</sup> Six core members of O's SES exercised authority over HCI planning, weapons production, skilled labor development, educational reforms, land development for industrial complexes, establishment of research institutes, and even the Yulgok Operation's precision missile and nuclear arms program.

O's adherence to *sosu chŏngye* was plainly reflected in the HCI Planning Corps' monopoly over industrial policy-making. As a special task force formally serving the Prime Minister's Department, but in reality led by the SES, the Corps had total administrative power to guide, manage, and implement policies that restructured the national industrial base to build a

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defense industrialization seen in the 1970s was slowed. The defense industry's sudden demise after Park proved the critical place of the state in the industry's initial rapid growth. See Hwang Tongjin, "Sŏnjin'guk ilssurok pangwi sanŏp e t'uja," *Han'guk nondan* 50, no. 1 (September 1993), 97-98; see also Chung-in Moon and Jin-Young Lee, "The Revolution in Military Affairs and the Defence Industry in South Korea," *Security Challenges* 4, no. 4 (Summer 2008), 131.

<sup>408</sup> HGKK, vol. 5, 30.

defense-industry infrastructure.<sup>409</sup> According to Kim Kwangmo, since Park never refused O's policy proposals, "there was no stronger apparatus" than the HCI Planning Corps, and their policies were equivalent to direct orders from the president.<sup>410</sup> As industrial restructuring necessitated the comprehensive national reforms, the HCI Planning Corps led all other ministries of government in the multi-ministerial efforts to reach HCI goals.<sup>411</sup> Typically, HCI technocrats designed policies and then fully executed them through direct coordination with the relevant ministries. As an example, Kim Kwangmo, who had drafted the strategies for reforming education of domestic skilled labor, recalls how he personally worked with a team of officials in both the Ministry of Education and the Ministry of Science and Technology to implement educational reform measures to advance science and technology at the school levels.<sup>412</sup>

While centralized policies expedited HCI decision-making and execution of plans, rapidly mobilized the nation, and equipped South Korea with an industrial base on which to build a defense industry, dysfunctional elements were also introduced, and these problems were exacerbated over the long run. Even though O and Kim Kwangmo worked directly with ministerial officials and the heads of research and corporate sectors for HCI development,<sup>413</sup> the

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<sup>409</sup> In Hyung-A Kim's view, the SES and the HCI Planning Corps together functioned like the economic super-agencies of other Asian developmental states, such as Japan's MITI, or the Taiwanese "pilot agency" which guided state-led economic development. According to Kim, however, in South Korea, the power of industrial policy-making was far more concentrated among fewer policy-makers. See Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford, CA: Stanford University Press, 1982); Robert Wade, *Governing the Market: Economic Theory and the Role of Government in Taiwan's Industrialization* (Princeton, New Jersey: Princeton University Press, 1990). Cited from Kim, *Korea's Development under Park Chung Hee*, 177.

<sup>410</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>411</sup> *Ibid.*

<sup>412</sup> *Ibid.*

<sup>413</sup> O was known by those who worked with him for gathering most of his information through direct meetings with experts in the defense-related fields, such as scientists, heads of private corporations and other informants of the ADD. For example, according to a memoir by Dr. Han Pilsun, who worked for the ADD for 12 years, from the time of its founding in 1970, O frequently had personal and direct discussions with the ADD researchers in charge of

top technocrats, who decided the critical policies in the end, ultimately circumscribed the government's decision-making curriculum.<sup>414</sup> The HCI Planning Corps therefore created a defense industry that depended on strong state management in order to remain viable and operate at peak performance. Although contracting companies grew stronger *per se*, their efforts were also scripted for a specific system to sustain excellence in the industry. Besides having too few technocrats administer the programs, the Park government also micromanaged the industry and intervened in a heavy-handed fashion. These methods stymied what might have otherwise been a fully flourishing development apart from state controls.<sup>415</sup> Whereas government oversight accelerated growth and made for successful multilateral collaborative efforts in HCI, centralization of management prevented the formation of a self-sustaining, independently functional system that could work autonomously and efficiently for industrialization, apart from overreliance on the state's active support and discipline.

### **Park's Ideological Influence on HCI**

HCI not only reflected Park's administrative influence, but it was also imbued with his core ideals and beliefs. The state's mass mobilization of civilians to benefit HCI was very much an ideological movement. Through anti-communist rhetoric, Park constantly inveighed against the North Korean regime, while he instilled fervor in government officials to strengthen the nation through rapid industrialization. Park was also engaged in a fierce personal competition

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individual weapon projects, in order to collect technical and technological data on their developments. See Han P'ilsun. *Suryut'an esŏ wŏnjaro kkaji*. (Kukpang kwahak yŏn'guso, 2000), 25-29.

<sup>414</sup> See Hahm and Plein, "Institutions and Technology Development – Role of Presidency," 61.

<sup>415</sup> See Rim and Lee, "The Effects of Korean Government's Defense Industry Fostering Policy on the Performance of Defense Industry Enterprises," *IPPA*, accessed November 30, 2016, [http://www.ippa.org/ippc4\\_proceedings19.html](http://www.ippa.org/ippc4_proceedings19.html).

with Kim Il Sung himself, for superiority through a strong national economy and military.<sup>416</sup> With his self-reliant national defense agenda, Park used the New Village Movement to inspire civilians with anti-communism and a sense of competition as well as support for HCI and mobilized the nation as an anti-communist stronghold. Following Park, the HCI Planning Corps called themselves the “Industrial Corps” (*sanŏp kundan*), alluding to soldiers in an industrial war against the communist North.<sup>417</sup> With the government-*chaebŏl* partnership in HCI development, anti-communist ideals were ingrained in the corporate culture, where the working environments of defense factories reflected a war-like morale. The state media labeled factory workers *sanŏp chŏn* (industrial warriors), referring to them as “special soldiers” on the industrial frontier against the communists.<sup>418</sup> In an interview conducted for the present dissertation, Yu Hansik, who once worked as a leading technician for Kia Heavy Industries, South Korea’s first heavy artillery producer, and who sees himself as representative of many skilled workers in the defense industry during the 1970s, recalled, “I was burning with a strong sense of national calling and responsibility.”<sup>419</sup>

Park further stimulated economic nationalism by urging South Koreans to emerge from *hujin’guk* (backward nation) and to catch up with *sŏnjin’guk*, or economically advanced nations.<sup>420</sup> Stirring the sense of contest with the economic modernization of the West and Japan, Park garnered national support for HCI industrial reforms and EOI. Park frequently referenced

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<sup>416</sup> O Wŏnch’ŏl, “Yulgok saŏp ch’ulpal: Pak Chŏnghŭi, Kim Ilsŏng ōgi ssaum,” *Sindonga* (June 1995), 469.

<sup>417</sup> Kim, *Korea’s Development under Park Chung Hee*, 180.

<sup>418</sup> Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation*, 12.

<sup>419</sup> Yu Hansik, interview by author, 27 June 2013, Ch’angwŏn, South Korea.

<sup>420</sup> KCDJ, 94-95; Pak Chŏnghŭi, *Nara ka wigŭp hal ttae ōtchi moksum ūl akkiri* (Sŏul: Tongsŏ munhwasa, 2005), 314; see also Kim, *Korea’s Development under Park Chung Hee*, 175.

Japan's modernization through the Meiji Reformation (1868-1912) as well as Japan's own prior success with an export-led heavy and chemical industrialization (1957-1967).<sup>421</sup> He challenged citizens to exceed the achievements of their former colonizers. He also idealized South Korea's path of escape from its long dependency on the US, driving the nation to achieve economic independence from US interventionist policies. Accordingly, Blue House technocrats defied US advice and free-market approaches, further asserting South Korea's autonomy.

Ultimately, as Park insisted on his "economy-first" principle,<sup>422</sup> HCI prioritized economic growth over social progress, and the latter was set back. Park believed that South Korea could achieve an independent national security as well as political goals like democracy, freedom and national reunification only by way of building an independent national economy.<sup>423</sup> Through economic planning, the state's resources and privileges were largely allocated to corporate elites who supported HCI development during the 1970s. As the state mobilized Korean workers through the Factory New Village Movement, they were instilled with the ethos of a strong nationalist economy. Indoctrinated with Park's developmentalist mentality, workers were trained to sacrifice for modernization and rapid industrialization, valuing the advancement of the national economy over their own civil rights.<sup>424</sup>

Much like the commander-in-chief of a major military operation, who disciplines and orders troops under his command, Park shaped the structure and the culture of HCI with his

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<sup>421</sup> Chungang ilbo t'ŭkpyŏl ch'wijae t'im. *Sillok Pak Chŏnghŭi* (Sŏul, Chungang M&B, 1998), 219.

<sup>422</sup> Kim, "Industrial Warriors," 591.

<sup>423</sup> On January 1<sup>st</sup>, 1962, Park stated, "Free democracy can only be realized with a strong economic foundation," declaring that, "without an independent economic foundation," dogmatic adoption of democracy would only bring confusion and chaos. See Pak Chŏnghŭi, *Han'guk kungmin ege koham*, 32.

<sup>424</sup> Moon, "Mechanism of Mass Mobilization and Creating State Citizens During the Economic Development Period," 21.

militaristic approach. Other individuals and systems in turn adopted his core principles and fulfilled them through a national mission. Under HCI, South Korea operated like an infantry division in the field of industrial warfare, ruthlessly marching towards the economic development at all costs and maximizing human labor according to strict principles of low-cost mass production. As the state prioritized and enforced efficiency, equity was impeded, hindering the democratization of the nation. These side effects of industrialization today continue to detract from Park's legacy. Wealth became concentrated among the *chaebŏl*, the business partners of Park's HCI program, exacerbating social-class and regional divisions, as a majority of the populace was left behind in the modernization process.<sup>425</sup> The civil rights of factory workers were strictly limited or flatly denied, especially in defense-related factories, and facilities were closely monitored by state enforcement agencies to prevent labor strikes or any other disruptions in factory productivity. When the Park regime imposed its draconian Yusin system in 1972, labor rights were so repressed that intellectuals and student activists allied with laborers to organize an anti-state, democratic movement that remained active throughout the 1970s.

### **Political Ties between Park's HCI and Yusin**

The ties between HCI and Yusin were intricate and far-reaching. Park's declaration of the Yusin policy in October 1972 granted him unconstrained presidential powers to carry out comprehensive political reforms under martial law through the state's war-like mobilization of industrial expansion in the context of what Park determined was a national emergency. Defense industrialization goals were rapidly achieved, but onerous human rights abuses were sanctioned, as legislative and judicial processes were obliterated by despotic executive power. The citizenry

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<sup>425</sup> Along with widened income disparities, the citizenry suffered grossly uneven regional development and unsafe labor conditions, as well as inadequate welfare systems. See Koo, "Labor Policy and Labor Relations during the Park Chung Hee Era," in Kim and Sorensen, 134-135.



suffered historic trauma that led to deep-seated divisiveness and long-term controversy. Scholars have hotly debated whether the Yusin system (1972-1979) was essential to HCI and defense industry development in the 1970s. Responding in the affirmative, O has stated, “authoritarianism [Yusin policy] was prerequisite to HCI,” which in turn made possible the development of the defense industry:

These days, many say that President Park succeeded in economy but failed in democracy. Even former ministers under the President openly separate HCI from Yusin reform. I tell you: the bitter truth is *that HCI was Yusin and Yusin was HCI*. One did not exist without the other. Korea succeeded in HCI because the President disciplined the state to implement HCI precisely as planned. And the President could not have disciplined the state if there had been no Yusin [Constitution]. It is unconscionable to ignore this fact [italics mine].<sup>426</sup>

O saw Yusin as indispensable to HCI, to enable defense preparedness for national security exigencies. In an interview for the present dissertation, Kim Chŏngnyŏm similarly remarked that dire national security circumstances, especially North Korea’s provocations in 1968 and the Nixon Doctrine in 1969, prompted Park’s decision to implement HCI and to build the defense industry.<sup>427</sup> Overall, then, Park’s top policy-makers have treated Park’s agenda and the consolidation of the state’s iron-grip rule as a necessary means to the state’s ends of building a self-reliant national defense through HCI. In this analysis, Park’s implementation of Yusin, as well as the subsequent modernization of the defense industry and the HCI, all represented a reaction to the perceived national emergency of the late-1960s and early-1970s.

The above assessment is increasingly challenged by contemporary scholars, however, who have treated Park’s Yusin reform as more politically-motivated than it was security-

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<sup>426</sup> Hyung-A Kim’s interview with O Wŏnch’ŏl, October 1996 and January 2000. From Kim, *Korea’s Development under Park Chung Hee*, 175-176.

<sup>427</sup> Kim Chŏngnyŏm, interview by author, 5 April 2013; See also Kim Chŏngnyŏm’s book, *A Pak Chŏnghŭi* (Seoul: Chungang M&B, 1997), 133.

driven.<sup>428</sup> According to this view, Park asserted Yusin, his self-reliant national defense agenda, defense industry development, and HCI all as part of a meticulous scheme to perpetuate his regime.<sup>429</sup> In fact, not all of Park's former technocrats agree with O. Even O's closest assistant, Kim Kwangmo, in an interview for the present dissertation, argued that while Yusin certainly made HCI policies operable, Park did not implement Yusin for the sake of HCI.<sup>430</sup> Against O's justification of Yusin as well as his equating Yusin with HCI, and against other ardent supporters of Park,<sup>431</sup> Kim passionately stated, "You cannot realistically believe that the Yusin was started to build factories!"<sup>432</sup> Kim went so far as to say, "O Wŏnch'ŏl has, in fact, lied [if he said that Yusin was set up for HCI]." <sup>433</sup> On the other hand, Kim insisted, it was actually the successful development of HCI that ended up benefitting Park's Yusin politics and defense industry, not the other way around.<sup>434</sup>

Describing himself as the original architect of the HCI,<sup>435</sup> Kim further argued that HCI policies were actually formulated independently from both Yusin and the defense industry at the start, but over time the HCI was officially incorporated into Park's top agenda. The latter

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<sup>428</sup> See, as examples, Hong Sŏngnyul, "1960 nyŏndae Hanmi kwan'gye wa Pak Ch'ŏnghŭi kunsŏ chŏnggwŏn." *Yŏksa wa hyŏnsil*, no. 56 (2005), 270-302; Pak T'aegyŏn, "1960 nyŏndae chungban anbo wigi wa che 2 kyŏngjeron," in *Pak Chŏnghŭi sidae yŏn'gu ŭi chaengjŏm kwa kwaje*, ed. Chŏng Sŏnghwa, 117-153; Chŏng Iljun, "Yusin ch'eje ŭi mosun kwa Hanmi kaltŭng: Minjujuŭi ŏpnŭn kukka anbo," *Sahoe wa yŏksa* 70 (2006), 149-178.

<sup>429</sup> See Hong, "1960 nyŏndae Hanmi kwan'gye wa Pak Ch'ŏnghŭi kunsŏ chŏnggwŏn," 297.

<sup>430</sup> Kim Kwangmo, interview by author, 10 September 2013.

<sup>431</sup> For example, see Cho Kapche's presentation titled, "Relooking at the Yusin Period" as part of his lecture series on the Modern History of Korea at the Munhwa Ilbo Hall, Seoul, South Korea on October 17<sup>th</sup>, 2011. Accessed December 12, 2014, <https://www.youtube.com/watch?v=1OQxFhfxLZM>.

<sup>432</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>433</sup> *Ibid.*

<sup>434</sup> Kim Kwangmo, interview by author, 10 September 2013.

<sup>435</sup> Kim Kwangmo, interview by author, 18 April 2014.

development occurred only after Park had instituted Yusin and had firm political control in October 1972. Based on Kim's narrative, it was at this point that Park decided to seriously push the technocrats' plan for HCI reforms, as he realized that success with HCI and its economic development of South Korea was absolutely needed for his regime's political stability as well as for defense industrialization.<sup>436</sup> Kim Kwangmo, accordingly, argued that President Park would not have had a "political pretext for justification of Yusin without the economic plans offered by HCI."<sup>437</sup> Kim's view, emphasizing Park's political motivations, is strengthened by the fact that Park announced Yusin shortly after an extremely narrow victory in the 1971 presidential election against the popular democratic activist Kim Dae-jung. Park's promulgation of HCI and his economic agenda in 1973, which included the targeted \$10 billion in exports and GNP per capita of \$1,000, boosted citizen support of the president, since the populace regarded economic development as the nation's most urgent task. Because HCI's ten-year plan required long-term political stability and, presumably, the continuity of the incumbent government as well, HCI development efforts might have been used as a means to legitimize Park's indefinite term as head of the Yusin regime.

Notwithstanding what might have motivated Park, Kim Kwangmo fully agrees with O Wŏnch'ŏl, that South Korea's HCI and defense build-up could not have been implemented without the political stability and control provided by the Yusin system. Yet the contrast between the two views is also quite stark: whereas Kim describes HCI's origins and development as separate from both the defense industry and Yusin, O treats HCI and defense industry

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<sup>436</sup> Kim Kwangmo, interview by author, 10 September 2013.

<sup>437</sup> Kim Kwangmo, interview by author, 18 April 2014.

development as “one overarching project,”<sup>438</sup> launched all at once as a result of his meeting with President Park in November 1971.<sup>439</sup> Kim Kwangmo asserts that the convergences of HCI and the defense industry occurred gradually, as the defense industry plan was developed first, and only later incorporated the HCIP (crafted by Kim) as the defense industry increasingly necessitated HCI.<sup>440</sup> In fact, according to Kim, “there was no chatter about the HCIP” in government for much of 1972, and the program was elevated to significance only after Yusin was established later in the year.<sup>441</sup> Moreover, according to Kim, in the beginning, Park himself was quite new to the idea of the HCI itself and was not fully prepared to pursue it, but ended up implementing it based only on the strong persuasion of O Wŏnch’ŏl, who explained that HCIP was needed for South Korea’s defense industrialization.<sup>442</sup> However, Kim’s view is contradicted by the records cited previously, which show how Park’s ideas and vision, as well as the MND’s three-year plan (1968-1971) for civilian arms production from the late-1960s to 1971 had already primed Park to endorse O’s strategies for HCI, centering defense industrialization on a civilian industrial base.

Despite this contradiction of his narrative, Kim Kwangmo’s testimony about the emergence of HCI should be taken as credible overall, since Kim was the top assistant of O Wŏnch’ŏl while serving as the vice director of the HCI Planning Corps (1971-1979), and the person with whom O had worked the closest from the establishment of the SES in 1971. Also a

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<sup>438</sup> O, *The Korea Story*, 246.

<sup>439</sup> Kim Chŏngnyŏm’s account supports O’s view, according to which the defense industry and HCI both began in November 1971. See Kim Chŏngnyŏm, *Ch’oebin’guk esŏ sŏnjin’guk munt’ŏk kkaji*, 393-394.

<sup>440</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>441</sup> *Ibid.*

<sup>442</sup> *Ibid.*; see also Pak Yŏnggu, *Han’guk ŭi Chunghwahak kongŏphwa*, vol. 1, 74.

graduate of O's *alma mater*, Seoul National University, Kim had a chemical engineering background and worked as the MCI's planning director for the petrochemical industry (1969-1971) prior to his personal recruitment by O to the SES. After his promotion to the SES, Kim almost always shadowed O in his policy-related assignments, activities and trips abroad. In fact, Kim's account of himself as the real architect of the HCI behind the scenes<sup>443</sup> also seems more logical than O's rather grandiose self-crediting in his memoirs.<sup>444</sup> O was primarily tasked with overseeing the development of the defense industry at first, and it was later that his duties were swiftly expanded with the increased demands of both the defense industry and HCI. Given this chronology, it is plausible that other specializing technocrats who worked for him, especially Kim Kwangmo, the former top MCI expert in the petrochemical industry, one of the six heavy and chemical industries, assumed greater responsibility in the details of planning and implementation of the HCI. In this interpretation, O can be seen more like a coordinator responsible for the overall development of the defense industry and HCI, and as the intermediary between the SES and President Park, whereas Kim might be seen as a project manager and actual policy-maker over the HCI at a micro-level. This hypothetical retrospective on the authority structure, however, might also serve to undermine Kim's view on the distinct separation of the HCI and Yusin; for, Kim, who regards the HCI as his brainchild and his legacy, would not want to taint the legacy of the HCI through closely associating it with the notorious Yusin policy, a concern which might have motivated him to further separate the HCI's origins from Yusin in his

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<sup>443</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>444</sup> In his 7-volume memoirs, O discusses his central role in most of Park's modernization projects, from the broad outlines of the defense industry to the development of each heavy and chemical industrial sector, the oil industry, the development of skilled laborers, export-oriented economic growth, construction of the industrial complex, and so on.

own narrative. Overall, then, both records and interviews suggest that Yusin was instituted to support Park's plan to build a defense industry by pushing HCI development.

## **V. Independent Weapons Production**

The Yusin regime reshaped South Korea by driving the nation through drastic measures of industrialization and mobilization, fully conscripting civilian manufacturers along with the national workforce and resources to implement the state-led HCI program for defense industry. The magnitude, intensity, and pace of transformation under HCI in the 1970s were unprecedented and comparable only to Japan's wartime mobilization of Korea in the 1930s and early 1940s with the colonial merger of public and private sectors for defense production.<sup>445</sup> Like a nation preparing for war, South Korea's industrial policies were established to push the rapid production of domestic arms and to modernize the ROK military.

### **Building Industrial Foundations**

With the Yusin Constitution backing Park, the HCI Planning Corps mobilized the private sector and reorganized the national infrastructure to build industrial foundations for mass producing weapons. From 1973 to the late-1970s, the state constructed new industrial complexes that formed a comprehensively modernized infrastructure for government-designed civilian manufacturers in six heavy and chemical industries. The complexes included integrated steel mills, shipyards, electronics complexes, nonferrous metals complexes, integrated chemical/petrochemical complexes, and an integrated machinery complex. These establishments

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<sup>445</sup> See Eckert, "Total War, Industrialization, and Social Change in Late Colonial Korea," in *The Japanese Wartime Empire, 1931-1945*, ed. Peter Duus, Ramon H. Myers, and Mark R. Peattie (Princeton, New Jersey: Princeton University Press, 1996), 3-39.

achieved *Kaep'yŏnnon*'s design for South Korea's system of mass production,<sup>446</sup> which the SES technocrats intended would vitalize domestic arms production and raise it to an industrial scale. The construction of POSCO's integrated steel mill began the domestic production of steel in July 1973, representing the first major step toward building an independent industrial foundation for a full-fledged defense industry. The nonferrous metal industry emerged and grew with completion of the Onsan Industrial Complex in 1977-1978,<sup>447</sup> enabling South Korea to produce specialized steel and other basic materials of the defense industry. As a result of indigenous large-scale steelmaking, iron making and rolling,<sup>448</sup> as well as copper- and zinc-smelting capabilities, the South Korean workforce was equipped with valuable technical skills for both industrial development and defense production. Supported by the independent production of steels and nonferrous metals, then, South Korea expanded industrialization to domestic transportation industries including car manufacturing and shipbuilding, as well as production of heavy machinery products. The government and industry together trained a large supply of low-wage, highly skilled laborers, ideal for labor-intensive shipbuilding, as Park had designated the industry a top objective of HCI in 1973.<sup>449</sup> Hyundai Shipyard was constructed at Ulsan in 1974, and by February 1976, South Korea was one of the largest shipbuilders in the world, possessing contracts for 141 ships and totaling 4.3 million tons.<sup>450</sup>

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<sup>446</sup> Kyŏngje 2, *Kaep'yŏnnon*, 27.

<sup>447</sup> Heavy and Chemical Industry Promotion Council Planning Office, *Heavy and Chemical Industry* (Seoul: Government of the Republic of Korea, 1976), 117.

<sup>448</sup> *Ibid.*, 25.

<sup>449</sup> See chapter 4 for more detail on Park's policies to nurture knowledge-based workers in the defense industry; also see Hyung-A Kim, "Industrial Warriors: South Korea's First Generation of Industrial Workers in Post-Developmental South Korea," *Asian Studies Review* 37, no. 4 (October 2013).

<sup>450</sup> HCI Promotion Council Planning Office, *Heavy and Chemical Industry*, 41.

Besides the above rapid progress over only two years, South Korea established three electronics industrial complexes in Kumi, providing for the domestic production of electronic weapons, communication devices, and surveillance equipment for the ROK military.<sup>451</sup> The maturing industries further advanced skilled labor, R&D, technology, mass production, and quality improvements in export goods, all developments that were essential to modernizing the defense industry. The industrial complexes were complemented by research institutes, which were designed to support the technical and scientific advancement of each sector of HCI, thus completing the industrial environment that promoted the defense industry.

Central to HCI development, however, was the domestic industrial machinery sector, which was based on O's idea of expanding the civilian machinery manufacturing to develop a system for the mass production of weapons.<sup>452</sup> In April 1974, the MCI began constructing the Ch'angwŏn Industrial Complex, which served as the core infrastructural base for the production of both commercial and weapon-related machinery.<sup>453</sup> With the third and fourth Five-Year Economic Development Plan(s) (1972-1976, 1977-1981), the government strongly encouraged civilian businesses to expand into defense-related industries. Selected defense contractors, which included top machinery and electronics manufacturers, such as Kia Heavy Industries, Korea Heavy Machinery, Tongil Industries, Pusan Valve, Orient Electric, and Jinhae Battery, received government occupancy approvals at Ch'angwŏn Industrial Complex and began building new plants there with government funding in the mid-1970s.<sup>454</sup> With the operation of new weapon-

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<sup>451</sup> Kim, *From Despair to Hope*, 409.

<sup>452</sup> Presidential Secretariat, Pyŏnggi saengsan ch'eje, 15 February 1972, file no. EA0004549, PANAK.

<sup>453</sup> Joo-Hong Kim, "The Armed Forces," in Kim and Vogel, 177.

<sup>454</sup> HCI Promotion Council Planning Office. *Heavy and Chemical Industry*, 67-68.



machinery plants, Ch'angwŏn became the largest industrial base in South Korea and served the HCI's most important aims—commercial machinery production and weapon manufacturing.

### **Maturation of the Weapons Production System**

Soon after HCI policies were written, South Korea produced new weapons through civilian manufacturing. The ADD successfully launched an experimental 105-mm howitzer made by Kia Heavy Industries in March 1973, the first milestone in the production of Korean-made heavy artillery.<sup>455</sup> On June 25<sup>th</sup>, 1973, South Korea officially exhibited its new artillery, including 105 mm howitzers, along with a 106 mm recoilless cannon and a 4.2-in mortar. These displays reflected the defense industry's rapid expansion in range of weapon types as well as improvements in precision technology. These developments were undergirded by swiftly maturing domestic defense contractors, including Kia Heavy Industries.

Advances by local defense manufacturers are referenced in a SES report titled, “Establishment of the Mass Production System for Defense Businesses,” presented to President Park on December 4<sup>th</sup>, 1974, introducing 39 civilian defense businesses that were designated by the government for the mass-production of 44 weapons.<sup>456</sup> The report ranks and enumerates the civilian defense businesses according to developmental stages, from production of arms in their original commercial plants to development of military manufacturing through plants equipped for weapon-specialization, as follows: 12 Stage-1 companies, using civilian facilities for both commercial and military production; 9 Stage-2 companies with professional military facilities incorporated into existing civilian factories; and finally, 18 Stage-3 companies, with fully

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<sup>455</sup> O, *The Korea Story*, 150.

<sup>456</sup> Presidential Secretariat, Pangwi sanŏp ŏpch'e ryangsan t'aese hwangnip, 4 December 1974, file no. EA0004816, PANAK.

separate factory buildings established solely for weapons production.<sup>457</sup> The report also divulges the SES plan for upgrading Stage-1 company facilities to Stage-2 or -3 facilities by the end of 1975.

Another report directly addressed to President Park, dated December 27<sup>th</sup>, 1974, and titled, “Defense Industry,” confirms the considerable progress made, commenting that the domestic defense industry has entered “the stage of mass production,” after only two years of experimental production and development of basic weapons.<sup>458</sup> Credit for the pace of progress is given to the cooperative efforts made between civilian businesses, the military and research institutes. The document also indicates that South Korea’s method of domestic weapons production through localized manufacturing of weapon parts (for assembly) contributed not only to the indigenization of weapons production, but also to maintenance abilities for the ROK weapons in use, thus strengthening South Korea’s military power. This evidence corroborates the suggestion that O Wŏnch’öl’s idea of reverse engineering was by this time fully adopted and comprehensively implemented in South Korea’s production system. The same report points out that the precision manufacturing of weapon parts contributed to the growth of the civilian precision industry. The details indicate that results were immediate in the defense industry’s emergence within the HCI framework. At the end, the report lays out the objectives for South Korean defense industry development, including: 1) plans to improve South Korea’s present defense industry from the production of basic weapons to more precision-based advanced military weapons and vehicles; 2) plans to procure foreign skills and technology “in sync with the HCI policies,” by increasing joint cooperation between renowned foreign defense businesses

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<sup>457</sup> *Ibid.*

<sup>458</sup> Presidential Secretariat, Pangwi sanŏp, 27 December 1974, file no. EA0004825, PANAK.

and domestic businesses; 3) plans for arms exportation, starting with the Southeast Asian market.<sup>459</sup>

Even the United States, which had opposed Park's aggressive armaments agenda, was impressed by South Korea's extraordinary pace of industrialization and independent production of US-model weapons. Park's relentless arms development, in fact, persuaded the US to grant greater concessions for military technology transfers to support South Korea's defense industry.<sup>460</sup> This change in the US stance opened doors for South Korea's participation in joint weapon production with the US licensors, and Korean defense manufacturers were able to acquire new technical skills and original blueprints for US weapon technologies and various weapon models.<sup>461</sup> Along with US technical support, HCI plants started mass-producing a surplus of ammunition and infantry weapons by the mid-1970s, allowing the Park regime to promote exports of newly indigenized weapons.<sup>462</sup> As a result, from 1974 to 1976, South Korea was transformed from a mere importing patron of US military products to a weapons manufacturer and arms exporter.

The US continued to note rapid expansion in the Korean defense industry. On February 16<sup>th</sup>, 1976, J.J. Miller of the US Army Review Team, who was sent to South Korea by the US

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<sup>459</sup> *Ibid.*

<sup>460</sup> For example, Kim Kwangmo reported to President Park regarding a visit that a new US ambassador had made to the ADD's facilities in November 1974, eight months after Yulgok's implementation. The report observed that the US embassy had shifted its stance toward South Korea's defense industry, and the ambassador even showed support for further defense industry development. Kim noted a stark contrast with the position taken by the previous US ambassador in Seoul, who had long opposed Park's defense developments. See Presidential Secretariat, Chuhanmi taesa ūi kukpang kwahak yŏn'guso pangmun, 21 November 1974, file no. EA0004813, PANAK.

<sup>461</sup> As Korean manufacturers proved able to produce US weapons or weapon parts, US manufactures subcontracted with Korean producers under joint production agreements, because to do so was much more cost-effective for the US system of production. Presidential Secretariat, Pangwi sanŏp, 27 December 1974, file no. EA0004825, PANAK.

<sup>462</sup> Presidential Secretariat, Soch'ongt'an such'ul kŏnŭi, 11 July 1975, file no. EA0004850, PANAK; idem, Kuksan 81-mm pakkyŏkp'o such'ul kŏnŭi, 18 August 1975, file no. EA0004856, PANAK.

Army Material Command to evaluate Korean-manufactured artillery, wrote the following on South Korea's weapons production abilities:

It should be noted that in the short span of four years Korea has been expected to "REVERSE ENGINEER" and produce weapons comparable in quality to U.S army weapons.... The overall program is good and shows considerable promise.<sup>463</sup>

Miller's report commends the new facilities at the Ch'angwŏn Industrial Complex, which

"promises to upgrade both steel making and manufacturing processes to 'state of art' levels."

The report concludes by reaffirming, "[the] basic program as it now exists has every prospect of success."<sup>464</sup>

All evidence suggests that by 1976, South Korea had achieved the SES's five-year plan (1972-1976)<sup>465</sup> to establish an independent arms production system, which also accomplished Park's goal of building a domestic defense industry by 1976. Park's deadline was set in response to the Nixon administration's 1971 declaration that US troops would completely exit South Korea by 1976, a withdrawal plan that was cancelled only later. According to Nixon's schedule, Park had devised the Five-Year Military Modernization Plan (1971-1976) to coincide with the domestic economic and industrial developments outlined in his third Five-Year Economic Development Plan (1972-1976). HCI-based defense industrialization accomplished both ends. Within a half decade from when the SES technocrats took over the development of the defense industry, then, South Korea had established an independent production system of basic weapons. Between 1972 and 1976, full mass production capabilities were reached for the modern weapons and munitions displayed in Table 3.

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<sup>463</sup> Presidential Secretariat, Miyukkun mulchach'ang kisulja chunggan pogo, 17 February 1976, file no. EA0004870, PANAK.

<sup>464</sup> *Ibid.*

<sup>465</sup> HGKK, vol. 5, 38.

**Table 3. South Korea's Mass-Produced Weapons, 1972-1977**

| Year | Mass-produced Weapon Items                                                                                                                                                  |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1972 | M-2 Carbine guns                                                                                                                                                            |
| 1973 | 81-mm mortar/ammunition, 3.5-inch rocket launcher/ammunition, M -16 rifle, 60-mm mortar ammunition, M-15 & M-19 anti-tank mines, fragmentation grenade, anti-personnel mine |
| 1974 | 40-mm (mortar) ammunition                                                                                                                                                   |
| 1975 | 60-mm mortar, 106-mm recoilless rifle, 250-lb bomb                                                                                                                          |
| 1976 | Mine detector, 4.2-in mortar                                                                                                                                                |
| 1977 | 105-mm howitzer, 155-mm howitzer, 20-mm anti-aircraft gun, 500-lb bomb                                                                                                      |

Source: Data from *Kukpang kwahak yŏn'guso*, *Kukpang ŭi ch'osŏk 40 nyŏn*, 238, 272; Shaw, 3.

However, as noted previously, the SES design for the defense industry heavily relied on copied weapon parts of the US-model weapons as long as the original blueprints for weapons were unavailable.<sup>466</sup> While O Wŏnch'ŏl's reverse engineering method worked brilliantly to set up the defense industry and to arm the Korean troops, it was not sufficient to saturate the domestic defense industry with advanced weapon technologies. Lacking independent weapons R&D abilities, South Korea remained dependent on US military aid for sophisticated modern weapons. So from a purely technological and technical standpoint, the HCI's system for mass production of weapons at this stage was still at an immature stage of "military modernization." In fact, significant advancements to indigenize modern weapon technologies and weapons R&D did not begin until Park's aggressive campaign to expedite South Korea's procurement of foreign weapon technologies for Yulgok during the late-1970s. Nonetheless, the HCI program to mass produce basic weapons, from 1973 to 1976, laid the foundational infrastructure, along with the technological and technical groundwork, for what was to be South Korea's later developments,

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<sup>466</sup> Despite some concessions by the US to grant more military aid to South Korea after the ADD's Lightning Operation and HCI, Washington persisted in restricting South Korea's full access to advanced weapon technologies throughout the 1970s and beyond.

including the indigenization of advanced infantry weapons, surveillance systems and equipment, armored vehicles, tanks, fighter jets, anti-missile system, navy vessels, and even precision missiles.

### **Defense Contributions to other Industries**

While HCI was designed to undergird the defense industry, the benefits of both systems were mutually reinforcing, and in fact, over the long run Park's support of the defense industry gave the major impetus to modernization of the technical and technological infrastructure for HCI-related civilian industries. Government policy and capital investment in military modernization indigenized advanced weapons R&D, precision abilities, cutting-edge technologies and highly skilled labor. With localized production of weapon parts and hardware in existing civilian plants, sophisticated technologies and skills were diffused throughout civilian industries and their workforces, building the technical, technological, and scientific foundations for South Korea's modern commercial industries. Through a "spin-off" effect, the precision, reliability, and blueprints of technology acquired in the development of military equipment were transferred to civilian industries, improving product reliability, precision, and durability, as well as civilian production management systems, thus increasing the overall quality and competitiveness of HCI products.<sup>467</sup>

A prominent example is observable in the development of technical skills needed for steel welding. These skills were indigenized through Kia Heavy Industries' initiative to produce the hulls of Korean-model armored vehicles in 1976,<sup>468</sup> an advancement that was paramount to the rapid rise of South Korea's automobile and shipbuilding industries. South Korea's production

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<sup>467</sup> Ku, *Han 'guk ŭi pangwi sanŏp*, 64.

<sup>468</sup> Kia Heavy Industries, *Kia chunggongŏp 20-nyŏnsa*, 102-103.

of domestic artillery likewise indigenized materials technology for special steels, high tensile aluminum, brass, and cast steel, and the manufacturing of heat mitigation equipment and high tensile bolts, essential components of South Korea's various heavy machinery production processes.<sup>469</sup> Corporations that developed specialized skills for defense production, such as precision manufacturing of weapon parts and hardware, emerged as South Korea's top automobile producers, including Kia, Hyundai, and Daewoo. Engine manufacturers, such as STX Engine and Samsung Techwin, which contributed to manufacturing of military vehicles, tanks, surface combatants, and aircraft, enhanced commercial engine production. Likewise, domestic aerospace manufacturers such as the Korean Air achieved breakthroughs in technological and technical innovations through the defense industry's production of US-licensed helicopters and jetfighters in the late-1970s. Furthermore, production of military communication-electronics equipment and systems that began in the late-1970s domesticated basic technical skills and technologies for South Korea's development of modern information technology (IT) and telecommunication technologies, including cellphones and GPS devices, enabling South Korea to own some of the world's most advanced IT industry by the 1990s.

## **VI. Conclusion**

This chapter has traced the historical origins, policy formulations, implementation and final outcomes of the Park regime's HCI in relation to South Korea's defense industrialization in the 1970s. The latest empirical data, made available through recently declassified presidential archives, as well as Park's own speeches and writings, memoirs and accounts by Park's policy-makers, along with personal interviews with Blue House technocrats, confirm that the HCI

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<sup>469</sup> Yu Hansik, "Onül sŏnjin kongŏphwa rŭl irun kŏt ūn Pak taet'ongnyŏng ūi pangwi sanŏp," 18-19.

policy design was fundamentally defense-oriented from its official launch in 1973 and remained so up to at least 1976. The defense-building and HCI processes comported with Park's aims to establish a self-reliant national defense through industrial-economic development.

Park's vision and efforts were conceived and initiated as early as the late-1960s laying both the ideological and structural basis of what would later be formalized in the HCI's civilian-based weapons production during the 1970s. Park's early efforts were devoted to building industrial foundations for a defense industry, and these efforts included founding the domestic steel industry in 1969 to manufacture military products. Following the EPB's failure to finance the Four Core Factories, Park appointed O Wŏnch'ŏl as the president's Second Economic Secretary in 1971 and charged him with constructing a modern defense industry. O's immediate success with Lightning Operation in 1972 led the DIPC to formalize the HCIP as national policy for creating an independent weapons production system. HCI policies effectively led to civilian-produced weapons, infrastructural support for the large-scale civilian production of weapons, and the advancement of a technical workforce needed for a comprehensive and independent, self-sustaining defense industry. An innovative, Korean approach to establishing a defense industry was born, in which existing civilian plants were merged with a military industry agenda based on a "30:70 ratio."<sup>470</sup> The strategy succeeded in immediately and cost-effectively launching a military-industrial complex.

Regarding the controversial Yusin system (1972), all evidence of Park's closely linked military and industrial policies from the late-1960s to 1972 strongly indicates that Yusin was established to build the independent defense industry. Prior to Yusin, Park had, since the 1968 crisis, sought extensive domestic reforms to transform civilian industry and society for the aims

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<sup>470</sup> While the civilian plants would maintain 30% military production and 70% commercial production rates during peacetime, they would switch to 100% military production during a war.



of an independent arms production system. His policies reflected his dual pursuits of military and industrial development. Park had previously experimented with localized civilian arms production, but he needed an upgraded and detailed plan to implement on a national scale, which O and HCIP provided him in 1971. Contrary to Kim Kwangmo's insistence that the HCIP was rooted in origins separate from both the defense industry and Yusin, as well as his argument that Park adopted HCI to justify his Yusin rule, Park's long-term policies and consistent prioritization of the defense industry suggest that processes went the other way around. That is, Yusin was adopted to support Park's grand plan for the defense industry through the formation of HCI. Again, it is important to note that Park's plans to base the defense industry in a rigorous industrialization design had been conceived before O laid out his strategy based on HCI. Park's own prior ruminations prepared him to embrace O's plan immediately when O presented it to him. Park saw the HCI as an effective one for bringing his own plans to fruition. Then to fully launch HCI required from Park a full empowerment of state to mobilize the national industries and workforce, which he achieved through Yusin. In the larger scheme, then, both HCI and Yusin can be seen as means by which Park sought to build an independent defense industry, not as ends in themselves. It is also highly possible that Park had contemplated a Yusin-style political shift as early as 1968, the same year that he began initiating military reforms. If so, it can be argued that the impetus for Yusin was solidified through South Korea's unraveling relations with the US and the latter's reduction of military aid in the late-1960s and early-1970s. Considering all the available evidence on the chronology and formulation of Park's defense policies from the late-1960s to the early-1970s, again, it is fair to conclude that the defense industry (HCI) was the core motive for Park's implementation of Yusin in 1972.

After his promulgation of HCI in January 1973, Park took charge of development under Yusin's centralized governance system, while Blue House technocrats restructured the national industrial base and designed the defense industry based on Park's goals and ideology. According to evidence garnered from the most recently released primary sources, from 1973 to 1976, HCI development implicitly, yet definitely, followed Park's vision for domestically mass-produced basic weapons, fulfilling his urgent concerns to arm the HRF and then the ROK military. With Park's unconditional support, his technocrats meticulously planned and implemented the HCI, laying the groundwork for a unique South Korean-styled defense industrialization. By 1976, South Korea established what had originally seemed impossible, an independent weapons production system of Korean-made basic weapons, a significant milestone in Park's self-reliant national defense agenda.

As the state mobilized the entire nation for HCI, it not only instituted a new industrial system but it also purveyed Park's ideology and engaged the citizenry and the business sector in discourse. Through both processes civilian industries were transformed into agents of defense industrialization. Reflecting the infrastructural and ideological processes at work, the national drive for HCI was propelled by maximum efforts and contributions of the government, military, civilian businesses, the national workforce, and research institutes, all in a quest to achieve Park's goal to build a self-reliant national defense through the establishment of a modern defense industry. The HCIP, in fact, can be credited with instigating an unprecedented and successful synchronization of civilian commercial efforts and state-led defense industrialization. This achievement is the subject of the next chapter.

## Chapter 4 State Policies, Defense Contracts and *Chaebŏl* Response

With the Heavy and Chemical Industrialization Plan (HCIP), the Park government at first conscripted and then eventually partnered with large business conglomerates (*chaebŏl*) to mass-produce weapons. Throughout the 1970s, while policies coerced and coopted, they also incentivized and protected the *chaebŏl* to follow President Park in his quest to build a self-reliant national defense. The “Defense Procurement Law” (DPL), promulgated in 1973, issued both mandates and enticements, including financial incentives and political favors, along with sanctions for noncompliance, to drive civilian businesses into arms production. Beyond this legislation, the Ministry of National Defense (MND) and Ministry of Commerce and Industry (MCI) were restructured to support the advancement and expansion of domestic weapon products based on private sector growth. Both the statutory changes and the institutional rearrangements initially forced top civilian businesses to enter the defense sector. However, businesses ultimately aligned themselves with the program, independently, robustly, and creatively adding momentum to defense industrialization. Following a discussion of the significant changes that occurred in the law, bureaucracy and businesses from 1961 through the 1970s, this chapter examines the history of one South Korean defense contractor, Hanwha (Han’guk hwayak, or Korea Explosives, Inc.). As a case example, Hanwha’s story exhibits the impact of government measures on the defense industry, while also displaying the types of proactive responses civilian businesses employed to accelerate mass production of weapons and military modernization. As the chapter argues, this combination of mutually proactive state policy and private enterprise fashioned a unique *chaebŏl*-led military modernization within the framework of HCI in the 1970s.

## **I. Coercion and Conscription of *Chaebŏl***

Business transformation to serve government modernization agendas actually had significant historical precedence in South Korea. Under the Japanese colonial regime (1910-1945), many Korean entrepreneurs, including local family businesses, cooperated with Japanese authorities to expand their own reach and profits, taking advantage of the capitalist economic infrastructure and legal provisions introduced by the colonial state.<sup>471</sup> In so doing, businesses contributed to the early modernization of Korea. During the Second Sino-Japanese War (1937-1945), Korea furthermore saw a dramatic rise in both industrial productivity and the supply of skilled labor employed by civilian-owned factories, as the colonial state drove the expansion of heavy industries, including chemicals, machines and tools, all of which were crucial to Japan's war efforts.<sup>472</sup> At the ideological level, some Korean entrepreneurs acted as cultural nationalists motivated by a quest for independence. They directed business efforts and profits to support national reform, aiming to strengthen Korea's identity and unity through non-violent resistance to Japan's colonial rule.<sup>473</sup> As the discussion below will elaborate, during the 1970s Korean businesses were transformed yet again, to serve as industrialists, nationalists and modernizers in South Korea, as they joined with the Park Chung Hee regime in its push to develop a self-sufficient national defense through mass production of weapons.

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<sup>471</sup> See Carter Eckert, *Offspring of Empire: The Koch'ang Kims and the Colonial Origins of Korean Capitalism, 1876-1945* (Seattle: University of Washington Press, 1991).

<sup>472</sup> Eckert, "Total War, Industrialization, and Social Change in Late Colonial Korea," 13.

<sup>473</sup> The Korean resistance to Japanese colonization (1910-1945) included cultural nationalist entrepreneurs, such as Kim Sŏngsu (1891-1955), who promoted education and self-strengthening over violence and physical resistance as the key to national independence. Kim Sŏngsu organized nationalist activities and invested business profits in education, media, education, and economic development that he believed were crucial to prepare for Korea's independence from Japan. See Choong Soon Kim, *A Korean Nationalist Entrepreneur: A Life History of Kim Songsu, 1891-1955* (Albany, NY: State University of New York Press, 1998); see also Michael Robinson, *Cultural Nationalism in Colonial Korea, 1920-1925* (Seattle: University of Washington Press, 1988).

## ***Chaebŏl* Corruption, 1948 – 1961**

In the period before Park came to power, *chaebŏl* executives were entrenched in illicit activities with the regimes of Rhee Syngman (1948-1960) and Chang Myŏn (1960-1961). With Japan's defeat in World War II and the subsequent division of the Korean peninsula, South Korea's newly elected Rhee Syngman government began reconstructing the national economy, drawing on US foreign aid. To resuscitate domestic industries, Rhee tapped the business know-how of Korean entrepreneurs and large family-run businesses, many of which had collaborated with the Japanese colonial regime. Some of these corporations would later emerge as state-supported *chaebŏl*. Meanwhile, the Korean War (1950-1953) left national industries in complete ruins and further devastated the economy. At this point, Rhee pursued a policy of Import Substitution Industrialization (ISI), which aimed to industrialize South Korea by replacing foreign imports with Korean manufactured products, thus installing domestic manufacturing to drive national industrialization and economic self-sufficiency.<sup>474</sup> In return for their cooperation with ISI, *chaebŏl* were favored and expanded rapidly. However, incompetence and bribery plagued the government and private sector, as bureaucrats and politicians established personal ties with business elites while handing out industrial license rights, cash grants, and low-interest loans.<sup>475</sup> The consequent economic failures as well as ongoing political instability led to a student revolution and Rhee's forced exile in April 1960, leaving the country heavily dependent on US foreign aid. The subsequent Chang Myŏn regime likewise struggled to alleviate the economic malaise and rampant political corruption.

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<sup>474</sup> "Import Substitution Industrialization," *Investopedia*, accessed April 18, 2015, <http://www.investopedia.com/terms/i/importsubstitutionindustrialization.asp>; see also *Encyclopedia Britannica*, accessed April 18, 2015, <http://www.britannica.com/topic/import-substitution-industrialization>.

<sup>475</sup> See Chung-in Moon and Dae-yeob Yoon, "Industrial Policy in an Integrated World Economy: The South Korean paradox," in *Governing the Global Economy: Politics, institutions, and economic development*, ed. Dag Harald Claes and Carl Henrik Knutsen (London: Routledge, 2011), 226-227.

## Park's Coup and Purges

When General Park Chung Hee's *coup d'état* on May 16<sup>th</sup>, 1961 installed a military regime, he inherited the corrupt and broken state system that had failed to manage the private sector amid national chaos and economic debilitation. Park planned a comprehensive overhaul of both the government bureaucracy and the private sector to ensure that South Korea's economic development would be managed efficiently under strong state leadership and tight control of powerful corporations. At a personal level, Park's humble background as the son of a farmer from a poverty-stricken village had instilled in him genuine disdain for business elites, many of whom he regarded as pawns of the earlier corrupt regimes. He therefore immediately purged public officials and high-ranking military officers and also punished *chaebŏl* executives.

Only twelve days after his coup, Park's military regime, the Supreme Council for National Reconstruction (SCNR), passed the "Law on Illegal Accumulation of Wealth" and leveled criminal charges against "illicit profiteers" (*pujŏng ch'ukchaeja*), including heads of the major *chaebŏl*.<sup>476</sup> Convicted *chaebŏl* executives were either incarcerated or heavily fined for illegal profits, bribery of government officials, tax evasion, or misuse of state resources and foreign loans, as the government threatened to confiscate all their properties.<sup>477</sup> Park publicly accused the *chaebŏl* of accumulating wealth through unlawful ties with previous administrations, blaming corporations for stalling economic growth, fomenting social unrest, exacerbating economic poverty, and demoralizing the nation.<sup>478</sup> Even the leaders of the largest *chaebŏl*, such as Yi Pyŏngch'ŏl of Samsung and Hong Chaesŏn of Kŭmsŏng Textiles (later called Ssangyong

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<sup>476</sup> *Tonga ilbo*, 29 May 1961.

<sup>477</sup> Eun Mee Kim, *Big Business, Strong State*, 115.

<sup>478</sup> Cho Ije, "Han'guk ūi kŭndaehwa," in *Han'guk kŭndaehwa, kijŏk ūi kwajŏng*, ed. Cho and Eckert (Sŏul: Wŏlgan chosŏnsa, 2005), 32; see also Pak Chŏnghŭi, *Nara ka wigŭp hal ttae ŏtchi moksum ūl akkiri*, 146-147.

Group), who had previously been regarded as “untouchables,” due to their monopolies and privilege granted by previous regimes, were either arrested or forced to pledge their wealth for national reconstruction.<sup>479</sup> Through public condemnations and arrests, Park not only sought justice but also wanted to further legitimize his regime as one that would ruthlessly vanquish forces of ill repute.

### **Park’s 1<sup>st</sup> Five-Year Economic Development Plan (FYEDP), 1962-1966**

Despite his disdain for the *chaebŏl* and his own political objectives, Park also aimed to enlist business support to accomplish his plans for national economic development, seeing little alternative to cooperating with business elites, since they possessed the expertise needed to lead industrialization. The same motive had driven Rhee Syngman to cooperate with the former capitalists of the Japanese colonial regime in the late-1940s and 1950s. While establishing State-Owned Enterprises (SOEs) might have been an option for Park, he and his military colleagues lacked experience with business operations. An economy driven by SOEs would also even more blatantly undermine Park’s political position on the need to reform past governments’ illicit ties with businesses.<sup>480</sup> Furthermore, since small- and medium-sized enterprises would be inadequate to build an industrialized economy, Park needed large corporations with abundant capital, labor forces, and technology to carry forth sweeping industrial development and to mass produce goods for export.<sup>481</sup>

As Park’s pragmatism overcame his resentments, *chaebŏl* leaders, such as the aforementioned Yi Pyŏngch’ŏl and Hong Chaesŏn, were granted conditional paroles to take part

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<sup>479</sup> Kim, *Big Business, Strong State*, 115, 117.

<sup>480</sup> *Ibid.*, 118-119.

<sup>481</sup> Kim, “The Chaebol,” in Kim and Vogel, 271.

in a state-led program of industrialization.<sup>482</sup> In exchange for pardons, *chaebŏl* were obliged to join Park's new economic development plan. Instead of having their assets confiscated, companies were ordered to build plants in state-selected industries, and by this means they were conscripted as the state's business partners. Park's vision for the state-business partnership was apparent with his 1<sup>st</sup> Five-Year Economic Development Plan (1962-1966), which incorporated top civilian businesses into new light industries to drive South Korea's industrial growth and to build the industrial foundation for a "self-sufficient economy" (*chalip kyŏngje*).<sup>483</sup> At this historical landmark, the Korean *chaebŏl* began a transformation process, from acting as Park's nemeses to functioning as his business partners.

### **Vietnam War and 2<sup>nd</sup> Five-Year Economic Development Plan: 1965-1972**

When President Park decided to involve the ROK military in the Vietnam War in 1965, he had every intention to exploit the war (1965-1972) to ignite rapid economic growth and thus to deliver South Korea from impoverishment.<sup>484</sup> He immediately dispatched troops to Vietnam in exchange for US President Lyndon Johnson's agreement to provide massive economic assistance for Park's 2<sup>nd</sup> FYEDP (1966-1971) and South Korea's 5-year military modernization effort (also 1966-1971).<sup>485</sup> With the US-ROK Brown Memo agreement of 1966,<sup>486</sup> fledgling

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<sup>482</sup> Unlike other *chaebŏl* executives who were incarcerated, Yi Pyŏngch'ŏl, who was in Tokyo at the time of the government arrest, later returned to Seoul and signed a pledge to "donate" all his personal property for Park's economic programs. In return, the government granted him parole and he avoided jail time. See Kim, *Korea's Development under Park Chung Hee*, 80.

<sup>483</sup> O, *The Korea Story*, 103-104; see also Pak Chŏnghŭi, *Han'guk kungmin ege koham*, 34.

<sup>484</sup> During one of President Park's visits to Washington, DC, in 1965, President Lyndon Johnson promised \$150 million in economic development loans, a commitment to maintain US forces in South Korea, and a slowing of the transfer of US military equipment from South Korea to Vietnam, to prevent compromising Korea's security. See Hong Suk-Yul, "1960 nyŏndae Hanmi kwan'gye wa Pak Ch'ŏnghŭi kunsu chŏnggwŏn," *Yŏksa wa hyŏnsil*, no. 56 (2005), 287. See also CIR, 53.

<sup>485</sup> Text of Joint Communiqué between President Lyndon B. Johnson and His Excellency Chung Hee Park, "President of the Republic of Korea following talks in Washington, D.C. May 17 and 18, 1965," May 18, 1965,



South Korean companies obtained procurement and contract rights to supply goods for American and South Vietnamese forces fighting in Vietnam. Thus South Korean businesses became the main beneficiaries of US foreign capital infusions and low-interest development loans, technical assistance for scientific research and manufacturing, aid for infrastructure development, and exports. South Korean contractors were also granted lucrative opportunities to work for US government agencies and corporations engaged in projects in Vietnam and in other parts of Southeast Asia.<sup>487</sup> By acquiring US technical expertise, Korean businesses thrived, particularly in the construction, manufacturing, transportation, and steel industries.<sup>488</sup> Their export markets also expanded, as Vietnam imported many Korean goods that were not yet being exported to other countries, including steel, transportation equipment, and nonelectric machinery.<sup>489</sup> Vietnam absorbed 94 percent of South Korea's total steel exports and 52 percent of its transportation equipment exports.<sup>490</sup>

The Vietnam War also drew South Korean businesses into modern weapon production for the first time. Major domestic producers received US technological assistance in

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Office Files of Horace Busby, Park Visit, 5/17-5/1965, White House Central File, Lyndon B. Johnson Library. See Yang Sŭngham, Pak Myŏngnim Pak, and Cho Suhŷŏn, *Pak Chŏnghŭi (I) Sanŏphwa wa taeoe chawŏn tongwŏn* (Sŏul: Yŏnse taehakkyo Kukka kwalli yŏn'guwŏn, 2010), 173-175.

<sup>486</sup> In March 1966, US Ambassador Winthrop Brown signed with the Park regime what became known as the "Brown Memorandum," which greatly increased the amounts of aid and economic compensation for South Korea's participation in Vietnam in exchange for the dispatch of a second division of South Korean troops. The total amount the US aid for ROK participation in the Vietnam War amounted to about \$1 billion between 1965 and 1970, of which about \$925 million entered ROK foreign exchange reserves. See Hong, "1960 nyŏndae Hanmi kwan'gye wa Pak Ch'ŏnghŭi kunsae chŏnggwŏn," 284-285; see also Bruce Cumings, *Korea's Place in the Sun* (W. W. Norton & Company, 2005), 322; see also CIR, 54.

<sup>487</sup> Brazinsky, 140.

<sup>488</sup> Hong Kyudŏk, "Park Ch'ŏnghŭi Paetŭnamjŏn ch'amjŏn kyŏljŏng kwa Hanmi tongmaeng ŭi pyŏnhwa," in *Pak Chŏnghŭi sidae yŏn'gu ŭi chaengjŏm kwa kwaje*, ed. Chŏng, 320-321.

<sup>489</sup> Brazinsky, 141.

<sup>490</sup> Cumings, *Korea's Place in the Sun*, 322.

manufacturing US-licensed basic arms and military equipment, and South Korea served as the military-industrial base for the US and its allied forces fighting in Vietnam. Companies such as Hyundai, Hanjin, and Daewoo, were later called “*chaebŏl* by Vietnam War,”<sup>491</sup> since they developed as heavy industrializers through the economic and technical aid that was supplied for their war-related production. With US military aid for war, the MND’s three-year plan (1968-1971) for the defense industry expanded production by Korean manufacturers.<sup>492</sup> In this period, the Park government also began to exert presidential authority and state compulsion to draft defense producers, when business leaders refused the initial “invitations” to participate in the industry. Park himself directly ordered particular corporate executives to implement weapon projects. According to Hwang Pyŏngt’ae, formerly an assistant secretary at the Economic Planning Board under Park, Ryu Ch’anu of Poonsang Metal Corporation flatly refused when Hwang first approached Ryu with a proposal to establish the domestic ammunition industry in 1970.<sup>493</sup> Ryu’s company was solely focused on copper production, and he was not interested in either ammunition development or diversification. It was not until Park summoned Ryu to the Blue House and issued a direct order for Poonsang to develop Korean-made ammunition that Ryu finally yielded and moved into ammunition production.<sup>494</sup> This example illustrates how the government recruited unwilling business leaders, even threatening while invoking the president’s name to gain concessions and acceptance of defense assignments.

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<sup>491</sup> Chŏng, *Kim Ilsŏng kwa Pak Chŏnghŭi ŭi kyŏngje chŏnchaeng*, 142.

<sup>492</sup> Kim, *Han ’guk ŭi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch’aek*, 300.

<sup>493</sup> Hwang Pyŏngt’ae, *Pak Ch’ŏnghŭi p’aerŏdaim* (Sŏul: Chosŏn News Press, 2011), 247-249.

<sup>494</sup> *Ibid.*

### August 3<sup>rd</sup> Measure, 1972

Under Park's push for export-oriented industrialization (EOI) in the 1960s, companies accumulated significant debt as they sought to sustain high production rates to meet the state's export quotas, continually relying on short-term private loans and foreign capital loans to finance production output.<sup>495</sup> Further, the heavy concentration of *chaebŏl* investments and resources in a few export-oriented industries caused an oversupply of investments and products and limited business diversification, profitability, and entrepreneurship. After five years of rapid industrial growth, by 1968, many companies were unable to pay off their loans due to decreasing net profits.<sup>496</sup> South Korea's financial crisis from 1968 to 1972 then left many corporations heavily in debt and called forth deep state interventions and regulations in the market. As businesses fell into dependency on the state for help, they gave Park the concessions he needed to engineer large-scale industrial and defense programs.

In 1972, in a drastic attempt to resuscitate insolvent companies' business activities and stabilize the national economy, the Park government issued a national emergency imperative, later called the "August 3rd Measure," unilaterally freezing corporate loans from national banks.<sup>497</sup> The state aggressively regulated the market to minimize interest rates on business loans and offered a long-term repayment period, also allowing lenders to replace indebted companies'

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<sup>495</sup> Kim, "The Chaebol," in Kim and Vogel, 284.

<sup>496</sup> The subsequent rise of trade protectionism in the US and other industrialized nations limited the expansion of South Korean exports, exacerbating *chaebŏl* insolvency. See Kim, "The Chaebol," in Kim and Vogel, 284.

<sup>497</sup> For more in-depth analysis of the August 3rd Measure, see Pak T'aegyun, "8.3 choch'i wa sanŏp hamnihwa chŏngch'aek," *Yŏksa wa hyŏnsil*, no. 88 (June 2013), 87-144; idem, "Chaebŏl t'ansaeng ūi kiwŏn ūn Pak Chŏnghŭi chŏnggwŏn 8.3 choch'i," *Naver News*, June 24, 2013, accessed October 31, 2015, <http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=103&oid=001&aid=0006331684>.

private loans with stocks.<sup>498</sup> In exchange for deliverance from bankruptcy, the *chaebŏl* were expected to buy into and fully abide by the state's HCI program. Companies were allowed to receive state subsidies, low-interest loans, exclusive licenses, and tax breaks, and thus were given a last-ditch opportunity to re-emerge as South Korea's leading corporations.<sup>499</sup> As the corporations were virtually drafted into Park's HCI under the August 3rd Measure, their successes and expansion were intricately tied to state guidance and support.

Building on leverage the state gained over *chaebŏl* with the August 3rd Measure, Park declared Yusin reform in October 1972, completely solidifying his command over the private sector. Under the Yusin Constitution, the state controlled access to national resources, including domestic capital and loans, through the nationalization of banks and state-restricted access to foreign capital. In this milieu, business leaders assumed huge risks by refusing any government order, since losing favor with Park meant losing access to state resources and capital, and therefore extremely limited business prospects.<sup>500</sup> With Yusin, then, through a process that is perhaps best described as compliance under compulsion, the *chaebŏl* were enlisted as mercenaries in Park's programs.

## II. Statutory, Ministerial and Ideological Forces

Despite Yusin's controls, the government mobilization of business support for defense had to exceed mere compulsion to induce the private sector to profit and thrive and grow. As late

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<sup>498</sup> Rhyu Sang-young, "Institutionalizing Property Rights in Korean Capitalism: A Case Study on the Listing of Samsung Life," in *The Rule of Law in South Korea*, ed. Jongryn Mo and David W. Brady (Hoover Institution Press publication, 2010), 169.

<sup>499</sup> Kim, "The Chaebol," in Kim and Vogel, 286.

<sup>500</sup> See Pak T'aegyūn, "Chaebŏl t'ansaeng ūi kiwŏn ūn Pak Chŏnghŭi chŏnggwŏn 8.3 choch'i," *Naver News*, 24 June 2013.

as 1973, when O Wŏnch'ŏl initiated his plan for an independent defense industry, many corporate executives were still reluctant to join the nascent program. As SES technocrat Kim Kwangmo observed in an interview, many business executives sought a way out when the MCI first selected them as defense contractors. Especially without US technical aid, Korean manufacturers completely lacked the technology for weapon manufacturing.<sup>501</sup> Entrepreneurs were also wary of the deep state involvement and its heavy-handed control in this sector. Further, domestic R&D as well as infrastructure and facilities in 1973 were still too primitive to support Park's vision to indigenize the industry based on civilian production.<sup>502</sup>

Nonetheless, agreeing with Park's earliest ideals for expanding the *chaebŏl*, the plan devised by SES technocrats committed the nation to establish a strong private sector at the core of a military-industrial complex. Further, as mentioned in chapter 3, HCIP focused on private-sector-led industrialization and military modernization, because it was much more cost-effective to use existing civilian plants than to construct brand new facilities. South Korea had neither enough capital nor infrastructure to build weapon factories from the ground up. Thus instead of establishing more State-Owned Enterprises (SOEs), such as POSCO, to implement government policies, and instead of constructing separate military factories like most other governments, the SES instituted a system of heavy private sector investment for industrial, economic, and technological advancement in a defense industry that would eventually outpace all other industries.<sup>503</sup> The discussion below highlights the key legislative measures, ministerial

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<sup>501</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>502</sup> *Ibid.*

<sup>503</sup> Kim Kwangmo, *Han'guk ŭi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek*, 305-306.

restructurings, and ideological influences that spurred civilian business transformations, private-public sector cooperation, and in turn military modernization.

### **Defense Procurement Law, 1973**

On February 17<sup>th</sup>, 1973, *Kunsu chodal e kwanhan t'ükpyöl choch'iböp*, or Law on Special Measures for Defense Procurement (hereafter, Defense Procurement Law, or DPL),<sup>504</sup> was passed as Law Order 2540.<sup>505</sup> For security reasons, the government kept DPL military provisions vague, but the legislation essentially authorized an unimpeded and unabated growth of a domestic defense industry, by legalizing the state's unlimited financial and political support of defense businesses while also outlining the courses that these businesses must take.<sup>506</sup> On September 22<sup>nd</sup>, 1973, Presidential Order 6870 promulgated an enactment of the DPL's ordinances, and immediately thereafter many profit-seeking businesses were induced to join the defense industry.<sup>507</sup> The 1973 DPL, which was further revised in 1977 and again in 1979, determined the legal framework for the procurement, development, and manufacture of domestic weapons throughout the 1970s.<sup>508</sup> The law also placed sanctions on financial malpractice, incompetence, and corruption in government ministries and in businesses. Based on the SES's

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<sup>504</sup> The law is literally translated, "Law on Special Measures for Procurement of *Military Supplies*." To capture the real and implicit sense of the law, which was to enforce Park's policy for developing an independent defense industry, this dissertation uses "Defense Procurement Law."

<sup>505</sup> Kukpangbu, *Kukpangsa* 4, 175, 185.

<sup>506</sup> Kukpang kwahak yŏn'guso (Agency for Defense Development), *Kukpang kwahak yŏn'gusosa, che-1 kwŏn: 1970-1980*, vol. 1 (Taejŏn, South Korea: Kukpang kwahak yŏn'guso, 1987), 89. Hereafter, the work is cited "KKYS, vol. 1."

<sup>507</sup> Han'guk pangwi sanŏp chinhŭnghoe p'yŏnch'an wiwŏn [Korea Defense Industry Association's Publishing Committee]. *Pangjinhoesa* (Sŏul: Han'guk pangwi sanŏp chinhŭnghoe, 1988), 62. Hereafter, the work is cited "KDIA."

<sup>508</sup> KDIA, 283; see also Sintaro Yamamoto, "Han'guk chunghwahak kongŏp kwa pangwi sanŏp ūi pyŏngjin chŏngch'aek" (M.A. thesis, Sŏul: Yŏnse taehakkyo, 1997), 43-46.

design for promoting competition in the defense industry,<sup>509</sup> the DPL exerted disciplinary control over the private sector to push businesses toward maximal efforts to achieve optimal overall performance of the industry. In exchange for state provisions and protection, defense contractors were bound by the DPL to meet strict performance criteria, and they were rewarded or penalized based on performance and resource management. Businesses that met the government's production quotas, export targets, and high quality standards were awarded low-interest loans for increased output as well as exclusive licensing rights to produce new military products. Overall, DPL compelled top civilian businesses to join the new defense industry, promoted fierce competition among them to develop high quality products, and determined the course of their development and diversification as weapon producers in the service of the state.

Central to the DPL's promotion of defense businesses were financial provisions for business development under Article 6, titled, "Protected Development," and Article 7 ("Capital Loans"). According to Article 6, the state was to guarantee that designated weapon contractors fulfilled state-set production quotas. Funding and resources were distributed to support businesses in meeting production goals. Article 7 sanctioned state financial support for construction and expansion of weapon production facilities, allowing the state to fund purchasing and sourcing of raw resources from abroad, while also covering R&D as well as security costs through access to state-owned supplementary funds or special low-interest loans. Article 7 also allowed the state to tap into large public financing for concentrated investment in defense-related businesses, including the *kungmin t'uja kigŭm*, or the National Investment Fund (NIF),<sup>510</sup> which was implemented on December 14<sup>th</sup>, 1973 as one of the main domestic sources of funding for

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<sup>509</sup> See Presidential Secretariat, Pyŏnggi saengsan ch'eje, 15 February 1972, file no. EA0004549, PANAK.

<sup>510</sup> KDIA, 62.

key industrial and defense projects. While the government officially and ostensibly created NIF to finance HCI projects, a large portion of the NIF operated and expanded defense-related machinery manufacturers.<sup>511</sup> Table 4 breaks down the HCI Planning Corps' investments during the first two years of the NIF, from 1974 to 1975, and displays how a significant share of NIF funding for HCI was devoted to projects in the machinery industry.<sup>512</sup>

**Table 4. National Investment Fund (NIF) Industrial Support**

\*In million *wŏn*

| Industry                                                                                     | 1974   | 1975   |
|----------------------------------------------------------------------------------------------|--------|--------|
| Machinery Industry                                                                           | 13,313 | 22,600 |
| All other Industries (Steel, Non-Ferrous Metal, Shipbuilding, Chemical, Electronics, others) | 26,209 | 29,760 |
| Total Industrial Fund Support by the NIF                                                     | 39,522 | 52,360 |
| % of NIF's fund allocated to Machinery Industry                                              | 33.7%  | 43.2%  |

Source: Data from HCI Promotion Council Planning Office, *HCI* (1976), 19.

Workers in the machinery sector supplied technical skills valued by both the HCI and defense industry, and state funds such as NIF financially supported students enrolled in Machinery Technical High Schools (MTHS) with scholarships, tuition waivers, and low cost room and board.<sup>513</sup> Established by Park after the promulgation of HCI in 1973, MTHS trained skilled workers in defense-related heavy machinery industries and were granted a total of 12.6 billion *wŏn* between 1973 and 1978, and an additional 6.5 million *wŏn* in 1979.<sup>514</sup> These figures

<sup>511</sup> Kim Chŏngnyŏm, interview by author, 5 April 2013, Seoul, South Korea.

<sup>512</sup> Heavy and Chemical Industry Promotion Council Planning Office, *Heavy and Chemical Industry* (Seoul: Government of the Republic of Korea, 1976), 19.

<sup>513</sup> Pak Chŏnghŭi taet'ongnyŏng-Yuk Yŏngsu yŏsa kinyŏm saŏphoe, *Kyŏre ŭi chidoja*, 328-338.

<sup>514</sup> Ministry of Education, *Han'guk ŭi kongŏp kyoyuk: choguk kŭndaehwa ŭi kisu* (1980), 202. Cited by Kim, "Industrial Warriors: South Korea's First Generation of Industrial Workers in Post-Developmental South Korea," 583.



represented the largest allocations of NIF, as compared with other sets of technical high schools such as the Specialized Technical High Schools (STHS), Exemplary Technical High Schools (ETHS), and regular technical high schools, during the period.<sup>515</sup>

In an interview, Kim Chŏngnyŏm recalled how financing provided by the NIF, along with Park's implementation of the National Defense Tax in 1975, mobilized domestic capital to make up for shortages in required assets to promote the defense industry.<sup>516</sup> For instance, when the Park government failed to secure US loans for the Poongsan Corporation's construction of a ball powder factory in 1975, due to the US ban on funding military production by civilian manufacturers, the ROK government drew from the 1976 NIF to finance the project.<sup>517</sup> As public funding was tapped to make up for lack of foreign capital and continual reductions in US military aid, the defense industry rapidly developed. The 1977 revisions in DPL established additional state sources of capital for the industry, including the *kunsu sanŏp chiwŏn kŭmyung*, or "Defense Industry Support Fund," which collected both state and non-state funds under the MND's jurisdiction to grant extra loans for defense businesses to procure, install, maintain or expand weapon facilities, as well as to acquire raw resources and cover operating costs.<sup>518</sup> The 1977 revisions also expanded business access to foreign currency loans.<sup>519</sup>

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<sup>515</sup> According to Hyung-A Kim, the technical high schools established under the Park regime were divided into four categories, which included the following: 1) Machinery Technical High Schools (MTHS); 2) Specialized Technical High Schools (STHS); 3) Exemplary Technical High Schools (ETHS); and 4) Regular Technical High Schools (RTHS). The MTHS were to train craftsmen in the areas of defense and heavy machinery industries. STHS were to train industrial craftsmen in fields such as electronics, construction, steel-making, chemical tools, railways and military machinery. ETHS trained skilled workers for machine-assembly, metal plating, welding, electrical work and pipe laying. RTHS trained a wide range of craftsmen for general industrial needs in less specialized fields. See Kim, "Industrial Warriors," 583-584.

<sup>516</sup> Kim Chŏngnyŏm, interview by author, 5 April 2013.

<sup>517</sup> Presidential Secretariat, Kunsu simŭihoe ŭigyŏl sahang pogo, 11 November 1975, file no. EA0004861, PANAK.

<sup>518</sup> *Tonga Ilbo*, 24 June 1977.

<sup>519</sup> KDIA, 62.

DPL included significant tax breaks for businesses in the defense industry. Article 13 legislated special deductions and exemptions on corporate income tax, a special excise tax, as well as a tariff.<sup>520</sup> In 1976, Park ramped up government efforts of the MND, EPB, Ministry of Finance, and MCI to expand special tax cuts and exemptions for defense businesses.<sup>521</sup> Park and his technocrats rallied members of the National Assembly to support such measures for defense businesses. In November 1976, Kim Kwangmo reported to Park that the National Assembly's National Security Committee, following their visits to the defense plants, being highly impressed by rapid advancements in the industry, pledged to back Park's plan to further reduce taxes as well as to obtain additional funding for the development of defense businesses.<sup>522</sup> With the legal deliberation from the National Assembly, the 1977 revision of the DPL began exempting the defense businesses from the Value-Added Tax (VAT).<sup>523</sup> In exchange for tax exemptions, the *chaebŏl* often shared with the state in funding the construction of industrial plants and training facilities for the HCI and the defense industry.<sup>524</sup>

Aside from the above measures, DPL incentivized domestic R&D for weapon indigenization and reduction of heavy technology imports from the US military. Articles 8 and 9 allowed state subsidies for business procurement of essential technical training, technology transfers, and research resources and facilities to advance domestic military technologies and

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<sup>520</sup> *Ibid.*

<sup>521</sup> Presidential Secretariat, Pangwi sanŏp e taehan chiwŏn chisi, 18 November 1976, file no. EA0000236, PANAK.

<sup>522</sup> Presidential Secretariat, Pangwi sanŏp chiwŏn taech'aek, 9 November 1976, file no. EA0004895, PANAK.

<sup>523</sup> *Maeil kyŏngje*, 5 November 1977; see also KDIA, 62.

<sup>524</sup> For example, in May 1976, the MND's budget plan (submitted to President Park) for a new training program to develop the enlisted soldiers as skilled laborers proposed the private business contributions of 306,236,000 *wŏn* out of the total 631,648,000 *wŏn* required for the project. See Presidential Secretariat, Kunsisŏlŭl iyong han kinŭnggong yangsŏngbi, 4 May 1976, file no. EA0001454, PANAK.

weapon R&D.<sup>525</sup> Article 10 allowed the state to appoint any defense business or research institute to research or produce experimental weapon products (of the state's choosing) and fully fund their development. Defense-related research institutes such as the Korea Institute of Science and Technology (KIST), along with agencies such as the Ministry of Science and Technology (MST) and ADD, used state-allocated investments to accelerate independent military technologies and R&D, while also working closely with domestic defense manufacturers to produce indigenous weapon prototypes. Here ADD played the central role in transferring to Korean manufacturers the advanced weapon technologies and facilities it had acquired under the US military aid programs like the Technological Data Package (TDP), DEA (Data Exchange Agreement), and the ESEP (Engineer Scientist Exchange Program). ADD disseminated other foreign military technologies through joint production agreements with renowned defense manufacturers from abroad, and as a result Korean engineers, technicians, and craftsmen received specialized training in defense business.

Privileges of the DPL extended to skilled workers, who were essential to growing the defense industry. Park himself was a proponent of educating and advancing a highly skilled workforce, and he often publicly praised their indispensable contributions to South Korea's HCI development and exports.<sup>526</sup> Article 11 granted skilled workers, namely engineers, technicians and craftsmen working in the defense businesses, exemption from military service.<sup>527</sup> Instead of three-year compulsory military duty, licensed skilled laborers were allowed to serve five years in

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<sup>525</sup> KDIA, 283-293.

<sup>526</sup> See, for examples, PPCHS, vol. 12, 233-234, 255-256.

<sup>527</sup> KDIA, 62.

the defense industry.<sup>528</sup> Popularly classified as “special soldiers” (*t’ŭngnyebyŏng*),<sup>529</sup> a term purveyed through propaganda and images depicting warrior leaders of the industrial revolution in South Korea, this newly created demographic were put at the forefront of Park’s military modernization. They worked long, arduous hours in militaristic defense factories, following strict regulations and protocols as South Korea’s industrial soldiers. Charged with producing “our own weapons with our own hands,” Park’s rallying cry in the 1970s, many members of this exclusive group felt honored by their place in serving in top secret operations to fulfill South Korea’s independent weapon manufacturing.<sup>530</sup> They were also highly rewarded for good performance. Special presidential grants were given to technicians and craftsmen who demonstrated excellence while working in defense-related businesses, research institutes, military arsenals, maintenance facilities, and procurement institutes (under Article 11).<sup>531</sup>

Beyond granting benefits to skilled laborers, the DPL protected corporations by instituting preventive measures against labor disputes. While labor movements had gained momentum in promoting workers’ rights from the late-1960s to the early-1970s,<sup>532</sup> disruption of weapon-producing plants was treated as threatening national security, and under Article 18, union activity or any other collective action in defense factories was subject to immediate state

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<sup>528</sup> Presidential Secretariat, Pangwi sanŏp ŏpch’e ŭi tangmyŏn munje e taehan taech’aek kanggu, 5 July 1974, file no. EA0004797, PANAK.

<sup>529</sup> Kim, “Industrial Warriors,” 581.

<sup>530</sup> *Kyŏngnyang sinmun*, 5 January 1970; see also Yu Hansik, interview by author, 27 June 2013.

<sup>531</sup> KDIA, 289.

<sup>532</sup> On democratic labor movements during the Park period in the 1960s and 1970s, see Nam Hwasuk, *Building Ships, Building a Nation: Korea’s Democratic Unionism under Park Chung Hee* (Seattle: University of Washington Press, 2009); see also Hagen Koo, *Korean Workers: The Culture and Politics of Class Formation* (Ithaca, Cornell University Press, 2001).

intervention.<sup>533</sup> The Korea Central Intelligence Agency (KCIA) and police force disbanded and eliminated labor unions in the defense-related factories, such as Poongsan's An'gang factory and Hyundai Shipyard in Ulsan.<sup>534</sup> Government-run Labor Management Councils, which often failed to address the workers' grievances, replaced labor unions in defense manufacturing firms.<sup>535</sup> Through such clampdowns on labor, the state kept labor costs low and maximized *chaebŏl* investments to meet or exceed production and export quotas.

The DPL reinforced protocols in business operations, resource management, and financial transactions, by leveling harsh sanctions against inefficient management of funds or other resources, as well as against fraud in the defense industry. Under Article 23, any misuse of state funds, resources, or R&D assistance met with heavy fines and/or jail sentences. Penalties were imposed not only on individual manager(s) or worker(s) immediately responsible but on entire companies as well.<sup>536</sup> Additionally, defense companies would jeopardize governmental privileges and support through poor performance or failure to meet quotas, product quality standards, or security regulations.<sup>537</sup> A defense contract could be immediately annulled if the contracting company failed to closely implement state orders, and there was very little room for error in performance criteria or export goals.

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<sup>533</sup> KDIA, 292.

<sup>534</sup> The Yusin Constitution further enforced the prohibition of worker trade unions in all defense firms. See Choong Soon Kim, *The Culture of Korean Industry*, 176; see also Nam's *Building Ships, Building a Nation*, which examines the Hyundai shipyard workers during Park's rule.

<sup>535</sup> Kim, *The Culture of Korean Industry*, 175.

<sup>536</sup> US Library of Congress, Federal Research Division, *South Korean Foreign Military Sales (FMS) Program*, by William Shaw (Washington, D.C., September 1984), 7. \*Hereon, the work is cited as "Shaw."

<sup>537</sup> *Ibid.*

At government and military levels, the DPL changed the way business was handled in weapon procurement deals and purchases from abroad. The law established the Presidential Order (*taet'ongnyŏng ryŏng*) as the final authority on selection of weapons for procurement (Article 4) as well as weapons for export (Article 21).<sup>538</sup> As a result, whenever the ADD negotiated weapon procurement deals from abroad, or when the MND or MCI planned to make certain weapons available for export, these agencies were required to submit reports to the SES, who then directly delivered the proposals to President Park for his final approval. In this respect, the DPL gave the president and the SES, as the president's proxy, direct jurisdiction over weapon procurement management and military-related financial transactions, replacing the MND in this role where the agency had functioned with authority prior to the 1970s. The dramatically restructured authorization process addressed the issue of financial scandals among military officers, which had distorted weapon deals through illegal commissions. The president's direct intervention in weapon purchases from foreign governments or corporations promoted financial transparency in military transactions.<sup>539</sup>

Finally, Articles 14 through 16 of the DPL insured that defense corporations and their plants were heavily guarded and protected from hazards, outside threats, or information leaks.<sup>540</sup> Security of information was particularly strict around gunpowder and munitions factories.<sup>541</sup> Article 14 allowed for the president to grant the Minister of National Defense full supervisory power and management control over any defense business production and operations, even to

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<sup>538</sup> KDIA, 285, 293.

<sup>539</sup> For more examples of Park's attempts to promote transparency in military transactions, see Kim, *Korea's Development under Park Chung Hee*, 190-191.

<sup>540</sup> KDIA, 290-291.

<sup>541</sup> Presidential Secretariat, "T'an-yak kongjang sisŏl chŏnhwan mit hwakchang saŏp kyehoek kŏmt'o," 21 January 1972, file no. EA0004533, PANAK.

ban anyone's access to facilities. Therefore, the MND might gain complete jurisdiction over defense-related plants, bypassing other laws that regulated operations, if the president determined such measures were necessary for national security. Article 15 authorized the government to expand, transfer, restructure or upgrade weapon production plants and facilities based on the state's security or industrial needs, while making the state responsible for financing implementation of changes. Article 16 restricted officials and employees working in defense-related businesses and research institutes from sharing classified weapon-related information with anyone on the outside. In the background, the state had grown increasingly adamant about controlling information leaks in response to North Korea's increased infiltration and corporate spy activities after the promulgation of HCI in 1973. According to Yu Hansik, a top technician who participated in the Kia Heavy Industries' clandestine project for developing a missile launch pad in the 1970s, "Everything [in the defense industry] was classified during this period."<sup>542</sup> The information control was so tight that, even within a single company, "Every worker was assigned different task and role, and we often didn't even know what each other was making."<sup>543</sup>

### **DPL Impact on Defense Industry**

The DPL functioned as the primary instrument to accomplish the SES's intended military-civilian convergence, or public-private sector system of cooperation, to support a defense industry within the HCI framework, driving the defense industry toward modernization and commercialization.<sup>544</sup> Once private businesses were integrated into the state-led defense

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<sup>542</sup> Yu Hansik, interview by author, 27 June 2013, Ch'angwŏn, South Korea.

<sup>543</sup> *Ibid.*

<sup>544</sup> DPL contributed to fulfilling the SES plan as delineated in *Kaep'yŏnnon*, which outlined provisions for special laws, subsidies, and institutions to establish "a public-private sector system" of cooperation for HCI development. See Kyŏngje 2, *Kaep'yŏnnon*, 31.

industry, then, the DPL granted Park's policymakers decision-making control over divisions of labor and pre-assigned tasks and activities to maximize defense production. DPL's special incentives and rewards, as well as regulatory and punitive measures, were all conducive to the state's conscription of businesses as defense contractors and integration of the private sector into a national system of arms production. Following DPL, the most competitive businesses in South Korea became defense contractors, and DPL mandates and penalties for noncompliance compelled the remaining needed *chaebŏl* to join Park's independent weapon production under the Yulgok Operation after 1974. In fact, until the DPL's revision in 1979, businesses paid fines for refusing the government offer of defense contracts.

The most significant impact of DPL was not the general expansion of state involvement in the *chaebŏl*, however, but rather was the unlimited authority this legislation granted the president himself. In the name of national security, the DPL gave Park ultimate say in all decisions related to defense businesses at both macro- and micro- levels, including all defense operations and weapon procurement processes.<sup>545</sup> Since the top private businesses were defense contractors, Park had ultimate jurisdiction over the entire private sector as well, to a degree that distressed many observers and legislators. Members of the National Assembly felt enough concern that, during their review of the 1977 DPL revisions, legislators declared that DPL had handed "a political blank check" to the president to exercise uninhibited authority over the private sector.<sup>546</sup> In October 1977, during the National Assembly's review of state spending, some legislators addressing the Park regime's excessive defense expenditures demanded

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<sup>545</sup> While the Yusin Constitution had already been ratified when DPL was passed into law, and the former had already ensured state control over macroeconomic processes in the private sector, the latter further empowered the state to intervene in business management, operations, and facilities at micro-levels in the defense industry.

<sup>546</sup> Shaw, 8.



surveillance measures to check government allocations of the defense budget, especially in dealings with contractors.<sup>547</sup> Yet, under Park's direct control, the state funding of military projects was known only to Park's close advisers and top military leaders. In particular, funding for Yulgok, which was supplied separately through the public defense tax, entirely evaded legislative deliberations on budget allocations.

Citing national security needs, Park could invoke presidential authority at any time to preempt corporate decisions and implement alternative operations, expansions, or upgrades in company infrastructures. Even arbitrary transfers of facilities from one company to another could be legally required.<sup>548</sup> During the formative stages of the defense industry, the presidential power worked to undermine independent initiatives and freedom of business executives, who had to comply with the directives from on high. Yet, the same mechanisms of control and suppression were determined to be vital to the state's guidance of business acclimation to a new industry as well as to rapid advancement of independent capabilities. In order to eliminate inefficiency in the sector, DPL subjected defense businesses to disciplines that were harsher than what any other industries faced when they had performed poorly or mismanaged resources.<sup>549</sup> In effect, then, DPL regulations and penalties compelled businesses to maximize efforts to achieve externally set goals and quality standards at all costs and regardless of market prices.

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<sup>547</sup> *Tonga Ilbo*, 20 October 1977.

<sup>548</sup> See Shaw, 8; see also Article 15 of the Defense Procurement Law in KDIA, 291.

<sup>549</sup> As articulated in the DPL, Article 23, fines or incarceration were punishments for poor performance, mismanaged state funds/resources, failure to meet state quotas or quality standards on defense products, or breaches of strict security codes at company facilities.

## Restructured Ministries

Prior to 1971, the MND was the sole agency with oversight of planning and development in defense production—including supply and demand as well as selection and procurement of weapons.<sup>550</sup> After 1971, Park worked to reform the MND and break up the long-term freewheeling authority and its preference for importing US weapons. Park established the SES as his defense industry “control tower,”<sup>551</sup> replacing MND authority with the presidential guidance system over weapon production. In 1972, Park appointed the civilian diplomat Ch’oe Kwangsu as deputy minister to prepare for MND reforms, aiming to involve non-military influence in the ministry’s policy-making and activities, to clean up past corruption, military malfeasance and mismanagement.<sup>552</sup> The MND and ROK military leaders claimed that they were skeptical about the potential effectiveness of Korean-made weapons, but their reliance on US imports for weaponry also kept the MND in control over the weapon procurement business and the lucrative defense industry.<sup>553</sup> Nonetheless, following Park’s establishment of Yusin, the MND’s promulgation of its new “Objectives for National Defense,” declared on December 29<sup>th</sup>, 1972, included “the establishment of self-reliant national defense through the development of the defense industry”<sup>554</sup> as one of the agency’s goals, thus officially adopting Park’s plan for independent weapon production at the policy level.

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<sup>550</sup> Presidential Secretariat, Pangwi sanöp e taehan chiwön chisi, 18 November 1976, file no. EA0000236, PANAK.

<sup>551</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>552</sup> Kim, *Korea’s Development under Park Chung Hee*, 190.

<sup>553</sup> The MND and the USFK (US Force in Korea) military command had maintained a close working relationship since the end of the Korean War. See also Kim, *Big Business, Strong State*, 142-143.

<sup>554</sup> Han Yongsöp, “Han’guk üi chaju kukpang kwa Hanmi tongmaeng: yöksajök koch’al kwa yangnip kanüngsöng e kwanhan yön’gu,” in *Kunsasa yön’gu ch’ongsö, che 4-jip* (Söul: Kukpangbu kunsä p’yöñch’an yön’guso, 2004), 16; see also Kukpangbu, *Kukpangsa* 4, 177.

Soon after the DPL of February 1973, Park initiated major agency reforms in both the MND and MCI to ensure that they would strengthen civilian defense businesses by assisting with development and the commercialization of the Korean defense industry. On March 9<sup>th</sup>, 1973, Presidential Order 6527, Article 17, established the Defense Industry Bureau (Pangwi sanŏpkuk; hereafter, DIB) within the MND to coordinate policies for the advancement of domestic weapon manufacturers, independent weapon R&D, and marketing of exports of Korean-made defense products, all in cooperation with the MCI's own Defense Industry Bureau.<sup>555</sup> The DIB's installation within the MND pressed the MND to cooperate with the MCI and its civilian technocrats in decision-making over defense-related business activities. Similarly, the SES demanded an unprecedented level of inter-ministerial cooperation and coordination between the MND and other agencies, including the Ministry of Finance, Ministry of Construction, and Economic Planning Board, to meet the new financial, industrial and resource needs of civilian defense businesses, to reduce their economic burdens, and to increase productivity and exports. Park's policies increased responsibilities of civilian technocrats in selecting, purchasing and exporting defense products, requiring concessions from the MND, as other civilian-based ministries and experts were vested with authority over domestic production, marketization, and exportation of Korean defense products.

### **Rise of MCI in Defense Sector**

Beyond MND reforms, the most significant ministerial restructuring to develop industry was wrought as the MCI, after 1973, was greatly expanded in size and scope and took the lead in

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<sup>555</sup> Kukpangbu, *Kukpangsa* 4, 794-795; see also Kukpangbu kukpang kunsu yŏn'guso, *Kŏn'gun 50-nyŏnsa*, 296.

carrying forth O's directives for HCI,<sup>556</sup> implementing construction of large-scale industrial plants for weapons production. In addition, DPL's financial provisions granted the MCI huge subsidies and unlimited resources to fund and build new civilian plants for what would become South Korea's military-industrial complex. Once a company was selected as a defense contractor, the MCI fully assisted in its construction of new infrastructure and facilities, as well as in its procurement of raw materials to meet state quotas. Since the MCI assisted civilian defense producers, the ministry also became extensively involved in the MND's evaluations of potential contractors. So whereas the MND was engaged in only one part of the three-stage process, the MCI was engaged at both ends: first, the MND selected the weapons and set quotas for their production, as the MCI engaged in the decision of the selected weapons' contractors; second, the ADD drew up blueprints for weapon prototypes; and lastly, the MCI secured funding and arranged production of prototypes and their mass production with civilian defense producers.<sup>557</sup>

With the rise of the MCI, the rivalry between the MND and MCI heated up, as authority over the defense industry meant more power, prestige and influence within the government and larger stakes in the defense budget.<sup>558</sup> The friction was felt in policy-making and direction over the defense industry, especially when the Park government added to the DPL decrees a new joint policy measure for the MND and MCI on August 25<sup>th</sup>, 1975.<sup>559</sup> The added policy deepened the MCI participation in the MND's weapon procurement processes and legally required the MND

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<sup>556</sup> For example, after 1973, the number of MCI assistant secretaries increased from two (in charge of the Bureau of Manufacturing Industries and the Bureau of Trade) to five (in charge of five bureaus: trade, heavy industries, light industries, resources, international cooperation). See Pak Yönggu, *Han'guk üi Chunghwahak kongö'p'wa: Kwajöng kwa naeyong*, vol. 2, 36.

<sup>557</sup> Kim Kwangmo, interview by author, 18 April 2014.

<sup>558</sup> Kim, *Big Business, Strong State*, 143.

<sup>559</sup> This policy measure is noted in Presidential Secretariat, Ilbu pangsanöpch'e t'ükhye choch'i e taehan kyöngwi pogo, 14 June 1976, file no. EA0004881, PANAK.

to consult with the MCI in weapon selection, R&D development, experimental production, and selection of defense contractors. The new joint efforts were not harmonious, and evidence shows that the two ministries contended over each other's jurisdictions.

On June 14<sup>th</sup>, 1976, Yi Sökp'yo, O Wöñch'öl's secretary for the defense industry, reported to President Park on the MND's refutation of malpractice charges leveled by the MCI and defense corporations, which claimed that the MND had given preferential treatment to certain defense contractors.<sup>560</sup> The MND at this time was still the primary ministry in charge of selecting manufacturers for experimental weapon production, but the new joint policy now required the MCI's input in the next step toward selection of defense contractors for licensed weapon production. According to Yi's report, the MCI had accused the MND of breaking away from the new mutual policy by unilaterally appointing the same manufacturer of experimental weapon models (MND territory) as the government's defense contractor (both MND and MCI territory). In the view of the MCI, for the MND to hand select manufacturers of experimental weapons as licensed defense contractors violated the MCI's jurisdictional rights in the selection of defense contractors. The report further detailed complaints by a number of prominent defense corporations, which, like the MCI, alleged that the MND was violating the legal and professional protocols by unfairly giving out contracts to less qualified producer. The mounting challenges presented by both the MCI and businesses against the MND signified the military's decline in decision-making over weapon procurement under Park, who, notwithstanding his own

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<sup>560</sup> Presidential Secretariat, Ilbu pangsanoŭpch'e t'ükhye choch'i e taehan kyöngwi pogo, 14 June 1976, file no. EA0004881, PANAK.

background as a military general, relied on civilian technocrats and private businesses to manage defense-related projects.<sup>561</sup>

### **MCI and MND Reforms in the Late-1970s**

By 1976, South Korea had finally established a system for mass-producing basic arms and munitions.<sup>562</sup> From that point on through the late 1970s, Park's ministerial reforms and statutory revisions accelerated the marketization and exportation of the domestic defense industry. On March 5<sup>th</sup>, 1976, Park founded the Korea Defense Industry Association (KDIA) to act as a cooperative body between the military and civilian businesses for domestic advancement of weapon R&D, weapon procurement, and exportation of defense products.<sup>563</sup> Chaired by President Park himself, KDIA's council meetings provided a medium for multi-sectorial communication, organization and cooperation to advance the defense program.<sup>564</sup> Through the KDIA, non-military participants, such as civilian business experts and even National Assembly members, were for the first time drawn into formulating the MND's policies on weapon procurement and exports.<sup>565</sup> Additional major changes were implemented through Park's expansion of MCI as well as the state's revision of DPL in 1977, with the result that most commercial, contractual, marketing and other business-related responsibilities in the defense

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<sup>561</sup> As mentioned in chapter 3, Park's appointment of O Wŏnch'ŏl as the SES started the trend of appointing civilian technocrats who had expertise in science, engineering, and technology as top policy makers in both government and military sectors for HCI development and defense industrialization.

<sup>562</sup> Kukpangbu, *Kukpangsa* 4, 185.

<sup>563</sup> Kim Chŏngnyŏm, *Ch'oebin'guk esŏ sŏnjin'guk munt'ŏk kkaji*, 403.

<sup>564</sup> Kim Chŏngnyŏm, *A Pak Chŏnghŭi*, 134.

<sup>565</sup> Chaired by President Park himself at the Blue House, the KDIA council meetings were attended by appointed ministers, military leaders, civilian business experts, as well as National Assembly members. See *Tonga Ilbo*, 18 June 1977.

industry were transferred from the MND to the MCI.<sup>566</sup> So after 1977, the MCI had virtually replaced the MND as the agency designating licensed defense producers and exerting authority in the overseas marketing and sales of Korean weapon products.<sup>567</sup> While the MND was central in weapon procurement at the official level, the ministry's jurisdiction was reduced to selecting weapons and setting quotas for domestic production and export, along with recommending potential defense contractors to the MCI.

While the MND's overall authority in decision-making for defense contracts and procurement was diminished, the Defense Industry Bureau (DIB) itself, an agency within the MND, was actually given more to do. It was restructured to help speed the marketization of Korean defense products. The MND-affiliated DIB had previously been in charge of coordinating the MND's efforts with the MCI for South Korea's increased exportation and advancement of domestic defense products. Passed on September 12<sup>th</sup>, 1977, Presidential Order No. 8685 created three divisions within the DIB to specialize in the following roles:<sup>568</sup> The 1<sup>st</sup> division was established to aid MND's promotion of Korean defense product exports and explored market opportunities abroad; the 2<sup>nd</sup> division was to coordinate MND policy for domestic manufacturers and R&D for the production of land-based military equipment; the 3<sup>rd</sup> division, in parallel with the 2<sup>nd</sup> division, was to support production and R&D policies for more advanced naval and air equipment, tanks and precision weaponry.<sup>569</sup>

When the state once again revised the DPL in 1979, it added support for domestic manufacturers to advance weapons R&D and exports, and included penalties to address any

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<sup>566</sup> Pak, *Han'guk ŭi Chunghwahak kongŏp'wa*, vol. 2, 37.

<sup>567</sup> Shaw, 7.

<sup>568</sup> Kukpangbu, *Kukpangsa* 4, 185-187.

<sup>569</sup> Kukpangbu kukpang kunsu yŏn'guso, *Kŏn'gun 50-nyŏnsa*, 296; see also Shaw, 7-8.

corruption. Article 22 in the revised law brought KDIA into the scope of the DPL, establishing the KDIA as a government-certified private association working with the state for the defense industry's growth and reinforcing the MND's collaboration with private businesses in the area of defense export policies.<sup>570</sup> Altogether, the state's ministerial reforms and new institutions (*e.g.*, DIB and KDIA) supported the government's involvement and investment in private sector growth in the defense industry, expanding business operations, funding weapons R&D, and executing O's plans for marketization and exportation. Table 5 (below) summarizes the governmental measures taken to aid the growth and expansion of civilian businesses in the defense sector in the 1970s.

**Table 5. Key State Measures to Develop the Defense Industry in the 1970s**

| Date       | Defense-Related Laws & Organizations                               | Significance on Defense Industry                                                                                                                                      |
|------------|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 02/17/1973 | Defense Procurement Law (see revised versions below in 1977, 1979) | Legalized the state's political and financial support as well as regulatory power in the development of defense businesses                                            |
| 03/09/1973 | Law Order 2557                                                     | Established the Defense Industry Bureau (DIB) in the MND (Article 17)                                                                                                 |
| 09/22/1973 | Presidential Order 6870                                            | Promulgated enactment of DPL's ordinances                                                                                                                             |
| 12/14/1973 | National Investment Fund (NIF)                                     | Funded HCI and defense industry                                                                                                                                       |
| 07/16/1975 | National Defense Tax Law                                           | Funded Yulgok's military projects                                                                                                                                     |
| 03/05/1976 | Establishment of the Korea Defense Industry Association (KDIA)     | Promoted closer cooperation between ministries and private sector for defense development                                                                             |
| 07/23/1977 | 1 <sup>st</sup> Revision of Defense Procurement Law                | Assigned contracting and overseas weapon sales under the final authority of the MCI                                                                                   |
| 04/17/1979 | 2 <sup>nd</sup> Revision of Defense Procurement Law                | Expanded state support for domestic weapons R&D development; elevated KDIA's role in defense export policies; added penalties for corruption in the defense industry. |

Source: Data from KDIA, 62, 83, 120, 283; Kukpangbu, Kukpangsa 4, 185-187; Shaw, 7-8.

### State Inculcation of Worker Loyalty

While the state decrees and ministerial reforms in 1973 steered South Korea toward a unique *chaebŏl*-centered military modernization program, Park simultaneously coopted the

<sup>570</sup> KDIA, 83, 120.



ideological commitments of civilian businesses and their workforces, and state ideology penetrated *chaebŏl* beyond the managerial level all the way through the labor force. Launched in November 1973, the *Kongjang Saemaŭl undong*, or Factory New Village Movement (FNVM), a variant of Park's New Village Movement, was generated by the state and implemented by the MCI to promote harmonious relationships, or *ch'onghwa* ("total unity"), between business management and the labor force in heavy and chemical industries.<sup>571</sup> The FNVM focused on shaping Korean workers' attitudes, by inculcating patriotism, work discipline, loyalty, and submission to hierarchy, solidifying the allegiance of workers to their companies. In Park's public campaigns for the FNVM, he often referenced and praised values like *hyŏptong* ("cooperation") and *hyŏpcho* ("collaboration") between businesses and workers as they pertained to mutual, national strengthening efforts.<sup>572</sup> Park's messages urged factory workers to sacrificially dedicate themselves to South Korea's industrialization, even to accept low wages and personal hardship. Park applied traditional metaphors of family to encourage harmony between business owners and employees. As an example, in a speech on September 14<sup>th</sup>, 1979, he stated the following:

The businesses and workers must work together to cultivate a sense of unity and thus establish a co-existing Korean-style management-labor system of cooperation, where business owners with a strong sense of social responsibility treat their workers as one family, and workers care for their factories as their own home. And for this purpose, the Factory New Village Movement must be more actively pursued [translation mine].<sup>573</sup>

The state's powerful ideological apparatus reached all domains, along with the president's ubiquitous pleas for workers "to be as loyal to the company as they would be to their parents."<sup>574</sup>

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<sup>571</sup> *Maeil kyŏngjae*, 5 November 1973.

<sup>572</sup> PPCHS, vol. 14, 171.

<sup>573</sup> *Tonga Ilbo*, 14 September 1979.

<sup>574</sup> Kim, *The Culture of Korean Industry*, 176; see also Ch'oe Changjip, *Han'guk ūi nodong undong kwa kukka* (Sŏul: Nanam, 1997), 208.

Policies were also scripted to disrupt and dismantle growing labor associations in key factories. The state regulated mass media such as newspapers, television, and radio, as well as documentary films, songs, and monthly magazines, using media to disseminate Park's messages of filial piety in work environments.<sup>575</sup> Institutions of state propaganda, such as the Saemaül Training Centers, instructed company workers in both technical and ideological lessons for the FNVM and further popularized slogans, such as, "factory as my home and workers as my family," garnering worker loyalty and nurturing laborers' affections for their companies.<sup>576</sup> These filial ideals were equated with patriotism and directed by the state toward building its "self-reliant economy" and "self-reliant national defense." It was loyal and sacrificial laborers who would construct the nation's industrial economy, increase exportation and thereby secure the nation's independence, self-sufficiency and domestic tranquility.<sup>577</sup>

In sum, Park employed all means necessary—legislative initiatives, ministerial reforms, and ideological influences—to transform the private sector and mobilize complete support of South Korea's military modernization. Park's defense policies, especially in the early stages of the industry, required market conformity to *Kaep'yŏnnon*'s agenda, while engaging the state to function as the major investor in pre-ordained industries and actors.<sup>578</sup> Thus Park's policymakers, exerting control over business activities under DPL, re-shaped the private sector through micro-management of the *chaebŏl* to guarantee their fulfilment of the state's goals. Strict performance

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<sup>575</sup> Moon, "Mechanism of Mass Mobilization and Creating State Citizens during Economic Development of South Korea," 162.

<sup>576</sup> Pak Chinhwan, *Pak Chŏnghŭi taet'ongnyŏng ūi Han'guk kyŏngje kŭndaehwa wa Saemaül undong* (Sŏul: Pak Chŏnghŭi taet'ongnyŏng kinyŏm saŏphoe, 2005), 205.

<sup>577</sup> Ch'oe, *Han'guk ūi nodong undong kwa kukka*, 208-209.

<sup>578</sup> In *Kaep'yŏnnon*, O Wŏnch'ŏl noted that HCI projects "could not succeed in a *laissez-faire* style," but rather necessitated strong state guidance to mobilize entire industries and labor. See O, *The Korea Story*, 217.

criteria were imposed for quality control, and exports were increased according to state-set timetables. As investments were concentrated in particular defense-related sectors, social welfare expenditures and labor strikes were blocked in an effort to maximize domestic capital and minimize wages. Culturally and socially, the state apparatus mobilized the loyalty of corporate management and workforce to exert an all-out economic effort in support of Park's HCI and military mobilization.

At the same time, the government pursued business structures that could behave as relatively independent agents through a "public-private sector cooperation system" to develop the HCI and defense industry.<sup>579</sup> State policies and institutions (*e.g.*, DPL, MCI, MND, KDIA) did not merely subsume or weaken the private sector, but rather fostered and heavily invested in unimpeded business growth, expanding industrial productivity and technological capabilities. Indeed, even though a "developmental state" interpretation of South Korea's rapid industrialization generally treats the *chaebŏl* as loyal—although unwitting—stewards of Park, or merely as cogs of the state's wheels running under government guidance, evidence seems to suggest that businesses did not function merely as passive actors. For, over time, as will be discussed in the next section, the government policies facilitated a shift of *chaebŏl* from strictly conscripted agents to active partners of the government in South Korea's military modernization, as the *chaebŏl* themselves came to offer significant independent contributions to develop an indigenous system of weapon production.

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<sup>579</sup> As discussed in chapter 3, *Kaep'yŏnnon* aimed to establish an advanced system of cooperation between the government and the private sector through special laws, institutional support, business-friendly infrastructure, and state subsidies to assist the private sector's integration with the public sector. See Kyŏngje 2, *Kaep'yŏnnon*, 31; see also Moon, "The Political Economy of Defense Industrialization in South Korea," 448.

### III. From Conscription to Cooperation: The Case of Hanwha

The following case study of Hanwha (formerly known as Han'guk hwayak, or in English, "Korea Explosives, Ltd.") examines one of the earliest defense contractors under Park. Hanwha's story illustrates the policies, corporate culture and work environments that shaped the first generation of Korean defense corporations that emerged in this era. Already functioning as an explosives manufacturer, once Hanwha became a defense contractor in 1973, the company pursued Park's goals for weapon indigenization as its corporate mission. Hanwha's corporate structure and work culture were also transformed through compliance with DPL, as the company fully embraced and implemented the state policies and ideology, serving as a harbinger of the state's values and principles of self-reliant national defense, anti-communism, intensive and extensive security, military order and discipline, and labor suppression. As the company eventually acquired capability to independently manufacture defense products, it also took on risks and competed with other corporations for contracts. Hanwha endured financial losses and lost competitions, and had to overcome obstacles and conflicts beyond the market, even surviving one catastrophic incident that pushed the company to the brink of state confiscation. Eventually, the state measures proved protective, and Hanwha demonstrated its capacity to thrive as an independent and dynamic contributor to Park's military modernization efforts. In these ways and others that are discussed below, Hanwha was representative of other *chaebŏl*, while maintaining its unique identity and distinctive style and displaying its own managerial reactions to Park's military modernization efforts.

Founded by Kim Chonghŭi<sup>580</sup> on October 9<sup>th</sup>, 1952 during the Korean War (1950-1953), Hanwha, by 1958, pioneered the indigenous production of industrial dynamite, becoming South

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<sup>580</sup> Kim Chonghŭi (1922-1981) founded Han'guk hwayak (later called Hanwha) in 1952, at the age of 30, and is known as one of Korea's most successful entrepreneurs. Famous as the first company to produce dynamite

Korea's first manufacturer and supplier of explosives. At a time when public buildings, bridges, roads, and other critical facilities were in ruins, Kim Chonghŭi had anticipated that explosives would be pivotal to post-war reconstruction and industrialization efforts, and through Hanwha he enabled domestic mass production of commercial explosives. Hanwha's success localizing the production of dynamite, an historic feat aiding South Korea's industrial reconstruction, instantly elevated the company's reputation and earned Kim the moniker "Dynamite Kim." A staunch patriot, Kim dedicated his business to national economic development, a vow encapsulated in his now famous motto, "*Hwayak sanŏp ŭl t'onghan saŏp poguk*"<sup>581</sup> or "repaying the nation through the explosives business."<sup>582</sup> Kim's business decisions were similarly reflected in the mindsets of other nationalist corporate leaders, many of whom had experienced Japanese colonization (1910-1945), the devastation of the Korean War, and extreme national poverty. During South Korea's difficult recovery, these entrepreneurs, who, like the cultural nationalists,<sup>583</sup> viewed "constructive entrepreneurial acts as patriotic,"<sup>584</sup> set business goals not merely for personal gain, but also to contribute to national redemption and independence. Their resolve led many

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domestically, Hanwha under Kim's leadership expanded beyond explosives to include chemicals/petrochemicals, manufacturing and construction, among others, until Kim's death in 1981 at the age of 59.

<sup>581</sup> The term "*saŏp poguk*" ("Through Business, Repay the Nation") was widely used among many *chaebŏl* leaders, such as Chŏng Chuyŏng (Hyundai), Yi Pyŏngch'ŏl (Samsung), and Pak T'aejun (POSCO), and thus reflected the close relationship between the state and *chaebŏl*. "*Saŏp poguk*" conveyed convictions and commitment to business activities that would modernize and strengthen the nation.

<sup>582</sup> Hanwha Inch'ŏn kongjang 50-nyŏn p'yŏnch'anwiwŏn, *Hanwha Inch'ŏn kongjang 50-nyŏn* (Seoul: Hanwha, 2005), 52. \*Hereon, the work is cited with the abbreviation "HIK."

<sup>583</sup> This term refers to the Korean cultural nationalists of the colonial period (1910-1945).

<sup>584</sup> Kim, *The Culture of Korean Industry*, 52.

entrepreneurs to seek profit-making opportunities through the domestic development of new industrial skills and products that could be useful for the nation.<sup>585</sup>

By 1961, when Park came to power, entrepreneurs like Kim displayed at least some cultural permeability and receptivity to nationalistic ideals.<sup>586</sup> Despite the brewing nationalism, however, Park sought to drive an extremely rapid economic development, and to accomplish his ends he had to directly drive most of the *chaebŏl* into service. Park used the military regime to push businesses to do his bidding, first by punishing them for past corruption and then by ordering them to pursue his Five-Year Economic Development Plans (FYEDP) as a condition of pardon. Unlike other *chaebŏl*, Hanwha escaped many of the early penalties and much of the coercion at this phase in Park's program, because Kim Chonghŭi had required relatively few favors from past regimes to grow his explosives business. Kim had also built enduring business relations with American generals by supplying explosives or offering explosives-related services to the USKF 8<sup>th</sup> Division and the United Nations Command (UNC) station in South Korea.<sup>587</sup> Nonetheless, like other *chaebŏl*, Hanwha was drafted into compliance with Park's 1<sup>st</sup> FYEDP (1962-1966), as the state forced the company to take over at least one industrial project in the development of light industries. Due to Hanwha's expertise in dealing with chemical materials, Park personally met with Kim Chonghŭi in November 1961 and assigned his company to develop pulp, an essential material for the domestic printing industry.<sup>588</sup> While Kim, after a

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<sup>585</sup> On business philosophy of South Korea's early entrepreneurs, see, e.g., Yi Pyŏngch'ŏl of Samsung and Pak T'aejun of POSCO, in Sin Sohyŏn, "Kiŏpka chŏngsin, kŭ ppuri rŭl ch'ajasŏ," *Herald kyŏngje*, 10 July 2012.

<sup>586</sup> Sŏ Munsŏk, "Hyŏnam Kim Chonghŭi ū ch'angŏp kwa Hanwha kŭrup ūi hyŏngsŏng," *Kyŏngyŏngsahak* 24, no. 4 (Sŏul: Kyŏngyŏngsa hakhoe, December 2009), 307-333.

<sup>587</sup> Chŏn Pŏmsŏng, *Kim Chonghŭi ūi kiŏpka chŏngsin* (Seoul: WMedia, 2010), 316-317.

<sup>588</sup> Pulp, as cellulose fiber, is chemically extracted from plant materials such as wood and rice straw for paper production. See Chŏn, *Kim Chonghŭi ūi kiŏpka chŏngsin*, 316-317.

comprehensive review, withdrew from the assignment, citing the very poor potential for domestic pulp production, Kim immediately joined in alternative business opportunities to support Park's development of the domestic chemical industry. In 1965, Hanwha began constructing a Polyvinyl chloride (PVC) factory to manufacture synthetic plastic, and three years later construction was completed in Chinhae in Southern Kyōngsang Province.<sup>589</sup> At the same time, Hanwha continually upgraded commercial explosives, firmly leading and virtually monopolizing the industry by the 1960s.

Hanwha reached a new scale of industrial expansion and moved to the frontier of Park's military modernization efforts in 1968, joining in the state reaction to the North Korean commandos' attempt to infiltrate the Blue House in January of that year, the same incident that prompted Park to establish the Homeland Reserve Forces (HRF). Intending to equip the reserve troops with Korean-made arms, Park needed top civilian companies from machinery, explosives, and special metals industries, to enter the production of basic weapons. By this time, Hanwha had established itself as the complete supplier of various explosives products to the state's ever expanding industrial projects, including Park's construction of the Kyōngbu Highway starting in February 1968.<sup>590</sup> So following the establishment of HRF in April 1968, the government right away assigned Hanwha to work with the ADD to research and develop experimental models for indigenous military explosives. In the same month, perhaps as compensation for Hanwha's participation in military production, the government selected Hanwha among a highly

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<sup>589</sup> Hanwha kŭrup 50-nyōnsa p'yōnch'anwiwōn, *Hŭimang ūro ūi yōjōng: Hanwha 50 nyōn* (picture volume) (Sōul: Hanwha kŭrup, 2002), 21. \*Hereon, the work, which is one of a two-volume series (picture volume and text volume) on Hanwha's history, is cited as "Hanwha kŭrup, *Hŭimang ūro ūi yōjōng* (picture volume)."

<sup>590</sup> Chōn, *Kim Chonghŭi ūi kiōpka chōngsin*, 366.

competitive pool of business applicants as the contractor for a planned domestic oil refinery.<sup>591</sup> Thus Hanwha, while assuming its defense assignment, was also rewarded with the government's most lucrative deal to date, expanding the company's ventures into the domestic oil industry, a goal which Kim Chonghŭi had pursued since 1966.<sup>592</sup> Participation in Park's major initiatives was rewarded with state favors after 1968 as well, including permission to access the foreign direct investment (FDI) to fund new operations, which furthered the company's rapid advancement in both defense and commercial production.

With the cooperation of the ADD and its R&D, Hanwha became the first domestic producer of grenades in May 1969, boosting its status as a new defense manufacturer.<sup>593</sup> In the same year, November 1969, with the MCI's support for additional procurement agreements and construction of infrastructure for oil refining, Hanwha established Kyŏngin Energy Corporation, thereby further contributing to the domestic petrochemical (and oil/energy) industry, one of the signature developments of Park's 2<sup>nd</sup> FYEDP (1967-1971).<sup>594</sup>

As Park prioritized the independent development of guns and ammunition for his Five-Year Military Modernization Plan (1971-1976), the SES immediately involved Hanwha in its plan for domestic ammunition development. In January 1972, O Wŏnch'ŏl submitted a classified report to Park, laying out the plan for indigenous ammunition production of M-1 rifles and

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<sup>591</sup> In April 1968, the government approved Kim Chonghŭi's application for Hanwha's joint venture with the US Union Oil Corporation to establish a domestic oil refinery. See Hanwha kŭrup 50-nyŏnsa p'yŏnch'anwiwŏn, *Hŭimang ŭro ŭi yŏjŏng: Hanwha 50 nyŏn* (text volume) (Sŏul: Hanwha kŭrup, 2002), 59. Hereon, the work is cited as "Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text volume)."

<sup>592</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 58; see also Chŏn, *Kim Chonghŭi ŭi kiŏpka chŏngsin*, 374.

<sup>593</sup> HIK, 57.

<sup>594</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 59.



Carbines in civilian plants.<sup>595</sup> The M-1 rifle was the main gun used by HRF reserve troops, but as its original US manufacturer discontinued the production of this model, South Korea had to produce the ammunition domestically to equip the existing M-1s. The same report identified Hanwha as the manufacturer of gunpowder for the M-1 and Carbine ammunition.<sup>596</sup> For the production of ammunition shells, Poongsan Metal Corporation and Sunhŭng Corporation were selected.

In October 1972, Hanwha was officially designated as one of the first 29 defense contractors selected at the second meeting of the Defense Industry Promotion Council (DIPC). Defense contractors were promised highly advantageous terms and conditions, including financial rewards, tax cuts, and technical assistance, so Hanwha, along with most profit-driven companies, was incentivized to join the defense industry in order to seize on the new state largesse. With its previous involvement in the grenades production, Hanwha stood to profit through sales and product diversification generated by military modernization and did not resist joining the defense industry. Its ready compliance in some ways distinguished the company from the few corporations that did resist.

Nevertheless, Hanwha as well as other *chaebŏl* selected as defense contractors in 1972 had to base their decisions not only on economic interests but also on political pragmatics, as cooperation with the state-led programs became crucial to corporate expansion and success. It is important to note that Park's 1<sup>st</sup> and 2<sup>nd</sup> Five-Year Economic Development Plans (1962-1966; 1966-1971) enlisted most of the *chaebŏl* into state service, and thus their business interests and ventures were intricately tied to government programs by the early-1970s. In Hanwha's case, its

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<sup>595</sup> Presidential Secretariat, T'anyak kongjang sisŏl chŏnhwan mit hwakchang saŏp kyehoek kŏmt'o, 21 January 1972, file no. EA0004533, PANAK.

<sup>596</sup> *Ibid.*

long partnership with the state in the chemical and petrochemical sectors since Park's 1<sup>st</sup> FYEDP (1962-1966) had rendered the company heavily dependent on state contracts and support for overall business operations. For large companies like Hanwha that had relied on state-granted capital and support, any refusal to participate, especially in areas Park had prioritized in the defense industry, would pose extreme risk to company solvency, while also threatening future relations with the state.

Significantly, the DIPC designated Hanwha and first group of defense contractors in the same month that Park instituted the Yusin system (October 1972), which through the nationalization of banks and capital, made it even more risky for *chaebŏl* to opt out. Not only would recruitment refusals be risky in the business environment under Yusin, but the DPL also penalized businesses with heavy fines for declining contracts. In this sense, *chaebŏl* were not only economically incentivized by state-guaranteed advantages but they were also induced by the state's political pressure.

Only in highly exceptional cases did corporations resist the DPL and the defense industry, and even those who opposed relented in the end under President Park's or O Wŏnch'ŏl's direct pressure. As an example, Samsung was one of the last major *chaebŏl* to join the defense industry. Samsung's rejections of state support stemmed from a publicized incident involving one of its subsidiaries in 1966, which was accused of smuggling an illegal substance to make fertilizer.<sup>597</sup> Government reprisals led to the resignation of Yi Pyŏngch'ŏl, the corporate chair, as well as the arrest of Yi's son, Yi Ch'anghŭi. From that point on, Samsung had minimized its acceptance of state subsidies. Instead of immediately joining the HCI and defense industry and receiving state

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<sup>597</sup> In 1966, one of Samsung's business subsidiaries, Han'guk Fertilizer Company, was accused of smuggling an illegal substance for its fertilizer plant, which led to the arrest of Yi Pyŏngch'ŏl's son as well the resignation of Yi Pyŏngch'ŏl as chair of the Samsung Corporation. See Kim, *Big Business, Strong State*, 131-132.

capital loans, Samsung independently obtained Foreign Direct Investment (FDI) from overseas companies or pursued joint ventures to finance new company projects.<sup>598</sup> Even when it did join the HCI later, Samsung invested mostly in electronics and electric appliances, an HCI industry with minimal state subsidies.<sup>599</sup> However, Samsung was forced to the forefront of the industry, when O Wŏnch'ŏl directly informed the corporate leadership that the company must either accept a defense assignment or jeopardize relations with President Park.<sup>600</sup> Thus Samsung was coerced to produce the first fighter jet engine starting in 1976, in support of Park's ambitious plans to establish a domestic aerospace industry.<sup>601</sup>

On the other hand, the first group of defense contractors induced to join the defense industry, including Hanwha, were the immediate beneficiaries of unparalleled financial, resource, and technical support from the state, upon implementation of the DPL in 1973. Initially under DPL, the state closely supervised Hanwha's transition into defense production and directly intervened to mandate the selection of weapons and R&D for the company. Independent entrepreneurship and initiatives were limited, as the company relied on state support to build the basic industrial and technological foundations for defense manufacturing. Preparing Hanwha for its eventual development as an independent weapon (and HCI) producer and manufacturer of

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<sup>598</sup> *Ibid.*

<sup>599</sup> *Ibid.*

<sup>600</sup> O Wŏnch'ŏl, "Pak Chŏnghŭi chŏnggwŏn Yulgok saŏp ch'ong ch'aegimja O Wŏnch'ŏl chŭngŏn: Kalp'ang chilp'ang hanggong sanŏp chŏngch'aek chaebŏl muhan kyŏngjaeng pullŏtta," *Sindonga* (April 1994), 377; see also HGKK, vol. 5, 481-482.

<sup>601</sup> Samsung Techwin was founded in 1976 as a subsidiary of Samsung Corporation to specialize in the government-assigned production of advanced engines for fighter jets and other military vehicles.

military explosives on a massive scale, the state heavily invested in and guided the company's R&D and infrastructural expansion.<sup>602</sup>

Hanwha's corporate values and company goals were soon clearly aligned with Park's ideology and his quest to indigenize and mass produce weapons for a self-reliant national defense. Through the DPL's expansion of presidential power, Park's policies shaped the political, industrial and ideological landscape of civilian defense businesses, and Hanwha was no exception. From the promulgation of HCI in 1973, Park redoubled his push on the private sector to advance domestic R&D and technology, underscoring "*kuksanhwa*" (indigenization) and "*chŏnmunhwa*" (specialization of knowledge and skills) for all HCI and defense products as the ultimate goals and national responsibilities of all domestic manufacturers.<sup>603</sup> Park often challenged individual defense contractors, to devote themselves as corporate leaders and technicians to advance independent technological capability ("*kisul kaebal*") for each weapon part, instilling in them the conviction that such efforts would determine the survival of their nation.<sup>604</sup> In response, Kim Chonghŭi, a pioneering manufacturer of industrial explosives, adopted the "indigenization of military explosives" as his own patriotic calling and special responsibility for South Korea's self-reliant national defense. While Kim had long identified himself as nationalist more than as a capitalist, even prior to Park, his ideology now converged with Park's self-reliant national defense policy in support of the quest for South Korea's independent weapon production.

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<sup>602</sup> See *Maeil kyŏngje*, 4 August 1973.

<sup>603</sup> See PPCHS, vol. 10, 222; *Kyŏnghyang sinmun*, 4 October 1973; see also PPCHS, vol. 14, 166, 174.

<sup>604</sup> *Tonga Ilbo*, 18 June 1977; *Kyŏnghyang sinmun*, 15 April 1977.

Certainly the opportunity of huge profits in the emerging defense industry would have enticed many *chaebŏl* to buy into Park's nationalistic ideals and goals. The defense industry presented endless possibilities to maximize Hanwha's comparative advantages in skills and technology related to chemical explosives as the government's defense producer. However, Kim was also motivated by national pride and a personal desire to contribute to national sovereignty. By the early-1970s, amid Park's nationalistic drive for developing an independent defense industry, Hanwha and others in the government's first group of exclusively privileged defense corporations, or "*pangsanŏp*," were proudly recognized by the state and society for strengthening national security.<sup>605</sup> Promoting independent and self-sustaining weapon production for the national defense against North Korea, Hanwha's participation was regarded as not only industrious but also patriotic. In fact, with Hanwha's status as the nation's lone producer of explosives, playing a crucial role in the defense industry, the company saw itself as serving a nationalistic responsibility with a strong sense of vocation to contribute to Park's self-reliant national defense, as evidenced in company memoirs and documents.<sup>606</sup> Imbued with the nationalist ethos of his day, Kim Chonghŭi, like other corporate heads of the larger defense contractors, such as Chŏng Chuyŏng of Hyundai and Ryu Ch'anu of Poongsan, was rewarded by government with social prestige and social capital as Park publicly praised the patriotism of defense corporations,<sup>607</sup> while adopting *chaju kukpang* ("self-reliant national defense") as a personal mission and establishing this tenet as his highest company value.<sup>608</sup> As Kim Chonghŭi

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<sup>605</sup> Kim Kwangmo, *Han'guk ūi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch'aek*, 305-306; Kim, interview by author, 10 September 2013.

<sup>606</sup> Hanwha kŭrup, *Hŭimang ūro ūi yŏjŏng* (text vol.), 75; HIK, 16.

<sup>607</sup> For examples, see *Tonga Ilbo*, 15 April 1977; *Kyŏngnyang sinmun*, 27 April 1977.

embraced Park's self-reliant national defense agenda, Hanwha operated to serve the state's national security needs, which required indigenizing military explosives and gunpowder.

Kim implemented Park's priorities at Hanwha's flagship factory in Inch'ŏn.<sup>609</sup> As a manufacturer of both HCI and defense products after 1973, the factory management and workers relentlessly pursued "*hwayak chagŭp chajok*" (the indigenization of explosives) as the company's high calling.<sup>610</sup> According to Min Pyŏngman,<sup>611</sup> who began his career as a chemical specialist at the Inch'ŏn factory in the 1970s, the pursuit to indigenize explosives was deeply ingrained like a "second-nature" in the minds of the Inch'ŏn factory's managers and workers alike.<sup>612</sup> They were, after all, the nation's first and only domestic supplier of various explosives for industrial use, and the state wholly relied on the Inch'ŏn factory's continuous provision of commercial explosives for HCI projects. South Korea's imports of explosives had furthermore been limited by strict international protocols and regulations on shipping,<sup>613</sup> which only strengthened the resolve and the dedication of workers to produce everything for explosives,

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<sup>608</sup> For example, Ryu Ch'anu of Poongsan, another pioneering defense contractor, used *chaju kukpang* in the company's vision statement and as his personal mantra. Today, inside the main entrance of the building where Poongsan's mother factory is headquartered in An'gang, a wooden board still hangs with an enlarged inscription of Park's hand-written phrase, *chaju kukpang*; see also Hangnok Ryu Ch'anu hoejang ch'umo wiwŏnhoe, *Hak, San ŭl kkum kkuda* (2009), 51, 53.

<sup>609</sup> Inch'ŏn factory was constructed in 1955 as Hanwha's first factory to produce domestic explosives.

<sup>610</sup> HIK, 16.

<sup>611</sup> Through a Hanwha representative, I was introduced to and conducted an interview with Mr. Min Pyŏngman, the longest tenured employee of the company, who started his career as a chemical specialist in the Inch'ŏn factory in the 1970s. I interviewed Mr. Min at the Inch'ŏn factory, Hanwha's flagship factory and the first factory in South Korea to manufacture dynamite. Mr. Min provided a keen insider's view on the Inch'ŏn factory in the 1970s, commenting on the corporate ideology, culture, and working environment, as he also reflected on his personal experience as a skilled worker in the 1970s. Mr. Min worked as the last factory director of the Inch'ŏn factory from 2004 until its closing in 2006. Inch'ŏn Factory has since been converted to Hanwha Historical Museum.

<sup>612</sup> Min, interview by author, 14 November 2012, Inch'ŏn, South Korea.

<sup>613</sup> There were stringent legal regulations on transporting explosives on foreign ships, which limited both imports and export demand for explosives in the 1970s.

from the most basic ingredients to complete products.<sup>614</sup> Hanwha's assignment to this end intensified company commitments to develop advanced technology and skills required for a new type of explosives. Since South Korea's procurement of foreign technical aid to make military explosives was also continuously banned by US arms restriction policies, employees had to work all the harder to independently develop and manufacture all products. Overall, as Min recalled, workers labored with the convictions, "If we don't produce explosives, nobody else can," and "We would rather pay 110,000,000 *wŏn* to indigenize the product, than pay 100,000,000 *wŏn* to import it."<sup>615</sup>

The process did not follow easily, as it faced a whole new set of challenges at the beginning. When Hanwha set out to develop military explosives, Inch'ŏn factory's chemical specialists and technicians lacked expertise and formal training in military production, so they had to strain to develop independent technology. The Inch'ŏn factory itself had originally been engineered to manufacture commercial explosives, and thus at the start it was not fully equipped for the advanced research and experiments required for military explosives. Despite these challenges, with state subsidies and technical support, Hanwha began building additional facilities for experimental production and testing of new military explosives, while acquiring technological abilities through engagement with the ADD's advancement of R&D for high explosives for military use.<sup>616</sup> Inch'ŏn factory's special division named "Production Team 2," in charge of experimentation and development of military explosives, worked closely with ADD

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<sup>614</sup> Inch'ŏn factory was also the only gunpowder producer in South Korea up until 1975, when Poongsan Metal Corporation won the government contract for ball powder (discussed later).

<sup>615</sup> Min, interview by author, 14 November 2012.

<sup>616</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 42.

scientists to create blueprints to indigenize the production.<sup>617</sup> Production Team 2's activities were highly classified—even within the company, other departments were not privy to their work—and their projects with the ADD operated under state surveillance with strict regulations to prevent team researchers from leaking information. Through these efforts, Hanwha began mass-producing the new high explosives by June 1973.<sup>618</sup>

Meanwhile, the DPL of 1973 granted the Ministry of National Defense full enforcement authority for rigorous security and surveillance measures over defense manufacturers, including Inch'ŏn factory. Even among the government-designated “Target Facilities for National Security” (*kukka poan mokp'yo sisŏl*), which included weapon-producing plants, the Inch'ŏn factory was listed as a grade “A” target facility (on a scale ranging from A to D), requiring the highest level of protection.<sup>619</sup> Because the Inch'ŏn factory produced dangerous military materials, heavy surveillance and strict security measures operated at all times to prevent intrusions and to make sure explosives and technologies did not fall into the wrong hands, especially in light of North Korea's rising infiltrations. The paranoia was amplified as government intelligence frequently caught North Korean spies in the early-1970s, many of whom were Japan-born civilians of North Korean descent and included culprits from all social backgrounds ranging from college professors, students, peasants, political party members, pastors, doctors, lawyers, bankers, union activists, to house wives, all over different regions in South Korea.<sup>620</sup> The prevalence of spies evinced a deep penetration of the enemy and an elaborately established internal network for informing the North Korean regime or fomenting domestic opposition to Park's rule.

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<sup>617</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 70; also see HIK, 158.

<sup>618</sup> HIK, 183.

<sup>619</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 42.

<sup>620</sup> Kukpangbu kukpang kunsŏ yŏn'guso, *Tae pijŏnggyu chŏnsa II, 1961-1980*, 241-242.



With the start of HCI in 1973, Kim Il Sung's corporate spying on South Korea's advancements in industry and defense was exceedingly scaled up in depth and frequency.<sup>621</sup> North Korean spies made national news when they were caught working as senior employees in Hanwha and Poongsan in June 1973.<sup>622</sup> Kang T'aejung, a high-level executive director at Hanwha, was sent to prison for serving as North Korea's informant on the status of Hanwha's chemical and weapon developments.<sup>623</sup> South Korea intensified anti-spy policies in turn in these elite corporations with major industrial and munitions plants. Due to Inch'ŏn factory's vicinity to the Yellow Sea (or West Sea), making it more vulnerable to North Korean infiltration by seaside, the factory's elaborate security measures also involved the government's maritime defense. It was common to witness enlisted soldiers from the military, special police officers, as well as the company's private guards constantly guarding the factory at Inch'ŏn.<sup>624</sup> Security conducted full body searches when workers left the workplace, to make sure that no explosive material or equipment was taken out of the factory.<sup>625</sup> Additionally, the company installed censor equipment at entrances and surrounding the factory along the barbed wire fences.<sup>626</sup> Inside the factory, multiple security systems and personnel were posted in layers of protection at the core facilities. Since Inch'ŏn was a defense factory, all applicants seeking work had to pass police background checks, and no one with family or close communist ties would pass. In fact, employers often

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<sup>621</sup> *Ibid.*, 236-239.

<sup>622</sup> *Kyŏnghyang sinmun*, 5 June 1973.

<sup>623</sup> *Tonga Ilbo*, 19 November 1973.

<sup>624</sup> Min Pyŏngman, interview by author, 13 March 2014, Inch'ŏn, South Korea.

<sup>625</sup> HIK, 88.

<sup>626</sup> Min, interview by author, 13 March 2014.

relied on personal recommendations of employees, so the selection pool often consisted of friends and relatives of the current workers.<sup>627</sup>

While strict regulations were enforced through MND security policies in the defense industry, procedures were also internally driven by Kim Chonghŭi himself and the factory management, not only to prevent outside intrusions but also to prioritize worker safety in the Inch'ŏn factory.<sup>628</sup> Company records indicate that dangerous experiments with explosives at Inch'ŏn factory caused accidents that injured or killed workers every year since the 1960s, and only continued with Hanwha's production of new military explosives throughout the 1970s.<sup>629</sup> To maximize safety, Inch'ŏn factory's work environment was maintained through militaristic order and discipline with stringent rules, including strict safety protocols to prevent mistakes or disorder, along with a rigid hierarchy between the higher and lower ranking workers. Factory regulations demanded maximum caution and alertness from workers dealing with experiments, equipment, and materials that could injure or kill them instantly with the slightest error. O Chaedŏk, a former employee (1961-1998), confirmed in an interview featured in the factory's historical memoir that factory workers fully adopted militaristic customs and rules in their daily work.<sup>630</sup> For example, military-style salutes were commonly exchanged, even among female workers. O Chaedŏk further described the environment of the 1970s as follows:

It was a factory that involved many dangers, and since the enemies [North Koreans infiltrators] could easily target it, we were regularly trained extensively to prepare against their intrusions. Even policemen and media personnel were not allowed access to the factory. The guards barred their entry, and they had to turn back and leave. Therefore, at the time, many thought that Inch'ŏn factory was operated by the government [translation mine].<sup>631</sup>

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<sup>627</sup> HIK, 84.

<sup>628</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 119.

<sup>629</sup> Six explosions between 1971 and 1979 took away 15 lives. See HIK, 96- 97.

<sup>630</sup> HIK, 17.

<sup>631</sup> HIK, 90.

In this setting, factory workers and security guards universally complied with the exacting codes to ensure minimal risks while operating with maximum efficiency, and various measures were implemented by the management to ensure total worker adherence to established safety protocols. Worksites and labs within the factory were plastered with safety rules, warnings, and instructions to bolster the attentiveness and vigilance of workers.<sup>632</sup> Words such as “*chŏltae anjŏn*,” or “absolute safety,” or “*anjŏn cheil*,” “safety first,” were ubiquitously displayed on worker uniforms, helmets, equipment, walls, and at the building entrances (see Figure 2 below).<sup>633</sup> Everyday, all factory workers were required to recite the factory’s official “Oath of Safety” in unison before starting work. The “Oath of Safety” included the following declaration at the end:

As I recognize that safety is my life, and my family’s happiness, and the foundation of our company’s success, I declare that I devote myself completely to uphold the safety.<sup>634</sup>

On other occasions, workers sang military-like motivational songs with safe practices as themes as well (see Figure 3).



**Figure 2. Safety Signs on Factory Equipment**



**Figure 3. Factory Song and Declaration**

<sup>632</sup> Findings are based on my visits, in 2012 and 2013, to Hanwha Historical Museum, which maintained the old facilities and equipment of the Inch’ŏn factory as part of the exhibition.

<sup>633</sup> Hanwha Historical Museum, *Sajin ūro tasi ponŭn Hanwha inch’ŏn kongjang 50-nyŏn* (Inch’ŏn: Hanwha, 2011), 104-105, 160. \*Hereafter cited as “Hanwha Historical Museum, *Sajin ūro tasi ponŭn Hanwha*”.

<sup>634</sup> Hanwha Historical Museum, *Sajin ūro tasi ponŭn Hanwha*, 330.

To ensure that safety codes were strictly upheld, the factory even trained its own *anjŏn yowŏn*, or “special safety guards,” who wore military-like uniforms and enforced rules and procedures (see Figure 4 below).<sup>635</sup> Persons who had significantly contributed to the safety of factory, or even individual production or R&D teams that had avoided the accidents for a long period (*i.e.*, 120 days), received special “Safety Medals,” reminiscent of military medals, from company authorities (see Figure 5).<sup>636</sup>



**Figure 4. Inch’ŏn Factory Safety Guards**



**Figure 5. “Safety Medal” Ceremony in 1977**

Yi Kyubyŏng, another worker at Inch’ŏn factory in the 1970s, commented on the factory’s stern atmosphere as follows: “Getting employed at Inch’ŏn factory was like re-entering the military service.”<sup>637</sup> The rigid hierarchy was maintained in all interactions, between superiors and subordinates in the division of labor, seniors and juniors, and between genders, and orders and rules were followed from top to bottom based on a clearly defined chain of command. Among the Inch’ŏn factory’s managers and workers, the heavy-handed control and regulations were acknowledged as necessary based on the dangers of working with explosives as well as the

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<sup>635</sup> *Ibid.*, 330-331.

<sup>636</sup> *Ibid.*, 330.

<sup>637</sup> HIK, 87.

precarious national security context of the period.<sup>638</sup> Overall the militaristic system imposed a system of discipline, safety and efficiency in all factory activities and relationships and the militarism intensified throughout the 1970s.

Factory culture was also shaped by prevalent state propaganda at industrial sites amid Park's increasing economic competition with Kim Il Sung and North Korea, creating a sense of constant warlike urgency in the work environment.<sup>639</sup> To invigorate worker allegiance to HCI policy after 1973, Park launched ideological crusades like the Factory New Village Movement, fomenting anti-communist sentiments and fostering a warlike mentality among industrial factory workers, particularly in defense-related plants such as Inch'ŏn. Park and the Factory New Village Movement identified factory workers as *sanŏp chŏnsa*, or "industrial soldiers," and promoted an image of their working environments as sites of the nation's industrial warfare against the North.<sup>640</sup> Campaigning for Park's nationalistic causes, the Inch'ŏn factory increasingly purveyed and exhibited this anti-communism in support of an ongoing war against North Korea. The fear and competition reinforced factory worker dedication and sacrifice for the perceived strengthening of the national defense and economic development.<sup>641</sup>

Opposition to North Korea was extremely aggressive and often vitriolic, collectively represented in popular anti-communist slogans such as these: *Pukchin t'ongil* ("Marching Forward to the North for Reunification"), *myŏlgong t'ongil* ("Reunification through the Destruction of Communism"), *sŭngbuk t'ongil* ("Reunification through Complete Victory over

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<sup>638</sup> Min, interview by author, 14 November 2012; see also HIK, 86.

<sup>639</sup> Min, interview by author, 14 November 2012.

<sup>640</sup> *Tonga Ilbo*, 17 October 1973.

<sup>641</sup> Min, interview by author, 14 November 2012.

the North”),<sup>642</sup> and *hanson e mangch'i tŭlgo kŏnsŏl hamyŏnsŏ, hanson e ch'ongk'al tŭlgo naga ssauja!* (“Let us build [the national economy] with hammer in the one hand, while fighting with sword [or gun] in the other!”).<sup>643</sup> These messages were commonly echoed loudly throughout society, but were especially pronounced in government-regulated HCI (and defense) factories, including Inch’ŏn, where the allegiance and loyalty of workers was most critically needed to support the state’s cause. Messages were conspicuously displayed on Inch’ŏn factory’s gates, surroundings, and buildings, with posters, signboards, inscriptions, and wooden posts, all to boost worker morale. For example, as Figure 6 below (left) shows,<sup>644</sup> the topmost sign above Inch’ŏn factory’s gate from 1977 reads, “Production in one hand, battle in the other.”



Figure 6. Inch’ŏn Factory Gate



Figure 7. Post in Front of Inch’ŏn Factory

An iconic wooden post erected in front of the Inch’ŏn factory since 1956 served as constant reminder to the workers of a company mantra, “*pukchin edo hwayak; kŏnsŏl edo hwayak*,” or “Explosives for Marching Forward to the North; Explosives for Economic Construction!” (see

<sup>642</sup> *Pukchin t'ongil, myŏlgong t'ongil*, and *sŭngbuk t'ongil* were originally popularized by the Rhee Syngman regime and implied South Korea’s intent to invade North Korea to reunify the divided states by military force.

<sup>643</sup> See, for examples, *Tonga Ilbo*, 29 June 1978; *Tonga Ilbo*, 1 January 1971; *Kyŏngyang sinmun*, 10 February 1971.

<sup>644</sup> Photograph from Hanwha Historical Museum, *Sajin ŭro tasi ponŭn Hanwha*, 218; In the same photo, a group of gate guards in military uniform are inspecting the truckloads exiting the factory.

Figure 7 above right).<sup>645</sup> Tension and intimidation were normal methods used by factory directors and managers to drive the factory's pace and discipline workers.<sup>646</sup> In addition, through internal activities, including awards ceremonies, sports tournaments, local volunteer activities, and company publications such as factory newsletters and training manuals, nationalistic messages were often circulated and promoted so that workers were instilled with a deep psychological identification with nationalistic responsibility in the continuous war against North Korea.<sup>647</sup> (A ceasefire had ended the Korean War in 1953, not a peace agreement.)

Through its industrial and cultural transformation in response to state policies, Hanwha readily acquired independent abilities to indigenize and upgrade new defense products under Yulgok Operation in 1974. Hanwha's primary task under Yulgok was to produce "smokeless powder," the basic gunpowder used in ammunition for modern guns and heavy artillery, such as M-1 rifles, Carbines, as well as for 105 mm- and 155 mm- artillery.<sup>648</sup> An upgrade from the traditional black powder used in older firearms,<sup>649</sup> smokeless powder production was indispensable to Park's plan to supply the ROK military and Homeland Reserve Forces with Korean-made modern guns and ammunition. In 1974, Hanwha quickly indigenized production of nitrocellulose (NC), the most basic chemical ingredient required for producing smokeless powder, and then continued to upgrade the research. Indigenizing specialized military

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<sup>645</sup> Photograph from Hanwha Historical Museum, *Sajin ũro tasi ponŭn Hanwha*, 19.

<sup>646</sup> See testimonies by former employees at Inch'ŏn factory in HIK, 88-89; see also Hanwha kŭrup, *Hŭimang ũro ũi yŏjŏng* (text vol.), 119.

<sup>647</sup> Visits to the preserved factory sites at Hanwha Historical Museum, as well as photo compilations of the Inch'ŏn factory's events, buildings, equipment, facilities from the 1960s and 1970s, revealed the dissemination of nationalistic rhetoric and messages in the working environment. See Hanwha Historical Museum, *Sajin ũro tasi ponŭn Hanwha*.

<sup>648</sup> Presidential Secretariat, Han'guk hwayak chusik hoesa, 31 December 1976, file no. EA0001048, PANAK.

<sup>649</sup> Hanwha indigenized the production of black powder in 1972. See Hanwha kŭrup, *Hŭimang ũro ũi yŏjŏng* (text vol.), 42.

gunpowder such as smokeless powder was not a cost-effective venture for Hanwha, however, and it required the company to take risks as well as to make sacrifices. Nevertheless, to serve the government as well as to profit the company in the long run, Hanwha began using its own corporate capital even beyond state subsidies to develop smokeless powder along with other new military products under Yulgok.<sup>650</sup> Doing so, the company absorbed losses through investments in R&D, experimental production, and numerous failed trials. In fact, despite intrepid attempts, Hanwha failed to independently produce smokeless powder throughout 1974, due to technical limitations.<sup>651</sup>

Hanwha's way in the defense industry was made even more difficult as the government fanned the flames of fierce competition for exclusive weapon licenses.<sup>652</sup> Hanwha was not exempt from the steep competition that SES policy had intended for the defense industry. It had to constantly innovate through the latest-emerging technologies while also improving facilities suited to develop specific weapons sought by the state. Regardless of Hanwha's premier status and past accomplishments as the first manufacturer of explosives products and gunpowder, there is no evidence that the government favored Hanwha over more qualified producers to offer free handouts in contracts. Rather, the Park administration saw to it that the company earned its profit-making opportunities. When Hanwha went after a new venture, like all other businesses, it still had to prove its ability to produce superior prototypes against unceasing competition to win the new contracts, including the licenses for gunpowder, its signature product.

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<sup>650</sup> Hanwha became known as a corporation that largely covered its own expenses in investing in defense production. See *Maeil kyŏngje*, 18 August 1977.

<sup>651</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 74.

<sup>652</sup> Once contracted, a company was exclusively licensed to mass-produce a designated defense product and to receive generous state aid to ensure that quotas and production deadlines would be met.



Hanwha faced its stiffest competition from 1974 to 1975, when Poongsan Metal Corporation applied for the exclusive license to produce ball powder, the type of gunpowder used in the ammunition for M-16 rifles.<sup>653</sup> Despite Hanwha's inherent advantages as the nation's only manufacturer of gunpowder for either industrial or military use up to that time, the government allowed Poongsan to put up a serious bid on the contract. From the time that South Korea completed construction of an M-16 factory in 1973, Park had diligently pursued indigenous production of ball powder. A domestic ball powder factory would allow South Korea to produce both the M-16s and their ammunition independent of US aid. Due to the significance of ball powder in Park's self-reliant national defense policy and the extraordinary economic opportunities it granted, Hanwha and Poongsan aggressively invested in developing R&D and independent technology to produce it, each of them also arguing for the right based on company merits. Hanwha, as the sole supplier of domestic gunpowder at the time, claimed that since ball powder was also a type of gunpowder, the company's specialty, Hanwha should be in charge of ball powder production as well. From Hanwha's perspective, another corporate entity's takeover of a gunpowder production as significant as ball powder would be unprecedented, even humiliating, and would threaten Hanwha's long monopoly over the gunpowder. On the other hand, Poongsan, as the leading domestic producer of ammunition shells, argued for its rightful claim to produce the ball powder, vigorously competing to gain a major stake in the gunpowder business. For Poongsan, the production of ball powder would establish the company as the complete producer of M-16 ammunition from its basic ingredient (ball powder) to the ammunition shells. Poongsan exerted tremendous effort to win the government bid, even purchasing a foreign ball powder factory. In response to Poongsan's purchase, Hanwha

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<sup>653</sup> HGKK, vol. 5, 171-172.

constructed its own facilities for ball powder production and invested heavily to indigenize ball powder, a goal that Hanwha accomplished by 1974, while also passing the ADD's lab tests and quality standards.<sup>654</sup>

However, the late efforts provided only temporary facilities for limited production of ball powder, so Hanwha's fierce self-promotion, marketing efforts, and huge investments for indigenization of ball powder to gain the government's contract were insufficient to beat out Poongsan, which had won the bid based on acquisition of a full ball powder facility and superior R&D development. An SES report by Yi Sökp'yo on November 11th, 1975, reveals that the government selected Poongsan at the third 'Munitions Council' on May 13<sup>th</sup>, 1975.<sup>655</sup> The report also shows that the state had already drafted plans to complete the construction of Poongsan's ball powder factory in An'gang in Northern Kyöngsang Providence by the end of 1976. In addition, the government had provided state funding for the factory's construction and had an agreement with the US-based Olin Corporation for a licensed transfer of Olin's facilities and technical support to Poongsan's new factory.<sup>656</sup> Poongsan's designation as a ball powder producer dealt Hanwha a significant blow. Hanwha's traditional supremacy in the gunpowder production notwithstanding, the government had not hesitated to let a better-prepared competitor take over a major project in Hanwha's dominant industry. Still further, the lost bid was especially demoralizing for Hanwha, because it was the first time that the company had lost competition over gunpowder, which Hanwha had dominated since the late-1950s.

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<sup>654</sup> Hanwha kürup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 74.

<sup>655</sup> Presidential Secretariat, "Kunsu simŭihoe ŭigyŏl sahang pogo," 11 November 1975, file no. EA0004861, PANAK.

<sup>656</sup> *Ibid.*

After this setback, afraid that it would lose out in larger share of the gunpowder industry, Hanwha decided to forego its failing strategy of independent smokeless powder development and to turn abroad to procure the necessary technology and technical skills.<sup>657</sup> After applying for state funding, Hanwha's Vice President Sin Hyŏn'gi, Kim Chonghŭi's most trusted executive, led the company's negotiations with foreign manufacturers to purchase technological assistance for the domestic production of smokeless powder. With the state provision of capital loans and approval of Hanwha's procurements, Sin completed deals for the transfer of technology and facilities from France in 1975, and then from the US and Canada in 1976, for the construction of a second plant that would specialize in military gunpowder, including smokeless powder.<sup>658</sup>

While continuing the push to develop smokeless powder, Hanwha competed for additional contracts to produce ammunition and other military products. In a few instances, hostilities erupted as corporations accused the government contracting agency and winning contractors of making illicit deals. In June 1976, after a smaller firm named Sinil Metal Corporation won the contract for the navy's training shells (copper bullet production for the 5-inch vessel destroyer on warships), Hanwha, along with other defense contractors such as Han'guk Machinery and Kia Heavy Industries, filed public complaints against the MND, charging that the MND was "unfair" in designating Sinil as the contractor, since the company was not an established defense producer.<sup>659</sup> Hanwha and the other manufacturers of training shells were moreover aggravated because Sinil had been selected by the MND for a similar ammunition deal for the air force the previous month. The opposing corporations alleged that

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<sup>657</sup> Presidential Secretariat, Han'guk hwayak chusik hoesa, 31 December 1976, file no. EA0001048, PANAK.

<sup>658</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 75, 160.

<sup>659</sup> Presidential Secretariat, Ilbu pangsŏn ŏpch'e t'ŭkhye choch'i e taehan kyŏngwi pogo, 14 June 1976, file no. EA0004881, PANAK.

personal ties between a Sinil executive and a MND officer led the MND to favor the corporation with limited exposure and experience in defense industry over more qualified producers.<sup>660</sup> The MND defended its selection of Sinil on the basis of the company's extensive involvement in experimental ammunition development with the ADD.

As competition in the defense industry led to constant friction between corporations as well as between corporations and the contracting agency, Hanwha's labor force bore the brunt of further oppressive measures in Park's expansionist strategy to increase exports from the mid-to late-1970s. As the *chaebŏl* increasingly conformed themselves to ever more closely cooperate with state policies, labor was strictly controlled and suppressed to achieve maximum output at minimal costs. Militaristic enforcement and low wages were held intact even when corporate profits increased. Often, workers endured harsh working conditions and egregious violations of civil rights, as both the state and private corporations ignored legal wage levels and welfare standards. According to Kim Yunsik, who served as chair of the labor union in Inch'ŏn factory in the 1970s, the hierarchy in the management-labor relations, or between the white collars and blue collars, was at times extreme and led to unfairness and mistreatment.<sup>661</sup> Conspicuously treated as second-class citizens, blue collar workers were also housed in dormitories that were segregated from white collar housing. Differences on the job were clearly demarcated by factory uniforms. Furthermore, only white collar workers had access to the factory's dining hall and lunches, whereas laborers brought food from home and often ate at their work sites.<sup>662</sup> According to Kim,

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<sup>660</sup> *Ibid.*

<sup>661</sup> HIK, 84-85.

<sup>662</sup> *Ibid.*

there was also a huge gap in wages between the two groups, and bonuses were offered only for managerial white-collar positions, whereas blue collar wage levels were stagnant.

Despite the above conditions, management and labor avoided major conflicts throughout the 1970s, as both state and corporate policies on labor played a role in preventing conflict. First, due to Inch'ŏn factory's possession of military explosives, as well as the tight order to prevent accidents, any hint of disorderly activity was immediately suppressed through state controls sanctioned by the DPL. The Yusin regime's organized control over unions also significantly hindered the militant labor movements that had surged in the 1960s. By the mid-1970s unions increasingly collaborated by seeking negotiations over conflicts with large corporations, as Park's Factory New Village Movement had also rallied the workers' commitment and loyalty to their companies and factories for the sake of the nation's economic growth and industrialization.<sup>663</sup> Second, Hanwha's management had developed relatively strong working relations with the labor union at Inch'ŏn factory by the 1970s, as the union had maintained one of the longest tenures among large Korean corporations, ever since all 200 workers at Inch'ŏn factory had organized the first labor strike in May 1959.<sup>664</sup> Since the factory dealt with frequent accidents and deaths, and workers often risked their health and lives to work, Kim Chonghŭi and company management from early on had put forth substantial efforts with union leaders to address workers' rights and improve safety, while also compensating for sacrifices, even more so than other companies.<sup>665</sup> For workers who were injured, the company provided compensatory

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<sup>663</sup> However, this rally by FNVM was mostly aimed at mobilizing the upper level workforce crucial to advanced industrialization. Nam, *Building Ships, Building a Nation*, 189-191.

<sup>664</sup> *Tonga Ilbo*. 1 May 1959. Initially denied formal unionization by the company leadership in 1959, the union at Inch'ŏn factory was officially certified the following year, May 1960.

<sup>665</sup> See Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 43; HIK, 83, 86; In May 1970, Hanwha, in cooperation with 19 other corporations, and National Labor Research Institute, even organized and sponsored a research association on labor-management relations. See *Kyŏnghyang sinsum*, 29 May 1970.

payments to ensure their livelihoods, even including family members who were impacted by the casualties or accidents. While Hanwha was not completely immune to labor struggles, especially with the rising tide of democracy against Park, management and labor were able to negotiate to avert strikes before conflicts ever reached a worker stoppage.<sup>666</sup> Even Kim Yunsik, who commented on the low wages and mistreatment of blue collar workers, recalled that many workers still exhibited pride over their employment in a large corporation like Hanwha, and their positions were considered prestigious among society, family and friends.<sup>667</sup>

Former workers from other state-regulated defense factories, through interviews, have related harsher and darker aspects of the working conditions. “Mr. Kang”<sup>668</sup> (age 58), a Poongsan employee who worked as a skilled laborer in the chemical explosives field in Poongsan’s flagship factory in An’gang in the late-1970s, stated the following: “I was sometimes treated not as human, but more like a dog, in that working environment.”<sup>669</sup> Kang noted that the factory was run through a top-down authoritarian-like structure that ignored the dignity of workers and went on to say, “At the time...I was often persecuted under the militaristic policies in the factory.” Kang further described the hazardous environment in the An’gang factory, where many of his co-workers were seriously injured, maimed, or killed during experiments and production inside the factory. The fact that workers like Kang, though he had entered the

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<sup>666</sup> HIK, 85.

<sup>667</sup> *Ibid.*

<sup>668</sup> The full name is not revealed for privacy reasons.

<sup>669</sup> Mr. Kang, interview by author, 27 November 2012, An’gang, South Korea. A field trip to Poongsan’s An’gang factory in Northern Kyōngsang Province, which has continuously produced ammunition for the ROK military since the 1970s, allowed for interviews with three “licensed skilled laborers” (*kisulgong*) from the 1970s. Interviewees helped to delineate the roles of skilled laborers and their experiences in the development of South Korea’s defense industry during Park’s rule.

An'gang factory in 1977 as a highly skilled laborer with a second grade license<sup>670</sup> and a military exemption, were subjected to such hardships, suggests that lower ranked laborers would have endured even worse conditions.<sup>671</sup> In fact, perhaps as a sign of long held grievances that would have reached back to the Park era, shortly after a nationwide democracy movement against Chun Doo Hwan's military regime in June 1987,<sup>672</sup> many of Poongsan's industrial workers rose up in major strikes at the company's factory in Pup'yŏng and again at An'gang in 1988 as part of revived militant labor movement, later known as the "Great Workers' Struggle" (1987-1988).

While Hanwha was able to maintain controls on low-wage labor, it faced other pressures and obstacles, including a catastrophic accident that forever tainted the company. From the 1960s and throughout the 1970s, despite the company's significance to industrial and military production, Hanwha was criticized as "*tokchŏm kiŏp*," or "monopolizing corporation."<sup>673</sup> As Hanwha expanded in explosives-related products and machinery in the 1970s, politicians, academics, public media, and business leaders often accused the corporation of killing economic competition and running the entire industry on its own, or inflating the price of domestic explosives products.<sup>674</sup> Public outcry called for the government to impose anti-trust laws against Hanwha.

Hanwha's very existence was threatened in November 1977, when a loading train carrying the company's high explosives caused an explosion that resulted in 56 casualties and

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<sup>670</sup> From 1973, Machinery Technical High School students had to master precisions skills in order to pass the National Technical Qualification Test (introduced in July 1974) and obtain a second grade license. See Kim, "Industrial Warriors," 583.

<sup>671</sup> Choong Soon Kim, *The Culture of Korean Industry*, 189.

<sup>672</sup> The historic democratic movement of June 1987 is now known as the "June Democratic Uprising."

<sup>673</sup> *Maeil kyŏngje*, 19 October 1968; see also *Kyŏnghyang sinmun*, 14 November 1977.

<sup>674</sup> *Maeil kyŏngje*, 2 February 1972.

more than 1,000 injured personnel at the Iri Station in Northern Chŏlla Province.<sup>675</sup> Both public and private properties were lost as a result of destroyed trains, railroad, and nearby buildings. The notorious event, known as the “Iri Station Incident,” remains the darkest chapter in the company’s history as well as the largest accidental explosion in South Korea.<sup>676</sup> With the devastating accident, Hanwha faced public outcry to cease and desist, and the National Assembly even called for the state’s confiscation of Hanwha’s explosives business. In the end, the government ordered the company to pay a hefty 9 billion *wŏn* (approximately US\$18.5 million in 1977) fine over a three-year period (1977-1981), representing 70 percent of the total 13 billion *wŏn* (approx. US\$26.8 million) in damages from the Iri Incident.<sup>677</sup> The 9 billion *wŏn* figure was based on the entirety of Kim Chonghŭi’s personal assets<sup>678</sup> and was an extraordinary amount at the time, even for Hanwha as one of the largest *chaebŏl*. Further, four of Hanwha’s top executives, including Vice President Sin Hyŏn’gi, were incarcerated. Thus the accident not only caused tremendous financial loss but it also dealt a huge blow to Hanwha’s image and reputation. These major setbacks did not hinder Hanwha’s growth for too long, however, as the company rebounded and continued to flourish over time through its ceaseless development of new products and ventures for both commercial markets and the defense industry. As a result, Hanwha made great strides in exporting explosives and chemical products.<sup>679</sup> Company earnings from exports jumped from US\$2,190,000 in 1977 to US\$18,270,000 by 1980.<sup>680</sup>

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<sup>675</sup> *Maeil kyŏngje*, 12 November 1977.

<sup>676</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 114-117.

<sup>677</sup> *Maeil kyŏngje*, 22 November 1977.

<sup>678</sup> *Ibid.*

<sup>679</sup> See *Kyŏnghyang sinmun* 13 July 1978; *Maeil kyŏngje* 4 April 1979; *Maeil kyŏngje* 30 May 1980.

<sup>680</sup> Hanwha kŭrup, *Hŭimang ŭro ŭi yŏjŏng* (text vol.), 76-77.



In 1978, a year after the Iri Incident, Hanwha reached a milestone by completing construction on a second plant in Yösu, which replaced the Inch'ön factory in manufacturing all military gunpowder. Hanwha's new building site demonstrated how government security measures impacted the industrial, economic, and geographical landscape. The government had chosen Yösu in the South Chölla Province (in the southwestern part of the peninsula) in September 1975 for new construction, according to MND security considerations and the DPL, which gave the government the exclusive right to designate geographical locations for all weapon-related factories.<sup>681</sup> Inch'ön factory's proximity to both the DMZ and seaside left it geographically vulnerable to infiltration, and the Park administration had restricted contractors to building new munitions plants in the southwestern parts of the peninsula to ensure that North Korean military could not easily take over munitions plants during any direct invasion of the South. Equipped with the latest facilities and technology procured from foreign manufacturers from the mid-1970s, the Yösu plant, as Hanwha's new defense-specializing plant, began mass production of military gunpowder in 1978, including smokeless powder.<sup>682</sup> Through procurement of foreign technical assistance, the company now possessed the skills to produce everything for military explosives, from the most basic ingredients to advanced military gunpowder and complete products.<sup>683</sup> Table 6 (below) summarizes the key events in Hanwha's development as a defense producer.

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<sup>681</sup> See KDIA, 291.

<sup>682</sup> Hanwha kŭrup, *Hŭimang ũro ũi yŏjŏng* (text vol.), 75.

<sup>683</sup> Hanwha's Inch'ön factory was also the only gunpowder producer in South Korea up until 1975, when Poongsan Corporation won the government contract for ball powder for M-16 ammunition (discussed later).

**Table 6. Key Events in Hanwha's Defense Business**

|                |                                                                                                                                                                                   |
|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Oct-52</b>  | Founded as Korea Explosives Co.                                                                                                                                                   |
| <b>June-58</b> | Production of dynamite                                                                                                                                                            |
| <b>May-69</b>  | Development of grenades (in joint efforts with the ADD)                                                                                                                           |
| <b>Oct-72</b>  | DIPC's selection of Hanwha as a defense contractor                                                                                                                                |
| <b>June-73</b> | Mass production of high explosives in Inch'ŏn factory                                                                                                                             |
| <b>July-74</b> | Indigenization of nitrocellulose (NC)                                                                                                                                             |
| <b>Sep-75</b>  | Construction of a second factory in Yŏsu<br><br>Subsequent procurement deals with France (1975), US and Canada (both in 1976) for transfers of technology and facilities to Yŏsu. |
| <b>Sep-78</b>  | Yŏsu factory completion and mass production of military gunpowder, including smokeless powder                                                                                     |

Source: Data from *Hanwha kūrup*, *Hŭimang ūro ūi yŏjŏng* (text vol.), 70-75; HIK, 182-183.

Ultimately, even dealt significant blows through loss of a key contract and a catastrophic accident, Hanwha continued to thrive and, with strong government support, expanded its comparative advantage in explosives as well as other key defense products and technologies. Hanwha developed high-end industrial products and exports as well and established a widely diversified line of business products and services. Today, Hanwha not only maintains its leading position in explosives, but it also functions as one of South Korea's largest business conglomerates and as an international brand name, enjoying presence in multiple industries, including manufacturing and construction, chemicals, solar energy, financial services, hotels and resorts, among others. As a major defense contractor, Hanwha has expanded the scope of its defense products far beyond the military explosives, as the company now produces state-of-the-art precision guided weapons, ammunition, unmanned systems, and underwater sonar systems, thus continuing its allegiance to the national defense. Kim Sŭngyŏn, who took over as Hanwha's

president after his father Kim Chonghŭi's death in 1981, and who has continued to actively invest in the growth of company's defense division, recently disclosed his vision to establish Hanwha as global leader of advanced weapons and weapons systems, or the next "Lockheed Martin."<sup>684</sup>

As the case of Hanwha illustrates overall, defense corporations operated differently from all other industries. Many *chaebŏl* were initially induced or compelled to serve the state's programs under Park's FYEDP in 1962 then were further conscripted after the Yusin policy in 1972. Through force of the DPL all leading manufacturers in heavy and chemical industries entered the defense industry. Even corporations that initially refused defense contracts, such as Kia Motors and Samsung, eventually complied with state pressure.<sup>685</sup> In the initial phase of DPL's implementation in 1973, the state closely supervised private businesses while also laying the infrastructural and technological foundation of defense producers. As state mandates determined corporate weapon selections and R&D investment in the beginning, contractors mostly carried out the state orders, rather than acting as independent business partners from the start. Beyond industrial and technological developments, Hanwha, like other defense contractors, exhibited strong ideological allegiance to Park's *chaju kukpang*. As a defense producer, Hanwha came to embody Park's self-reliant national defense plans while adopting his supreme goal of indigenizing weapon production as the corporate mission. This mission was ingrained in the

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<sup>684</sup> Yi Kyewŏn, "Kim Sŭngyŏn ūi yasim, Hanhwa rŭl rokhydumat'in ūro k'iunda," *BusinessPost*, December 10, 2014, accessed on September 14, 2015, <http://www.businesspost.co.kr/news/articleView.html?idxno=7454>. The US-based Lockheed Martin, widely regarded as the world's leading defense manufacturer in the aerospace industry, through R&D and production of cutting-edge fighter aircraft, precision missiles and missile defense systems, had global sales of US\$ 45.6 billion in 2014, according to the company website. See <http://www.lockheedmartin.com/us.html>.

<sup>685</sup> For example, CEO Kim Sŏnhong of Kia Motors initially refused O Wŏnch'ŏl's offer to join the defense industry but eventually accepted the assignment under pressure from the president. Kia Motors became the first producer of Korean-made military vehicles in 1976. See Kia Heavy Industries, *Kia chunggongŏp 20-nyŏnsa*, 85-86. On Samsung's conscription as defense contractor, see O, "Pak Chŏnghŭi chŏnggwŏn Yulgok saŏp ch'ong ch'aegimja O Wŏnch'ŏl chŭngŏn," 377; see also HGKK, vol. 5, 481-482.

mindsets of management and workers alike. Park's political ideology structured the factory culture and worker consciousness through warlike propaganda that was reinforced by company policies. The working environment was strictly secured through the state's enforcement of surveillance and safety in accord with DPL regulations, which included protection of the management from labor revolts. Furthermore, like Hanwha's Inch'ŏn factory, other weapon-producing plants operated in accord with Park's ideological mobilization and state control, even exceeding the requirements of the DPL.

As the SES designs for civilian-based weapon production matured into the late-1970s, Hanwha gradually of its own accord contributed to weapon development and procurement in the competitive yet state-regulated market setting. Availing itself of the defense-friendly business environment, Hanwha developed specialized technologies and skills for manufacturing propellants for military explosives, and even their basic materials, to serve the government's defense needs as well as to profit from new commercial opportunities. Facing competition under the DPL incentives and rewards system for contractors, Hanwha increasingly made independent and long-term capital investments in R&D for advancing military technology, beyond the earmarks set by state funding. In order to win the government contracts for ball powder and smokeless powder production, Hanwha incurred large deficits due to concentrated investments for developing new prototypes and risked losses through trials and failures. Hanwha also initiated negotiations with foreign corporations to procure needed technologies and facilities for smokeless powder. While not always successful in contracting, Hanwha and defense manufacturers sharpened each other's swords through a sustained and fierce competition to achieve Park's defense aims. From the mid to late 1970s, the *chaebŏl* therefore emerged as the national leaders and developers of South Korea's defense industry. This outcome was first

envisioned by Park (see chapter 3), then orchestrated by the SES, and finally implemented by reformed ministries and inter-ministerial agencies, under the prerogatives of the Defense Procurement Law.

#### IV. Conclusion

During the Park era (1961-1979), the Korean private sector was rapidly and radically transformed as a defense manufacturing industry led by state policies. Beginning in 1962, Park summoned the *chaebŏl*, initially against their wishes, to accomplish the goals set forth in his 1<sup>st</sup> Five-Year Economic Development Plan (1962-1966). During the Vietnam War (1965-1972) and Park's 2<sup>nd</sup> Five-Year Economic Development Plan (1966-1971), the state began to enlist top private manufacturers as producers of domestic weapons. From then on, the Park government gradually broadened and intensified the conscription of civilian businesses to expand the nation's defense industry.<sup>686</sup> With Park's declaration of Yusin in 1972 and the promulgation of HCI in 1973, the *chaebŏl* were fully drafted as state mercenaries in building a defense industry according to the HCIP and indigenized weapons production.

The statutory initiative of DPL and the ministerial restructuring of MCI and MND worked synergistically with the influence of state ideology to stimulate the emergence of a defense industry through private sector growth. As the DPL secured government control over macro- and micro-economic processes, the regime incentivized and pressed all levels of business to develop through competitive profit-making. While promoting competition, the law also rewarded aggressive risk-taking. Government licensing and contracts encouraged business development and technological innovation by relegating defense manufacturing duties to

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<sup>686</sup> As discussed earlier, the financial crisis of the late-1960s left indebted *chaebŏl* few options to resist the state's agenda or its deep interventions in the private sector.

corporate factories. In order to ensure mutual and sustained bureaucratic supports for SES plans, the government revised the role of the MND and forced the ministry to cooperate with the newly expanded MCI to commercialize defense products, while advancing private businesses as arms producers and exporters.<sup>687</sup>

At an even deeper level than statutory and ministerial processes, government coopted corporate culture and worker consciousness to reflect and uphold Park's defense ideology. State-promoted nationalistic and anti-communist propaganda saturated HCI businesses through programs such as the Factory New Village Movement. Entire corporations, from management all the way down to labor, were thereby remolded to support the state agenda. Cooperation between management and labor was upheld as a means to achieve Park's defense goals, and labor rights were suppressed. Business heads even introduced military-style protocols that reflected and reinforced subservience to their commander in chief President Park. As the specially designated and protected defense corporations were both physically and ideologically transformed, they also advanced and expanded domestic arms production, functioning in sync with Park's self-reliant national defense policy.

Hanwha was one such corporation and throughout its existence it has displayed the dynamic interplay of compliance and initiative of the contracted *chaebŏl* as they responded to state orders and then pushed to build up the defense industry. Hanwha emerged and grew through its furtherance of state policies and institutional changes, prospering most as it both materially and ideologically assented to Park's policies. Corporate support for Park's self-reliant national defense and weapon indigenization policy was displayed through both overt and latent

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<sup>687</sup> The two restructured ministries not only regulated but also invested heavily in the growth of the civilian sector, pushing the output of advanced products while also increasing exports and continually stimulating economic competition.

company ideologies, business structures and working culture. Like other defense contractors that enlisted in Park's program in the 1970s, including Hyundai, Kia, Samsung, Doosan, and Daewoo, having been disciplined, nurtured, and protected by government policies, Hanwha became one of the leading *chaebŏl* by propelling South Korea's independent defense production and economic growth.

The state's design for the defense industry was commensurate with Park's *chaju* ("self-reliance") ideology, as this approach leveraged civilian engagement to achieve self-reliance in both the national defense (*chaju kukpang*) and the economy (*chaju kyŏngje*). The state drew on private sector development through entrepreneurial capacity and economic competitiveness, instead of building a state-run defense industry.<sup>688</sup> The government would assist each business until it grew independent enough to function as a "civilian-led structure" (*min'gan chudo hyŏngt'ae*)<sup>689</sup> in the national defense and economy. So although the state regime initially orchestrated policies, set the tempo and conducted many particularities of business expansion for military modernization, the government relied on motivated businesses to respond and to creatively and dynamically play their individual parts to strengthen the national defense.

The Park state's interventionist methods eventually shaped a competitive business environment in the defense sector with profit-driven private businesses, especially as the industry became more established through the mid- to late-1970s. Mixed and complicated dynamics were at play in the state's interaction with the conscripted businesses, including elements of coercion and control by the government as well as self-interest and profit-seeking by private businesses. Designated *chaebŏl*, while initially forced to join the state's new security framework, gradually

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<sup>688</sup> As mentioned previously, this unique civilian-based defense industry was also the most cost-effective strategy for military modernization.

<sup>689</sup> O, *Pak Chŏnghŭi nŭn ōttŏtke kyŏngje kangguk mandŭrŏnna*, 160.

offered entrepreneurial and nationalist efforts to push military modernization. The *chaebŏl*'s deliberate partnership with the state matured in parallel with their development as weapon producers. They took financial risks and made sacrifices. They offered initiative and innovation to improve the weapons. Official policies then granted the *chaebŏl* increased responsibility and autonomy to implement industrial and weapons projects. At the same time, businesses also struggled with state regulations, technical limitations, profuse R&D expenditures, and loss of contracts.<sup>690</sup> The viable businesses were those which found ways to manage challenges in order to succeed in the new environment, whereas others failed. In the end, despite inordinately heavy costs of serving the state's demands, the most enterprising and competitive businesses did tend to become the most successful and most richly rewarded. By the late 1970s, as the *chaebŏl* gained experience in defense production, they were transformed into active producers and partners of Park's military modernization. This outcome might suggest that corporate participation in the industry exceeded mere compulsion or compliance. Although some *chaebŏl* might have preferred more independence, most businesses over time offered proactive, nationalist, profit-motivated, and entrepreneurial efforts that gave agency to expand industry in the service of Park's vision to develop a self-reliant national defense. The end result was neither a totally state-led nor a market-oriented defense industry. Rather, a unique *chaebol*-led military industrial complex emerged in South Korea.

This understanding of the *chaebŏl* as active and independent players in South Korea's military modernization agrees with Eun Mee Kim's depiction of *chaebŏl* as strong and transformative actors who also assumed initiative and took on risks under the Park state's

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<sup>690</sup> Even the most established companies lost contracts, as Hanwha lost to Poongsan on the bid for ball powder production, despite heavy investments in R&D and facilities. The government also allowed inferior performers to go bankrupt only to replace them with more successful producers.



economic development.<sup>691</sup> Such view opposes a more conventional and oversimplified “strong state-weak business” interpretation of the economic processes in the 1960s and 1970s. While supporting Kim’s model, this chapter has gone further in highlighting the particular ways that distinguished the state’s relations with defense contractors, or “defense *chaebŏl*,” from other state-*chaebŏl* dynamics.<sup>692</sup> The distinctions are as follows.

First, due to their connection to national security, defense *chaebŏl* were far more intertwined with the governmental (and military) policy than were their non-contracting counterparts in other industries. At the intersection of the state directives, military production, and private market, designated defense corporations operated more like public enterprises than like private enterprises in many respects, especially given the state’s total jurisdiction over their management and development. Even though all *chaebŏl* partnered with the government to achieve the ends of Park’s programs, the state’s mobilization processes ran much deeper for the defense contractors. Through DPL, SES policy thoroughly tied the defense *chaebŏl* to Park’s military programs. These businesses were also fully merged with the MND’s national security measures and their corporate activities ran under constant government surveillance and protection. For defense *chaebŏl*, then, any distinctions between private and public, non-state and

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<sup>691</sup> In the definitive work, *Big Business, Strong State* (1997), Eun Mee Kim argued against the conventional scholarly treatment of the Korean private sector under Park “as a mere follower of the state’s initiatives and therefore not much different from public enterprise.” Kim described South Korea’s economic development as “a dialectic process of social change in which the state and big businesses work together to attain economic development.” See Kim, *Big Business, Strong State*, 4-6, 15, 17.

<sup>692</sup> The original “defense *chaebŏl*” could be classified as the first group of 29 large corporations that were selected by the Defense Industry Promotion Council as defense contractors in October 1972. These elite corporations included the following: Han’guk kigye, Tongyang wina, Tongyang chŏngmil, Taedong kongŏp, Tongu chŏnggi, T’ongil sanŏp, Samsŏn kongŏp, Taehan kwanghak, Taehan chŏnsŏn, Taehan chunggi, Kia sanŏp, Han’guk hwasŏng, Han’guk pearing, Han’guk hwayak (Hanwha), Taewŏn kangŏp, Kŭmsŏngsa, Orient’al, Kugan sanŏp, Hyŏndae yanghaeng, P’ungsan kŭmsok (Poongsan), Hanil tanjo, Tongyang ch’ŏlgang, Sunhŭng kŭmsok, Namsŏn alluminyum, Naesyŏnŏl p’ŭllasŭt’ik, Tŭresŭ chŏngmil, Han’guk t’ŭksu kŭmsok, China sanŏp, and Kukche chŏn’gwang. The number of corporations increased to 39 after the start of Yulgok Operation in 1974, then further expanded with Park’s development of aerospace and naval industries. See HGKK, vol. 5, 189; Presidential Secretariat, Pangwi sanŏp ŏpch’e ryangsan t’aese hwangnip, 4 December 1974, file no. EA0004816, PANAK.

state domains, private property and national property, or economics and politics were largely blurred through their unique association with the state.<sup>693</sup>

Second, related to the point above, defense *chaeböl* were most extensively transformed by state policies compared to other *chaeböl*. As evidenced by Hanwha's vast transformation, the close ties with the state subjected defense *chaeböl* to far-reaching industrial and ideological makeovers to fulfill state plans. Not only did defense *chaeböl* develop distinctly under special laws (*e.g.*, unparalleled provision of state capital loans and resources, and the ADD's R&D and technology assistance), but they also had to restructure their business models to cater to the government, which was their only consumer and contracting agency for weapon products.<sup>694</sup> Further, being part of the only industry personally guided by the president, defense *chaeböl* were directly shaped by Park's official and ideological input, and more so than were any other businesses. The defense *chaeböl* internalized Park's economic and defense strategies and ideals at their cores, while the state required their highest loyalty and unconditional support of Park's agenda. So, of all *chaeböl*, defense contractors were transformed the most in terms of administration, industrial structure, and ideology.

Third, defense *chaeböl* were designed by the state to function as the lead agents of civilian technological development. Due to the hi-tech demands of the defense industry, defense *chaebol* were infused with the best and the latest technology that the ADD could procure from abroad. As the primary beneficiaries of ADD's concentrated technological and technical aid, the defense *chaeböl* quickly functioned as the forefront of domestic technological advancements. As the only businesses directly linked to both the defense industry and HCI, the defense *chaeböl*

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<sup>693</sup> See also Singer, *Corporate Warriors*, 34.

<sup>694</sup> Defense *chaeböl* also had commercial businesses in other sectors, like other *chaeböl*, but had to conform the most to the defense industry under government orders.

transferred acquired military technologies to civilian (HCI) manufacturing through a “spin off” effect,<sup>695</sup> while also providing industrial infrastructure essential to HCI production. Therefore, the defense *chaebŏl* facilitated technological and technical advancements in local civilian industries and increased the overall quality and competitiveness of commercial products.

Lastly, despite perks and benefits, the defense *chaebŏl* faced greater risks and higher demands under closer state supervision. The contracted businesses were compelled to implement the state-mandated project at all costs, even when lacking original blueprints and appropriate facilities. Then when companies complied with the agenda, contractors were held to the highest performance and quality standards in exchange for the state benefits, and the president’s direct intervention pressured businesses to avoid even the smallest margins of error or inefficiencies. They were also subjected to punitive measures that were harsher than what any other industries faced for financial mismanagement or failures to meet contracts. Businesses assumed bigger economic risks as well, as contractors invested extraordinary amounts in developing new weapon prototypes for a single consumer. Failure to win contracts was far more costly than losses in other markets, especially when technologies that were specialized for military purposes could not be transferred to civilian usage. As defense *chaebŏl* were pushed to their limits to meet government contracts throughout the 1970s, and as corporate facilities often lacked safe and suitable technologies, many sacrifices, involving deaths and injuries of countless number of engineers, scientists, and skilled laborers, occurred behind the scenes in labs amid risky experiments.<sup>696</sup>

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<sup>695</sup> Through a “spin-off” effect, the precision and blueprints of technology acquired in the development of weapons and military equipment were transferred to civilian industries, improving product precision, quality, and durability. See Ku, *Han’guk ūi pangwi sanŏp*, 64.

<sup>696</sup> As examples of the sacrifices made by the participants in defense industry, see Mr. Kang, Mr. Yu, and Mr. Kwon (former Poongsan skilled laborers), interviews by author, 27 November 2012, An’gang, South Korea; Yu Hansik,

Overall, the development of defense contractors displayed the full extent of the Park state's role, influence, and disciplinary power to mobilize agents for military modernization as well as to broaden developmental initiatives in South Korea. Under the Park state, defense *chaebŏl* were depoliticized, reformed, and completely modified to take on the most daunting and challenging tasks of developing a modernized defense industry. It is therefore arguable that while the *chaebŏl* proved to be active and dynamic players, the state proved to be just as active and dynamic in leading and mobilizing defense industry development. Indeed, it was through this interplay of mutually reinforcing, proactive defense *chaebŏl* and state policy making that South Korea rapidly transformed its defense industry. As a result, in a mere five years, from 1974 to 1979, Korea's civilian manufacturing developed domestic ammunition, landmines, grenades, heavy artillery, speedboats, tanks, jeeps, armored carriers, rocket launchers, military communication devices, and even helicopters and key parts of fighter jets.

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interview by author, 27 June 2013; see also O Wŏnch'ŏl's account of incidental deaths in defense experiments in O, "Pak Chŏnghŭi chŏnggwŏn Yulgok saŏp ch'ong ch'aegimja O Wŏnch'ŏl chŭngŏn," 387-388.

## Chapter 5 Mobilizing Civilian Contributions to Yulgok Operation

Growing impatient with US reluctance to send the agreed upon military aid required to modernize ROK Armed Forces in accord with the Nixon Doctrine, President Park instituted the clandestine “Yulgok Operation”<sup>697</sup> in March 1974, as his independent initiative for South Korea’s combat reinforcement and military modernization. While unknown to the public,<sup>698</sup> the operation was nevertheless entirely civilian-financed through voluntary donations and taxes collected from South Korean citizens. Lacking state funding, Park initiated the National Defense Donation (NDD) in the early-1970s, and then added the National Defense Tax (NDT) in 1975, thus mobilizing civilian contributions for *chaju kukpang*. The revenues were then secretly directed to fund Yulgok. As a result, the operation was fully funded and fiscally sustained by the 35 million people comprising South Korea’s citizenry, all contributing through the NDD and NDT. Maintaining this nationalized funding stream required perpetual conversions in ideologies, attitudes and behaviors in support of Park’s vision of establishing a self-reliant national defense. Therefore, in addition to engaging and turning private businesses into weapon manufacturers, as

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<sup>697</sup> Park named Yulgok Operation after a revered Confucian scholar from the Chosŏn Period in the 16<sup>th</sup> century, Yi I (1536-1584). Yi’s penname was “Yulgok.” He had urged the Chosŏn king in peacetime to train 100,000 reserve troops as a preventive measure against future outside invasions. The king rejected Yi I’s idea, and Chosŏn was dealt fatal consequences ten years later when Japan launched its infamous “Hideyoshi Invasion” of Korea (1592-1598), completely defeating Chosŏn’s unprepared army. In Park’s speeches, he often cited such historical examples of Korea’s military failures, as a way to solicit public support for the development of South Korea’s self-reliant national defense. Park’s adoption of the name “Yulgok” thus reflected the inspiration, philosophy and aims of his key military modernization program. See, for an example, PPCHS, vol. 5, 108-109.

<sup>698</sup> Resisting US surveillance, Park allowed only his closest government and military advisers direct knowledge of the operation. In fact, the existence of Yulgok was made public only in the early-1990s, when it was implicated in the large financial scandal involving Hanahoe, the group of military elites under President Chun Doo Hwan. Thus, it should be emphasized that although the term “Yulgok” is used freely in the course of this chapter, for convenience in labeling and explaining the state operation in relation to civilian contributions, the frequent references should not imply that Yulgok Operation or the term “Yulgok” was publically known at any point during the period.

discussed in chapter 4, the state also engaged ordinary, individual civilians as full economic partners in Park's independent military modernization program.

### **I. Early Military Modernization Efforts, 1966-1971**

In return for Park's agreement to deploy South Korean troops to the Vietnam War, the Brown Memo in 1966 had stipulated that the US would assist South Korea's long overdue plan to modernize the ROK Armed Forces, by providing a military aid package over a five-year period (1966-1971).<sup>699</sup> Through this aid, Park aimed to develop domestic arms production abilities, since up to that point South Korea had completely relied on imported US military arms and supplies, while lagging far behind North Korea's superior weapon production. However, frequent delays and subsequent large reductions in US military aid undercut the five-year plan, resulting in only partial subsidies for ROK military modernization.<sup>700</sup> The plan was further hindered through US unwillingness to equip South Korea with the independent military technologies required for a self-sufficient system of weapon production. Since Korean manufacturers lacked the capacity to produce, fix, or upgrade sophisticated parts on existing US-model weapons, vehicles and equipment, the ROK faced a critical shortage of spare parts in military equipment by the late-1960s.<sup>701</sup> Even US military leaders and policy-makers acknowledged the significant areas of neglect. In October 1969, US Major General L.N. Taylor

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<sup>699</sup> Under the plan, the US Military Assistance Program (MAP) granted South Korea new small arms, M-16 rifles, aircraft, and improvements to military facilities, air bases, modern communication facilities and tactical devices for counter-infiltration (CI), as well as technical training for Korean workers. See Presidential Secretariat, Kunwŏn igwan ōmmu hyŏnhwang pogo, 19 February 1970, file no. EA0004298, PANAK.

<sup>700</sup> Ministry of Foreign Affairs and Trade, Symington ch'ŏngmunhoe kibŏn munsŏch'ŏl, 1970, vol.1, 729.13US, #3629, 24-36.

<sup>701</sup> O Wŏnch'ŏl claimed that by the time he was appointed to build a domestic defense industry in 1971, five years after the Brown Memo, the ROK military was still mainly armed with outdated weapon supplies left by US forces after the Korean War. See O Wŏnch'ŏl, "Yulgok saŏp ch'ulpal: Pak Chŏng hŭi, Kim Il Sŏng ōgi ssaum," *Sindonga* (June 1995), 482.

sent a letter to South Korea's Deputy Prime Minister Kim Hangnyŏl, noting, "Some 25% of the vehicles in the ROK Army are inoperable due to lack of spare parts," agreeing that this issue prevented combat readiness.<sup>702</sup> In February 1970, a review of the ROK military by the subcommittee known as the "Symington Subcommittee"<sup>703</sup> of the US Senate confirmed that inadequate progress had been made in the US modernization of ROK military equipment to defend against a North Korean invasion.<sup>704</sup> In the same month, opposing President Nixon's plan to rush the withdrawal of USFK troops, a US Joint Chiefs of Staff (JCS) memo to the National Security Advisor Henry Kissinger noted South Korea's insufficient technical capabilities for independent military modernization, arguing that "substantial improvements" must be made to the existing ROK military, especially air and naval forces, in advance of any US withdrawal of troops.<sup>705</sup>

In 1971, when the Nixon administration agreed to support a new Five-Year Military Modernization Plan (1971-1976) in South Korea, as a buy-out for reducing USFK troops, the agreement this time included Technical Data Packages (TDP's), manufacturing licenses, and rights to joint production of US weapons.<sup>706</sup> These upgraded benefits granted South Korea's

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<sup>702</sup> Presidential Secretariat, Kunwŏn igwan ōmmu hyŏnhwang pogo, 19 February 1970, file no. EA0004298, PANAK.

<sup>703</sup> Chaired by Stuart Symington (D-Missouri) in 1970, the US Senate Subcommittee on US Security Agreements and Commitments Abroad, or "the Symington Subcommittee," functioned to review US defense policies toward allied nations, including military aid, arms transfers, and nuclear arms placement. The committee held a special hearing on South Korea on February 24-26, 1970.

<sup>704</sup> Presidential Secretariat, Saimingt'ŏn sowiwŏn pogosŏ chung Han'guk kwan'gye pubun, 24 December 1970, file no. EA0002942, PANAK; Ministry of Foreign Affairs and Trade, Symington ch'ŏngmunhoe kibŏn munsŏch'ŏl, 1970, Vol.1, 729.13US, #3629, 59, 203-204, 229.

<sup>705</sup> Memorandum From the Joint Chiefs of Staff Representative to the National Security Council Review Group (Unger) to the Chairman of the Review Group (Kissinger), Washington, February 17, 1970, *FRUS, 1969-1976*, Vol. XIX, part 1, Korea, 1969-1972, Document 52.

<sup>706</sup> The aid, as part of US-ROK agreement in February 1971, was intended to advance the ROK military's "self-defense capabilities" to prepare South Korea for the eventual full withdrawal of USFK troops. See chapter 2 discussion of Nixon Doctrine. See Chung-in Moon, "U.S. Third Country Arms Sales Regulations and the South

access to US weapon technologies, which the Brown Memo had failed to provide. However, the new five-year plan faced immediate problems reminiscent of issues with the Brown Memo. A financially strapped US Congress, which had already spent heavily on the war in Vietnam, began making budget cuts in military aid, thus delaying South Korea's Five-Year Military Modernization Plan.<sup>707</sup> Meanwhile, alarming international developments, including the US-China détente, the US withdrawal of troops in Indochina, and North Korea's aggressive arms procurements, intensified Park's sense of urgency for military modernization.

As the US proceeded with its plan for troops withdrawal in 1971, Park took South Korea's military modernization into his own hands and appointed O Wŏnch'ŏl to begin an independent program based on indigenous capabilities to produce arms, including those banned by the US. After the success of the Lightning Operation's exhibition in December 1971, Park not only ordered O to plan a full defense industry, including a precision missile program, but also further pushed the KAERI (Korea Atomic Energy Research Institute) to procure foreign nuclear technologies for development of nuclear arms.<sup>708</sup> Park saw these projects not only as necessary to deter North Korea, but also as recompense for the withdrawn USFK troops.<sup>709</sup>

Soon after 1971, Park and his SES technocrats realized that their biggest bargaining chip in obtaining US concessions in military assistance was South Korea's impressive independent

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Korean Defense Industry: Supplier Control and Recipient Dilemma," in Lee, McLaurin, and Moon, *Alliance under Tension: The Evolution of South Korean-US Relations*, 82.

<sup>707</sup> From 1965 to 1975, the US ended up spending approximately US\$111 billion on its war in Vietnam. See US Library of Congress, Congressional Research Service, *Costs of Major U.S. Wars*, by Stephen Daggett, RS22926 (Washington, D.C., July 24, 2008), 2.

<sup>708</sup> According to Sung Gul Hong, by sometime in 1971, Park had already ordered the KAERI to negotiate with foreign nuclear suppliers for procurement of nuclear fuel fabrication and reprocessing technology. See Hong, "The Search for Deterrence," in Kim and Vogel, 488-489.

<sup>709</sup> Cho Ch'ŏlho, "1970-nyŏndae ch'oban Pak Chŏnghŭi ŭi tokchajŏk haekmugi kaebal kwa Hanmi kwan'ye," *Pyŏnghwa yon'gu*, vol. 9 (December 2000), 194; see also Hong, "The Search for Deterrence," 483.



advancement of domestic weapon technologies and R&D.<sup>710</sup> In fact, in contrast to its inconstancy and inconsistency in arms policies and offerings of military aid,<sup>711</sup> the US displayed a remarkably consistent pattern of reactivity and responsiveness whenever Park succeeded with independent military initiatives. When the US refused ROK requests to sell US military technologies, and the ADD proceeded to develop technologies independently, such as the first Korean-made samples of infantry weapons displayed with Lightning Operation in 1971, the US often relented to permit technology transfers. Significantly, such US offers were delivered just before the ADD achieved its own full capacity to domestically produce whatever was previously refused for sale by the US.

The US pattern can be explained in two ways. First, whenever South Korea's rapid weapon development alarmed the US, the US preferred sending a technical assistance team as a way to gain legitimate access to monitor Park's weapon programs and then to regulate any potential development of banned weapons under US surveillance. Second, whenever South Korea procured technologies from other foreign suppliers, US profits would be jeopardized as sales to Korea dropped. As the principal arms supplier to the Korean defense industry, the US had a large economic stake in the weapon sales to South Korea. In these situations, the US

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<sup>710</sup> For example, it was only after the first exhibition of Korean-made weapons for Lightning Operation in December 1971 that the US dispatched a technical team (ARPA) led by Clyde D. Hardin to assist the ADD. See chapter 3.

<sup>711</sup> Across US administrations throughout the 1970s, bipartisan and bureaucratic conflicts and divisions in government ministries and the US Congress (*i.e.*, Department of Defense vs. Department of State) made US arms policies on South Korea inconstant. From the US perspective, South Korea was not central to the American policy in Asia, as compared with Japan, and thus policies on South Korea often changed based on internal politics, budget constraints, or other circumstantial needs, rather than on a firm security principle. The US foreign policy was also regularly interrupted and shifted with changes from one administration to the next. For example, Jimmy Carter's newly elected government and the US Congress with a Democratic majority in 1977 set much stricter arms restriction guidelines for South Korea, as compared with the previous Republican administration of Gerald Ford, who, despite his own share of conflicts with Park's arms demands, had still relinquished a significant amount of US weapon technologies to South Korea in accordance with the Nixon Doctrine. See also Nolan, *Military Industry in Taiwan and South Korea*, 28-29.

consistently opted to sell weapon technologies to South Korea under the US-ROK Foreign Military Sales (FMS) program, rather than to lose sales for American defense corporations.<sup>712</sup>

Thus motivated by this pattern in US policy towards South Korea's defense industry, Park and his policy-makers instituted covert procurement programs that supported the ADD's rapid advancement of independent weapon development, and these plans were later formally implemented under the code name, "*Yulgok saŏp*," or "Yulgok Operation." Following a discussion of the basic elements of Yulgok, this chapter then details how civilians were mobilized to fund and support the structure and operation of this program.

## II. Elements of Yulgok Operation

On April 19<sup>th</sup>, 1973, three months after his declaration of HCI, Park delivered the following instructions to the ROK Joint Chiefs of Staff (JCS) on planning a comprehensive strategy for South Korea's independent military strengthening:

1. Formulate the military plans for participation in self-reliant national defense policy and military buildup.
2. Formulate long-term military strategy to prepare for the transfer of US Operation Control (OPCON) to South Korea.
3. Based on Heavy and Chemical Industrialization (HCI), indigenize the production of necessary weapons and military equipment, except for advanced flight jets and missiles.<sup>713</sup>

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<sup>712</sup> For example, in 1975, once Park's independent missile and nuclear weapon programs had advanced to a high level through secret deals with France, the Ford administration finally agreed to approve the transfer of missile propulsion technology and commercial nuclear technology to South Korea. These concessions in military aid allowed the Ford administration not only to maintain its sales but also to keep a foot in the door for surveillance and control over South Korea's advancements. See also Ōm Chŏngsik, "K'at'ŏ haengjŏngbu ūi taehan mugŭ ijŏn chŏngch'aek ūi pyŏnyong" (Ph.D. diss., Sŏul taehakkyo oegyohakkwa, 2012), 157-158; Hong, "The Search for Deterrence" in Kim and Vogel, 510; see also US Department of State Cable, "ROK Plans to Develop Nuclear Weapons and Missiles," March 4, 1975, Gerald R. Ford Presidential Library, CWIHP, accessed on January 25, 2016, <http://digitalarchive.wilsoncenter.org/document/114616>.

<sup>713</sup> Regarding Park's exclusion of "advanced flight jets and missiles" in his directives to the JCS, the ADD had pursued missile development independently, and South Korea's lack of aerospace technology made it inconceivable to construct flight jets in 1973. However, following South Korea's successes with defense industrialization from 1973 to 1976, Park decided to develop the aerospace industry as part of the Yulgok Operation. See further in the "Aerospace Industry" section of this chapter.

4. With the expectation that no single US troop will remain in South Korea by the 1980s, the JCS must develop South Korea's independent military strategies and "Force Improvement Plan" [translation mine].<sup>714</sup>

The "Force Improvement Plan" mentioned in item 4 eventually became the centerpiece of Yulgok's program to modernize the ROK weapons and weapon system. Following directives from President Park, in February 1974, the JCS devised the "Eight-Year National Defense Plan (1974-1981)" for ROK military modernization, which was then adopted by the MND, as a finalized version of the Force Improvement Plan.<sup>715</sup> On March 15<sup>th</sup>, 1974, Park officially launched the "1<sup>st</sup> Force Improvement Plan" (1974-1981),<sup>716</sup> which at this point was the MND alias for the classified "Yulgok Operation."<sup>717</sup> The MND followed by installing the Yulgok Enforcement Agency (YEA) as the task force to fully implement operations in each military division—army, navy, and air force.<sup>718</sup> Through the above processes and representing Park's design for a "self-reliant national defense" policy, Yulgok was founded as an independent military project under the auspices of the ROK government, apart from any US input, and funded by the Korean people.

As the most controversial, bold, and costly project undertaken by the Park regime,

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<sup>714</sup> Kukpangbu, *Yulgok saöp üi öje wa onül kürigo naeil*, 22.

<sup>715</sup> Ch'oe Söngbin, Ko Pyöngsöng, and Yi Hosök, "Han'guk pangwi sanöp üi 40-nyön paljön kwajöng kwa sönggwa," *Kukpang chöngch'aek yön'gu* 26, no. 1 (2010), 81.

<sup>716</sup> The ROK governments after Park extended the original Force Improvement Plan (1974-1981) to the 2<sup>nd</sup> Force Improvement Plan (1982-1986) and 3<sup>rd</sup> Force Improvement Plan (1987-1992), forging three stages in South Korea's military modernization. This chapter focuses on Yulgok's founding stage under the Park regime only, from 1974 to 1979, which occurred under what is now referred to as "1<sup>st</sup> Force Improvement Plan." See Kukpangbu, *Kukpangsa* 4, 36.

<sup>717</sup> However, as will be explained in the Conclusion, the MND's "Force Improvement Plan" was mostly responsible for more conventional military projects for the immediate armament of the ROK ground forces. MND-led military projects developed separately from the SES-led top covert programs in nuclear arms and precision missile development, even though they were all under the "Yulgok Operation."

<sup>718</sup> HGKK, vol. 5, 235.

Yulgok rapidly advanced the modernization of the ROK Army, Navy, and Air Force, from 1974 to Park's death in 1979, even in spite of growing US surveillance to restrict South Korea's weapon development. Under Yulgok, the ADD aggressively implemented Park's policy for "the indigenization of advanced weapons and weapon technologies" (*mugi kuksanhwa*) to acquire independent weapon capabilities, including weapons banned by the US. Many weapon projects under Yulgok were supported by the government mobilization of top civilian manufacturers that produced assigned weapons in collaboration with the ADD.<sup>719</sup> Projects included production of infantry weapons (heavy artillery and guns), ammunition, military explosives, military vehicles, armored carriers, upgraded tanks, patrol speedboats, surface combatants, armored helicopters, and fighter jets, as well as precision missiles (surface-to-surface missiles) and nuclear weapons.<sup>720</sup>

## Artillery

Infantry weapons required the most immediate attention, since the ROK ground troops were still armed with outdated US-weapons in the early-1970s. Through Yulgok, the ADD worked with Kia Heavy Industries and other private contractors to create prototypes, such as the 105-mm and 155-mm howitzers, 81-mm mortar, 106-mm recoilless cannon and 4.2-in mortar, for mass production of Korean-model artillery.<sup>721</sup> Under Park's orders, the ADD also worked to

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<sup>719</sup> Park often relied on business leaders to negotiate better deals with foreign manufacturers, especially agreements for joint production and technical assistance. For example, CEO Kim Sŏnhong of Kia Motors led the negotiations with defense manufacturers in Italy, France, and the US to import advanced technologies and equipment for domestic armored vehicle development. See Kia Heavy Industries, *Kia chunggongŏp 20-nyŏnsa*, 101-103.

<sup>720</sup> Whereas some projects were assigned to private contractors, ADD exclusively worked on its own for certain classified programs such as nuclear arms, precision missiles, and Korean-model gun development. For other studies on Park's weapon projects in the 1970s, see Ŏm Chŏngsik, "Pak Chŏnghŭi chŏngbu ũi chaju kukpang chŏngch'aek kwa Hanmi kwan'gye," 9-35; see also Pak Pongsu, "1970-nyŏndae Han'guk chaju kukpang chŏngch'aek yŏn'gu," 183-187.

<sup>721</sup> The ADD had begun to develop heavy artillery in 1972 under Park's orders when the US refused weapon technology transfers, and began with replicated models of US heavy artillery, including the 105-mm howitzer, 106-

develop Korean-made Vulcans, for which O Wŏnch'ŏl charged his secretary in the SES, Yi Sŏkp'yo, with oversight of its development. On November 12<sup>th</sup>, 1975, the MND reported to Park on “Yulgok 307 Operation” –the code name for the production of Korean-made Vulcans– detailing South Korea’s plan for domestic mass production of Vulcans.<sup>722</sup> Daewoo Heavy Industries, Tongil Industries Co., and Cheil Precision Industries, which were contracted for the project, began building their facilities in Ch’angwŏn to produce Vulcan parts. By 1977, South Korea had begun mass-producing domestic Vulcans, fulfilling Park’s demand to expedite the installation of Vulcans in the ROK military.<sup>723</sup> Mass production of Korean-made heavy artillery also allowed the defense industry to explore and expand new export opportunities.<sup>724</sup> In November 1977, Kim Kwangmo, who acted as the SES’s overseer of heavy artillery development, reported to Park on the successful testing of ROK-made heavy artillery, signaling

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mm recoilless cannon and 4.2-in mortar, which were first exhibited on June 25<sup>th</sup>, 1973. With US military assistance granted later on, South Korea fixed technical issues and upgraded existing artillery under Yulgok Operation. Kia’s mass production of new 105-mm howitzers in 1977 signified South Korea’s new abilities to independently produce advanced heavy artillery. See KKYS, vol. 1, 139; KKYS, vol. 3, 73; Pak, “1970-nyŏndae Han’guk chaju kukpang chŏngch’aek yŏn’gu,” 184; see also Kia Heavy Industries, *Kia chunggongŏp 20-nyŏnsa*, 94, 99.

<sup>722</sup> The report included the MND’s decision to base the production of Vulcans in existing civilian plants in the Ch’angwŏn Industrial Complex, with the initial goal to produce 50 Vulcans by 1977. The plan was then to meet quotas of 100 by 1978, 150 by 1979, and 200 by 1980 as part of Yulgok Operation. Regarding technical skills and equipment not yet available in South Korea for Vulcan development, the ADD would acquire what was needed through the US Technological Data Package (TDP) program in support of domestic manufacturers. In May 1976, Park issued an emergency order to expedite Vulcan production and expand its scale. See Presidential Secretariat, Kunsu simŭihoe ŭigyŏl sahang pogo, 12 November 1975, file no. EA0004861, PANAK; see also KKYS, vol. 1, 138; Presidential Secretariat, Palk’anp’o ryangsan kyehoe, 3 May 1976, file no. EA0004874, PANAK.

<sup>723</sup> However, some Korean-made Vulcans that were immediately installed on Navy speedboats malfunctioned with breechblock during launches. The ADD struggled to resolve the issue, and in fact, O’s secretary Yi Sŏkp’yo, in July 1977, was fatally injured during an investigation of launch failures at the ADD test site and died a few days later. See Han, *Suryut’an esŏ wŏnjaro kkaji*, 62-63, 69-70.

<sup>724</sup> For example, Kim Kwangmo’s report to President Park on August 18<sup>th</sup>, 1975, relayed the MND’s proposal to export South Korean-made 81-mm mortars to a US defense corporation, evincing that domestic production of mortars had attained mass-scale production by 1975. In the report, the MND proposed exporting a small number of 81-mm mortars to the US-based Cadillac Gage Corporation, which had expressed interest in the installment of Korean mortars in the company’s military vehicles sold to Cameroon. Kim Kwangmo added in his report to Park that this exportation would not negatively affect Yulgok’s Force Improvement Plan but would take advantage of South Korea’s status as the only allied nation of the United States to produce the 81-mm mortars at the time. See Presidential Secretariat, Kuksan 81-mm pakkyŏkp’o such’ul kŏnŭi, 18 August 1975, file no. EA0004856, PANAK.

that Korean manufacturers had achieved significant advancements in quality, despite the few years spent developing the infantry arms.<sup>725</sup>

## **Korean-Made Guns**

Due to the high technology and specialized facilities required, gun development was one of three weapon projects, along with nuclear arms and precision missile development, undertaken solely by state research institutes such as the ADD and Korea Institute of Science and Technology (KIST), and not based on civilian infrastructure.<sup>726</sup> Under Yulgok in October 1974, KIST completed the experimental prototype for the “XB-1” rifle, the first of the “Korean-Model B” gun series, which was manufactured based on American M-16 rifles.<sup>727</sup> Starting in 1975, Yulgok promoted collaboration between KIST’s “Korean-Model B” project and the ADD’s ongoing development of “Korean-Model A” guns (7.62 mm and 5.56 mm submachine guns) through joint efforts with a Japanese research team.<sup>728</sup> With the ADD’s technical cooperation, KIST rapidly upgraded the Model B rifles to XB-2, -3, -4, -5, and proceeded to upgrade to XB-6,

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<sup>725</sup> On November 22<sup>nd</sup>, 1977, Kim Kwangmo reported to Park on the results of a test that compared performances of newly produced Korean-made heavy artillery with older US models that the ROK military had used for 20 to 30 years. In nearly all categories, which included barrel life longevity, shooting range distance, functionality, and the quality of body parts, results proved the superiority of Korean-made heavy artillery, including the 105-mm howitzer, 155-mm howitzer, 4.2-in mortar, and 81-mm mortar. As POSCO had established a formidable steel industry in South Korea, the Korean-made heavy artillery, which was made with high quality domestic steel, also yielded a higher level of steel concentration than the American counterparts. See Presidential Secretariat, Kuksanp'o wa kunwŏnp'o ŭi pigyo pogo, 22 November 1977, file no. EA0004915, PANAK.

<sup>726</sup> In November 1973, the US completed the construction of an M-16 rifle factory in South Korea, which then began to domestically supply the M-16s under Yulgok in 1974. However, Park ultimately wanted South Korea’s own line of Korean-model guns, rather than production based on the contract with US-based Colt Industries, since the latter arrangement was always vulnerable to renewals and interfered with South Korea’s export goals due to Colt’s licensing rights over M-16s. See CIR, 81, 83, 352.

<sup>727</sup> Presidential Secretariat, Han'gukhyŏng soch'ong, 7 December 1974, file no. EA0004815, PANAK

<sup>728</sup> O Wŏnch'ŏl's report titled, “Plan for Korean Model A,” submitted on September 21<sup>st</sup>, 1972, reveals that O and the ADD had begun formulating plans to construct domestic facilities for the production of “Korean Model A,” a code name for the Korean-made automated gun (7.62 mm submachine gun) by that point in time. See KKYS, vol. 1, 138; Presidential Secretariat, Han'gukhyŏng-A sŏlgye, 21 September 1972, file no. EA0004622, PANAK; see also Pak, “1970-nyŏndae Han'guk chaju kukpang chŏngch'aek yŏn'gu,” 184.

XB-6A and XB-7 models in the late-1970s.<sup>729</sup> Both projects (Models A and B) were later recognized as foundational to the emergence of Korean gun models in the 1980s.<sup>730</sup>

### **Ammunition**

Along with domestic production of heavy artillery and guns, Korean manufacturers like Poongsan and Hanwha provided ammunition and gunpowder for indigenized weapons by the mid-1970s. Their domestic munitions and explosives plants supplied ammunition for the 105-mm and 155-mm howitzers, 60-mm and 81-mm mortars, anti-tank rockets, recoilless cannons, M-1 rifles, M-16 rifles, and Carbines, as well as explosive materials for domestically produced grenades and landmines (*i.e.*, anti-personal, anti-tank mines).<sup>731</sup>

### **Military Vehicles**

As the US had, since 1972, refused Park's request to a grant production contract for military vehicles in South Korea, Park led Yulmok to pursue independent production of military vehicles in 1974.<sup>732</sup> Under Park's orders, the ADD and Kia Motors produced Korean-model ¼-ton military jeeps in 1975. Within two years, they produced 100 Korean-model jeeps, which were exhibited for President Park in October 1977.<sup>733</sup> With these newly acquired capacities, Kia

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<sup>729</sup> KKYS, vol. 1, 138.

<sup>730</sup> The "Korean-Model A" later evolved into the Korean-model K1A submachine guns in the 1980s, and the "Korean-Model B" led to the signature Korean-model K-2 rifles in the 1980s, which began to replace the M-16s used by the ROK Army. See KKYS, vol. 1, 138.

<sup>731</sup> Kukpang kwahak yŏn'guso. *Kukpang ūi ch'osŏk 40 nyŏn*, 272; Presidential Secretariat, Kunsu simŭihoe ūigyŏl sahang pogo, 12 November 1975, file no. EA0004861, PANAK; see also Presidential Secretariat, Soch'ongt'an such'ul kŏnŭi, 11 July 1975, file no. EA0004850, PANAK.

<sup>732</sup> HGKK, vol. 5, 317.

<sup>733</sup> *Ibid.*; see also Kukpang kwahak yŏn'guso. *Kukpang ūi ch'osŏk 40 nyŏn*, 268.

Motors also expanded production of military trucks to include 1 ¼ - , 2 1/2 - and 5- ton models.<sup>734</sup>

## Tanks

Park had made indigenous development of tanks one of the first projects under Yulgok,<sup>735</sup> and a classified report to Park, titled, “Plan for Domestic Tank Production,” on July 13<sup>th</sup>, 1974, discloses the government’s master plan for the indigenous production of tanks, beginning with private manufacturers’ construction of basic production facilities, then the production of individual tank parts, with the goal of full independent production of Korean-model tanks by the early-1980s.<sup>736</sup> Automaker Hyundai was selected as the main contractor for overall tank production.<sup>737</sup> Meanwhile, US technical assistance under the FMS program also enabled the ADD, with the help of Hyundai and other contractors, to modify and upgrade the existing M-48 tanks to M48A5 by June 1974, as well the M-48A1 tank to M48-A3 and M48-A5 in May 1976.<sup>738</sup> As the MND pressed on with the development of South Korea’s own tank prototype similar to the US-model M-60, Hyundai Rotem, a division of the Hyundai conglomerate, produced the indigenous tank model, or the “K-1,” for the first time in 1981.<sup>739</sup>

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<sup>734</sup> KKYS, vol. 3, 75.

<sup>735</sup> KKYS, vol. 3, 209; see also Presidential Secretariat, Yulgok saöp ch'ujin pogo, 18 December 1974, file no. EA0004821, PANAK.

<sup>736</sup> Presidential Secretariat, Chönnch'a kaeбал kyehoeк, 13 July 1974, file no. EA0004802, PANAK.

<sup>737</sup> Other select companies were also contracted to indigenize specialized tank parts: Ssangyong Heavy Industries for the tank’s engine production; T’ongil Heavy Industries for automatic transmission; and Tongmyöng Heavy Industries for hydraulics. See Kukpang kwahak yön'guso. *Kukpang üi ch'osöк 40 nyön*, 258.

<sup>738</sup> KKYS, vol. 1, 142-143.

<sup>739</sup> K-1 was modeled after the General Dynamics’ M-1 Abrams, a US-model tank. See Moon, “US Third Country Arms Sales Regulation and the South Korean Defense Industry,” 85; see also Kukpang kwahak yön'guso, *Kukpang üi ch'osöк 40 nyön*, 259.



## Armored Vehicles

In June 1976, the ADD and Kia Motors again joined forces to develop Korean-model armored vehicles, which had previously been supplied solely through US military aid. On July 20<sup>th</sup>, 1976, Kim Kwangmo reported to President Park on Kia's negotiations with the Italian automaker Fiat to secure a contract for joint production of its personnel carrier, 6614CM, as the model after which the future Korean-made armored vehicles would be produced.<sup>740</sup> With Fiat's transfer of technology, Kia Motors and other private firms began indigenizing the production of essential parts for armored vehicles,<sup>741</sup> enabling both Kia Motors and the Asia Motors Co. to produce experimental models of the Korean-model armored vehicles in 1977, then the first complete armored vehicle, the K200, by the 1980s.<sup>742</sup>

## Navy Vessels

To counter North Korea's advances in naval power, Yulmok started to modernize the Navy by constructing high-speed coastal patrol boats (PGM, PKM, PK), as well as by developing anti-submarine torpedoes (KT-75, KT-76), magnetic mines (K701-M), and the 20-mm Vulcan for the navy vessels in the 1970s.<sup>743</sup> Under Park's order in July 1975,<sup>744</sup> Hyundai

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<sup>740</sup> Presidential Secretariat, "Changgapch'a saengsan ch'uljang kyölgwa pogo," 20 July 1976, file no. EA0004886, PANAK.

<sup>741</sup> Kia's research team began to produce the hull and fuselage of the armored vehicle in November 1977; metal corporations such as Han'guk Special Steels and Sammi Metals Corporation worked to produce the metal plates and castings used in armored vehicles; Korean tire makers Samyang and Kūmho Tires manufactured bulletproof tires; and glass manufactures, Han'guk Glass and Taehan Yuri, developed bulletproof glass used by armored vehicles. See Kia Heavy Industries, *Kia chunggongöp 20-nyönsa*, 102-103; see also HGKK, vol. 5, 384-399.

<sup>742</sup> See HGKK, vol. 5, 399-400; see also KKYS, vol. 3, 75.

<sup>743</sup> With the state's expansion of military shipbuilding, young companies such as STX Engine (founded in 1976) and Daewoo Shipbuilding and Marine Engineering (founded in 1973) emerged to supply key components and hardware for the production of new navy vessels in the late-1970s. See KKYS, vol. 3, 79-81; see also Han'guk pangwi sanöp chinhūnghoe, *Pangwi sanöp kaeron*, vol. 1, 252-253.

Heavy Industries began pioneering the construction of the first Korean-made battleship, and successfully completed the construction of *Ulsan*, a 2,000-ton convoy, in April 1980.<sup>745</sup> In July 1977, the government contracted with Korea Tacoma Marine Industries (KTMI) to begin the domestic development of South Korea's first submarine, with ADD technical support.<sup>746</sup>

## Aerospace Industry

With the rapid maturation of the defense industry by the mid-1970s, Park felt ready to pursue one of his most ambitious plans for Yulgok, modernization for a domestic aerospace industry. Since South Korea did not possess advanced aerospace technologies, the government relied on purchases of production contracts from US defense corporations to obtain necessary technologies for the industry. In 1976, the ADD acquired a joint production contract with the US-based Hughes Aircraft for the company's 500 MD Helicopters, which enabled localized production of armored Helicopters.<sup>747</sup> Park also exerted intense effort to modernize the ROK Air Force, thus expanding the Korean manufacturers' joint production efforts with US corporations to indigenize the production of key parts and hardware of the US fighter jets, such as the F-4 Phantom Fighter and the F-5.<sup>748</sup> Samsung Techwin, established as a business subsidiary under

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<sup>744</sup> In July 1975, Park ordered the MND and Navy to lay out a roadmap for South Korea's development of battleships, including plans for technology procurements from abroad and selection of defense contractors. See Presidential Secretariat, Hamjŏng saengsan, 7 July 1975, file no. EA0000229, PANAK.

<sup>745</sup> The MND designated Chŏng Chuyŏng and his Hyundai Heavy Industries, the leading domestic shipbuilder, to pioneer both the architectural design and construction of the first Korean-made battleship. See Han'guk pangwi sanŏp chinhŭnghoe, *Pangwi sanŏp kaeron*, vol. 1, 241; see also *Tonga Ilbo*, 8 April 1980.

<sup>746</sup> The submarine was completed in December 1984. See the KKYS, vol. 3, 79.

<sup>747</sup> Once Korean Air, the ADD's licensed contractor of the 500 MD Helicopter, acquired capabilities to manufacture advanced parts, it began producing a full Korean-made model in 1977. See HGKK, vol. 5, 327-328.

<sup>748</sup> As the government sought to replace the old F-86 jet fighters with domestic production of the F-4D/E and F-5E/F, Samsung Techwin negotiated technological procurements from General Electric (GE), the American producer of the F-4 and F-5, then proceeded to manufacture fighter jet engines in 1978. See Kukpangbu, *Yulgok saŏp ūi ōje wa onŭl kŭrigo naeil*, 36-37; see also Han'guk pangwi sanŏp chinhŭnghoe, *Pangwi sanŏp kaeron*, vol. 1, 238.

Samsung and specializing in fighter jet engine development, played the leading role in indigenizing essential engine parts for new military aircraft. From 1977 to 1978, the Park government also insisted on the US transfer of technology, facilities, and training for the joint production of F-16s.<sup>749</sup> Through Park's relentless demands, South Korea finally won the approval of both the US government and General Dynamics for the joint production of F-16s by November 1978.<sup>750</sup>

### **Precision Missile Development**

Park's modernization of the domestic aerospace industry also disguised the covert development of precision missiles (surface-to-surface missiles), which along with Park's nuclear arms program was Yulgok's most guarded project, completely run by the ADD and not assigned to private manufacturers.<sup>751</sup> Known by ADD insiders as "Aviation Project-XGM,"<sup>752</sup> the precision missile development was implemented as ADD's top project for Yulgok on May 14<sup>th</sup>, 1974.<sup>753</sup> In response to the US refusal to sell missile-related technologies,<sup>754</sup> South Korea began

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<sup>749</sup> Park ultimately aimed to localize and indigenize advanced "American know-how" for key weapon parts and technology for South Korea's assembly of F-16s. See Presidential Secretariat, F-16 chŏnt'ugi hwakpo, 12 December 1977, file no. EA0004916, PANAK; see also Ŏm, "Pak Chŏnghŭi chŏngbu ŭi chaju kukpang chŏngch'aek kwa Hanmi kwan'gye," 22.

<sup>750</sup> Despite the US approval, South Korea's plan for the F-16 production was soon discarded after Park's death in 1979, when the new Chun Doo Hwan regime decided to pursue F-5 production instead. As a result, South Korea's first production of the F-16s did not begin until 1995. See HGKK, vol. 5, 504, 530, 537.

<sup>751</sup> In December 1971, Park had directly ordered O Wŏnch'ŏl to plan the development of precision missiles, and O had worked from that point forward with the ADD on a project code-named "Aviation Industry Development," trying to avoid interference by US arms restriction policies. See KKYS, vol. 3, 76.

<sup>752</sup> Borrowing the US military industry acronym, the letter X meant "the project in development," and GM stood for "Guided Missile." While the ADD's missile-in-development for the XGM project was initially modeled after the US Pershing surface-to-surface missile (MGM-31), the ADD later replaced the model with the Nike-Hercules (NH), another US missile. See KKYS, vol. 3, 76.

<sup>753</sup> Pak, *Han'guk misail 50 nyŏn ŭi sinhwa*, 27-28; Hayes and Moon, "Park Chung Hee, the CIA and the Bomb," *Global Asia* 6, no. 3 (fall 2001), 51.

negotiating secretly with alternative suppliers to procure the essential rocket propulsion technology.<sup>755</sup> Through a secret deal with France, from late 1974 to 1976, the ADD began its independent development of missile propulsion technology, then made a giant leap in propulsion technology when the Ford Administration relented under Park's continual pressure and approved the purchase of Lockheed's propulsion facilities in December 1975.<sup>756</sup>

Purchased facilities were then installed in the ADD's secret weapon plant that was disguised publicly as "Taejŏn Machinery Depot," in the city of Taejŏn in Southern Ch'ungch'ŏng Province, in 1977.<sup>757</sup> According to Kim Kwangmo, who had directly reported to President Park on the planning and progress of the factory's construction, the Taejŏn Machinery Depot was basically built as "a missile factory," where the development of South Korea's precision missiles took place.<sup>758</sup> On September 26<sup>th</sup>, 1978, the ADD successfully launched South Korea's first precision-guided surface-to-surface missile model, NHK-1, a modified version of

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<sup>754</sup> In February 1975, the US State Department intervened in South Korea's negotiations to purchase a rocket propulsion plant from the US-based Lockheed Propulsion Company (LPC), claiming that any such transactions would only increase Park's future demands for American weapons technology. See Memorandum for Lieutenant General Brent Scowcroft, the White House, "Sale of Rocket Propulsion Technology to South Korea," Department of State, February 4, 1975, Box 9, Gerald R. Ford Presidential Library.

<sup>755</sup> In fact, from 1974 to 1976, Park and ADD increasingly turned to alternative weapon suppliers such as Israel, Japan, England, France, and others, to procure advanced technologies as a way to minimize the impact of US arms restrictions. See, for examples, Presidential Secretariat, Eksose yudot'an toip munje e kwanhan myŏndam naeyong, 23 November 1974, file no. EA0003465, PANAK; idem, Isŭrael kwa ūi hyŏpcho pangan, 18 December 1974, file no. EA0004811; idem, kwaesokchŏng misail kuip munje tŭng e kwanhan mich'ŭk ipchang, 13 January 1975, file no. EA0003473; idem, Ilbon kwa ūi t'ŭksu hyŏmnyŏk, 13 June 1975, file no. EA0004846; idem, Yŏngguk taesa wa pangsang hyŏbŭi, 13 August 1975, file no. EA0004854.

<sup>756</sup> Ford's approval was also motivated by his commercial interests in driving out other foreign competitors to maintain the American monopoly in South Korea's defense market under the existing FMS program. The US granted only partial technological assistance in the deal, not believing that South Korea could independently develop precision missiles even with the benefit of Lockheed's propulsion facilities. See also Ōm, "Pak Chŏnghŭi chŏngbu ūi chaju kukpang chŏngch'aek kwa Hanmi kwan'gye," 26-27.

<sup>757</sup> KKYS, vol. 3, 76, 96

<sup>758</sup> Kim Kwangmo, interview by author, 15 April 2013.

the US Nike-Hercules (NH) missile, but called by the Korean moniker *Paekkom* (“White Bear”).<sup>759</sup>

### **Nuclear Arms Program**

Beginning in 1971, under Park’s orders, the Korea Atomic Energy Research Institute (KAERI), the ADD, and the Weapon Exploitation Committee (WEC) explored procurements of advanced nuclear technology. Under Yulgok in 1974, Park’s nuclear arms program was code-named “Project 890.” This program, headed by elite scientists recruited from abroad by the ADD, included the development of nuclear and chemical warheads, as well as missile designs.<sup>760</sup> When the US found out about the program in March 1975, it immediately suspended KAERI’s ongoing deals for purchases of nuclear reprocessing facilities and technology with Canada and Belgium and forced Park’s ratification of the Non-Proliferation Treaty (NPT) in April 1975.<sup>761</sup> The US also applied maximum pressure on the governments of France and South Korea, even suspending a 1975 deal on France’s construction of a pilot reprocessing plant in South Korea.<sup>762</sup> However, Park’s abortion of the nuclear program did not last long, as his worst fears were realized with the presidential election of Jimmy Carter (1977 - 1981) in November 1976. As a candidate (1974-

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<sup>759</sup> Yi Ŭnyŏng, “ADD mugŭ kaebal 3 ch’ongsa ŭi haek misail kaebal pihwa,” *Sindonga*, no. 567 (December 1, 2006), 276-287, accessed on November 26, 2015, [http://shindonga.donga.com/docs/magazine/shin/2006/12/13/200612130500004/200612130500004\\_1.html](http://shindonga.donga.com/docs/magazine/shin/2006/12/13/200612130500004/200612130500004_1.html).

<sup>760</sup> US Department of State Cable, “ROK Plans to develop nuclear weapons and missiles,” State Department, March 4, 1975, National Security Adviser Presidential Country Files for East Asia and the Pacific, Box 11, Korea - State Department Telegrams to SecState - NODIS (3), Gerald Ford Presidential Library, accessed September 13, 2015, <http://digitalarchive.wilsoncenter.org/document/114616>; see also Hayes and Moon, “Park Chung Hee, the CIA and the Bomb,” 51.

<sup>761</sup> See Hong, “The Search for Deterrence: Park’s Nuclear Option,” Kim and Vogel, 499.

<sup>762</sup> US Department of State Cable, “ROK Nuclear Reprocessing,” September 8, 1975, National Security Adviser Presidential Country Files for East Asia and the Pacific, Box 11, Korea - State Department Telegrams, to SecState - NODIS (8), Gerald Ford Presidential Library, accessed September 13, 2015, <http://digitalarchive.wilsoncenter.org/document/114609>.

1976), Carter had argued for continuing the US military disengagement from Korea started by the Nixon Doctrine, including the removal of US nuclear arms stationed in South Korea.<sup>763</sup> In response, Park established the Korea Nuclear Fuel Development Corporation (KNFDC) on December 1<sup>st</sup>, 1976, which expanded the domestic nuclear program and replaced KAERI as the center for South Korea's nuclear research activities. While the KNFDC was publically promoted as developing commercial nuclear energy, it also functioned as Park's independent developer of domestic nuclear weapon resources to be tapped in the event of a US full withdrawal from South Korea.<sup>764</sup>

Overall, Yulgok's weapon indigenization delivered the ROK national security from its complete dependency on US military aid, pressuring the US to lift arms restrictions and make additional concessions in offering technological assistance for weapon production.<sup>765</sup> Further,

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<sup>763</sup> Following Carter's election, the ROK Ministry of Foreign Affairs forecasted that new Carter administration's policies on South Korea would include reduced military assistance and the withdrawal of USFK troops, as well as the removal of US nuclear weapons stationed in South Korea. See "Forecast on Presidential Candidate Carter's Policy on ROK and Analysis on it," November 1976 (exact date missing), Roll G-06-0045, File 06, Frames 179-192, South Korean Foreign Ministry Archive, accessed on September 13, 2015, <http://digitalarchive.wilsoncenter.org/document/118400>; see also *New York Times*, 29 May 1975.

<sup>764</sup> The KNFDC maintained South Korea's potential for conversion to nuclear arms production until Park's death in 1979, when Chun Doo Hwan ordered the shutdown of the entire nuclear arms program in an effort to win US political support for his new regime. See O Tongnyong, "1972 nyŏn O Wŏnch'ŏl kyŏngje susŏk i chaksŏng, pogohan haek mugŭ kaebal ŭi masŭt'ŏ p'ŭllaen," *Chugan chosŏn* (August 2003), 197.

<sup>765</sup> For example, South Korea's launch of a precision missile in September 1978 quickly escalated US concerns over ROK capabilities and marked a turning point for subsequent lifting of the Carter administration's arms restrictions. The ADD's independent missile development was to the US the most convincing sign to date that Park would pursue dangerous weapon technology with other suppliers if not given the proper US support. Afterwards, through increased military cooperation and technical assistance, Carter shifted his strategy and began to more closely engage with Park's weapon programs, even approving sale of US missile technology to South Korea. Like the previous US administrations, Carter conceded to such deals only when Park had independently secured military technologies that the US had refused to transfer. By agreeing to more joint effort, the Carter administration also sought to keep the ADD's missile activities under closer surveillance and control. See Memorandum from Nick Platt to Zbigniew Brzezinski, "Your appointment with Korean Foreign Minister Park Tong-chin September 29," September 28, 1978, NSC, 9/23-30/78, National Security Affairs, Staff Material - Far East Platt-Chron File, 7/78 through 12/78, Box 65, Presidential Papers of Jimmy Carter; see also Memorandum from Nick Platt to Zbigniew Brzezinski, "Harold Brown's Trip to Japan and Korea," November 13, 1978, National Security Council, 11/1-15/78, National Security Affairs, Staff Material - Far East Platt-Chron File, 7/78 through 12/78, Box 65, Presidential Papers of Jimmy Carter; see also Ŏm, "Pak Chŏnghŭi chŏngbu ŭi chaju kukpang chŏngch'aek kwa Hanmi kwan'gye," 9-35.

Yulgok's rapid arms expansion impressed on US leaders South Korea's arms potential in the event of US abandonment.<sup>766</sup> In 1979, Carter reversed both the troop withdrawal and the removal of US nuclear weapons, due to rising domestic opposition.<sup>767</sup> Ultimately, then, Yulgok's weapon development not only impelled shifts in US policies toward favoring Park's demands for greater military aid, but also wrought from the US a stronger commitment to South Korea's national defense.

### III. Civilian Mobilization

Yulgok was established and maintained through Park's strategies for domestic fundraising, the focus of the rest of this chapter. The military modernization programs under Yulgok spent approximately US\$5.4 billion from 1974 to 1981,<sup>768</sup> a scale of funding that maximized indigenous resources nationwide through civilian sacrifice. Park was able to put together the totalizing national efforts through the state's systematic mobilization of civilian contributions as part of a campaign to establish a self-reliant national defense.

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<sup>766</sup> Park's military programs reinforced arguments by US military leaders and political opponents of Carter's withdrawal policy that the presence of US troops was a needed deterrent to Park's full-fledged nuclear development as well as to a North Korean invasion. See "General Vessey's testimony on Korean troop withdrawals," February 2, 1977, Korea Democratic People's Republic of, 1/77-1/81, Box 43, National Security Affairs – Brzezinski Material, Country File, JECL. In Yang, Pak, and Chang, *Pak Chonghŭi (5): Chuhan Migun ch'ŏlssu*, 287; Sungjoo Han, "South Korea 1977: Preparing for Self-Reliance," *Asian Survey* 18, no. 1 (January 1978), 47; US Department of State, Foreign Service Institute, *U.S. Ground Force Withdrawal From Korea: A Case Study in National Security Decision Making*, by Robert G. Rich, Executive Seminar in National and International Affairs, 24<sup>th</sup> session (Washington, D.C., June 1982), 21-22.

<sup>767</sup> By the end of Carter's presidency in 1981, plans for troops to leave had come to a complete halt in the US. Over the entire course of the Carter administration, the net troop reduction was a mere 3,400 of the 42,000 troops stationed in South Korea at the start. The new Republican administration of Ronald Reagan immediately discarded the whole withdrawal plan in the first month of his presidency, January 1981. See US Department of State, *U.S. Ground Force Withdrawal From Korea*, ii.

<sup>768</sup> Kukpangbu, *Yulgok saŏp ūi ŏje wa onŭl kŭrigo naeil*, 31.

## Precedent Civilian Mobilization

The Park state's mass mobilization, disciplinary power, and bureaucratic expansion notwithstanding, Korean experiences from the 1930s to 1950s had already instilled in people and society a consciousness and collective for offering wartime services and donations, thus establishing a pre-existing pattern conducive to Park's fundraising efforts. These historical precedents merit attention here. The Japanese colonial state in Korea (1910-1945), which Park and many of his Korean contemporary had lived through, certainly contributed to shaping Park's mass mobilization for military modernization.<sup>769</sup> Prior to Park, the colonial state was in fact the only government that exerted mass mobilization with institutional heft to direct the masses to achieve nationwide industrialization and military goals.<sup>770</sup> Under colonial rule, state-led mass fundraising efforts became customary during national emergencies. Koreans in the homeland, as well as a large number of Korean workers in Japan and other colonies such as Manchuria, participated in the colonial public campaigns to support Japan in times of war or other national crises.<sup>771</sup> The campaigns especially intensified during the Sino-Japanese War (1937-1945) and the Pacific War (1941-1945), when all residents in Japan and its colonies were required to donate

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<sup>769</sup> Carter Eckert (1991), An Pyŏngjik (1996), Gi-Wook Shin (1999), Soon-won Park (1999), and Janice Kim (2009) have examined the particular colonial policies and influences in Korea's public/private institutions, economic infrastructure, and domestic workforce that contributed to rapid industrialization in post-colonial South Korea. See Eckert, "Total War, Industrialization and Social Change in Late Colonial Korea," 38; Gi-Wook Shin and Michael Robinson, *Colonial Modernity in Korea* (Cambridge: Harvard University Press, 1999); An Pyŏngjik, "Singminji sidae yŏngu, tangyŏn pŏryŏra," *Sisa chŏnŏl* (July 4, 1996), 96-97; Soon-Won Park, *Colonial Industrialization and Labor in Korea: The Onoda Cement Factory* (Cambridge: Harvard University Press, 1999); Janice C. Kim, *To Live to Work: Factory Women in Colonial Korea* (Stanford: Stanford University Press, 2009).

<sup>770</sup> As Eckert notes, Park's authoritarian rule and depoliticized law-making and policy-writing in many ways "represented a return to the relatively autonomous and economically-oriented state of the colonial period." See Eckert, "Economic Development in Historical Perspective, 1945-1990," in *Korea: Old and New, A History*, ed. Eckert, Ki-Baik Lee, Young Ick Lew, Michael Robinson, and Edward W. Wagner (Seoul: Ilchogak, 1990), 403-404.

<sup>771</sup> *Ibid.*, 402; Louise Young, *Japan's Total Empire: Manchuria and the Culture of Wartime Imperialism* (Berkeley: University of California Press, 1998), 65-69.



funds as well as items or products containing raw materials (*i.e.*, rubber, special metals) to support the resource-deficient Japan's war production. During the wars, many Korean businesses donated to Japan's purchases of warplanes, vehicles, and military equipment.<sup>772</sup> Businesses also donated cars, tires, and industrial machinery, among other resources. Local civilian groups, including students in schools, social organization members, hospital workers, educators, local villagers, and religious groups collected defense donations and passed them onto the colonial police stations or military headquarters to support Japan's war efforts.<sup>773</sup> Even if Korean donors were not active collaborators with Japan, they donated to support the Korean troops and reserves drafted in the Japanese military.

After Korea's liberation from Japanese rule, the newly inaugurated Rhee Syngman administration (1948-1960) in South Korea was mostly ineffective in any attempts to exploit inherited colonial structures for national strengthening or economic development.<sup>774</sup> However, South Korea's conflicts with North Korea, leading up to and following the Korean War, did spark voluntary drives that supported the Rhee regime's collection of donations for funding the state's much-needed defense budget. Facing civil war, the state media and people together solicited all citizens to support the nation's anti-communist efforts and national defense through patriotic donations (*kungmin sŏnggŭm*, or "National Citizens' Donation").<sup>775</sup> However, due to frequent

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<sup>772</sup> For example, in August 1937, an association of Korean businessmen in the city of P'yŏngyang collected donations for Japan's purchase of a light bomber plane. See *Tonga ilbo*, 24 August 1937.

<sup>773</sup> For examples, see *Tonga ilbo*, 16 September 1937 and *Tonga ilbo*, 4 August 1937.

<sup>774</sup> This inefficacy occurred even though the United States Army Military Government in Korea (USAMGIK; 1945-1948) had left colonial structures largely intact with the newly founded ROK in 1948. See Eckert, "Economic Development in Historical Perspective, 1945-1990," in *Korea: Old and New*, 403; idem, *Offspring of Empire*, 256-257.

<sup>775</sup> *Kukpang hŏngŭm* or *kukpang sŏnggŭm* were other names used for the defense donations. For example, on October 26<sup>th</sup>, 1949, a *Kyŏnggyang* newspaper's article titled, "Aeguk hanggonggi rŭl hŏnnap haja" [Let us Donate Patriotic Aircraft], urged civilians to donate for the government to purchase new aircraft for the poorly equipped ROK Air Force. See *Kyŏnggyang sinmun*, 26 October 1949. The government used donations to purchase ten T-6

uprisings against Rhee's rule, his lack of popular support, and the regime's limited mobilization of the public, defense donations were not well organized and tended to be only occasional, spontaneous and reactive to immediate threats posed by North Korea.

It was not until the Park era that such donations were collected in full force through a complete mobilization and unified effort of the national populace. The Park state's management and mass mobilization for national modernization projects in the 1960s and 1970s successfully revitalized and utilized many precedent forces, structures and agencies of colonial experience for national development. For example, Park's New Village Movement tapped the disciplinary infrastructure and extensive bureaucratic network of the Japanese colonial state to form a state coalition with local civilians and *chaebŏl* to support rapid industrialization.<sup>776</sup> Contrary to Rhee, who had used these colonial resources mainly to perpetuate his political rule, the Park regime exploited them to leverage civilian forces for the state's service, thereby conscripting the Korean populace for a comprehensive public program of economic and defense development. In fact, as discussed in the next section, the Park state even exceeded the colonial regime, in the sense that Park forged a consensus with willing Koreans on national security matters, whereas the colonial regime had operated largely free of preexisting personal, cultural and historical ties with Korean

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Trainer Jets from Canada on May 14<sup>th</sup>, 1950. The T-6 Trainer Jets, while not equipped with weapons, later played an important role in the ROK military during the Korean War. Pilots used their hands to drop bombs onto invading North Korean forces. This record is based on an exhibition of a T-6 Trainer purchased with donations and on display in the War Memorial Museum in Yongsan, South Korea.

<sup>776</sup> Likewise colonial policies had mobilized the first coalition of the state with its civilian workforce and manufacturers in the course of Japan's war-driven industrialization in the 1930s. Park also groomed and mobilized a highly skilled labor force, through intensive training campaigns in a manner reminiscent of colonial programs for developing Korean industrial workers to make up for Japan's labor shortages during wartime. See Eckert, "Total War, Industrialization and Social Change in Late Colonial Korea," 3-39; idem, *Offspring of Empire*, 258.

society, relying instead on sheer state muscle to manufacture consent and acquire “passive acceptance for totalitarian rule” from the ruled Korean populace.<sup>777</sup>

### **Mobilization for National Defense Donations (NDD)**

When Park began planning the covert weapon programs for Yulgok in 1971,<sup>778</sup> the chief obstacle was lack of independently flowing capital for funding such massive projects. Even with Park’s drive for export-oriented industrialization (EOI) under the 2<sup>nd</sup> Five-Year Economic Development Plan (1966-1971), the state was still hampered by national economic poverty and could not afford to finance weapon programs with the existing defense budget. Constrained by both limited revenues and diminished US aid in 1971, Park sought civilian financial investment in the operation by drawing in voluntary defense donations, called “*pangwi sŏnggum*,” or “National Defense Donation (NDD),” of Korean citizens. The intense security environment from the late-1960s to the early-1970s proved highly advantageous to Park’s voluntary civilian donation program for the Yulgok Operation. As terror was raised by North Korea’s infiltrations in 1968, local fundraising efforts rapidly spread and helped fund the MND’s military projects to reinforce national defense.<sup>779</sup> The US withdrawal of the 7<sup>th</sup> Infantry Division in 1971 added more fuel to public fears and fired up more support for a self-reliant national defense through Park’s military modernization agenda. Amid these events, Park not only re-engaged the defense donation tradition, but also seized the opportunity to make donations an indispensable part of

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<sup>777</sup> Michael Kim, “The Aesthetics of Total Mobilisation in the Visual Culture of Late Colonial Korea,” *Totalitarian Movements and Political Religions* 8, nos. 3-4 (September-December 2007), 483.

<sup>778</sup> This is when Park ordered O Wŏnch’ŏl for the development of guided missile in December 1971 after the success of first exhibition of Lightning Operation.

<sup>779</sup> In particular, the Blue House Incident (1.21.1968) along with the capture of the US ship *Pueblo* (1.23.1968) in 1968 spurred increased local fundraising by civilians to contribute to defense costs. See *Kyŏnghyang sinmun*, 24 June 1968.

national citizenship through the cultural and ideological inculcation of Korean civilians with sense of national security.

From 1971 onwards, then, determined to utilize the security crisis to push his plan for independent arms production, Park encouraged even greater citizen commitment and sacrifice in donation efforts. Through the NDD, both givers and collectors were constantly reminded that they were contributing to “strengthening the country’s defense.” Preaching the principle of “*chaju*” (“self-reliance”) in all aspects of national defense in the aftermath of the 7<sup>th</sup> Infantry Division’s withdrawal, Park demanded more than ever that the Korean people develop “a self-reliant spirit” (*chaju chǒngsin*) and turn away from psychological reliance on a US security commitment for their nation’s protection.<sup>780</sup> Instead, Park increasingly urged, all people of the nation should take responsibility for national defense and fully participate in the government’s efforts to build an independent defense industry. Although Park refrained from publicly mentioning “Yulgok” and its covert operations, he publicly called for all South Koreans to use “their own resources” to help produce the weapons required for their nation’s protection.<sup>781</sup> Through such promotion of the NDD, Park impressed on individual Koreans a deeper sense of ownership and investment in national security, as Koreans were challenged for the first time to take upon themselves the task to develop national weapon systems.

Through Park’s campaign, the state apparatus immediately established public programs and spread propaganda to mobilize patriotic financial contributions. In ways reminiscent of mobilization under the colonial state,<sup>782</sup> the state-controlled mass media and media corporations

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<sup>780</sup> *Kyŏngyang sinmun*, 28 December 1971.

<sup>781</sup> O, “25 cho wŏn Yulgok saŏp chinsil: Kungmin ton, han p’undo pujŏng ŭn andwae,” 413.

<sup>782</sup> Park’s extensive social and cultural reforms through mass media and educational system (National Charter of Education, 1968) closely followed the colonial state’s propaganda methods to foster loyalty to the ruling authority through nationalistic character-building of civilian subjects. See Young, *Japan’s Total Empire: Manchuria and the*

played the leading role in promoting militaristic loyalty to the state and organizing local and nationwide fundraising efforts in society.<sup>783</sup> For the highly literate Korean populace, the newspapers served as effective medium for Park's nationalistic messages encouraging citizen financial contribution to establish a self-reliant national defense. Park's mobilization of rural masses through the New Village Movement, beginning in 1971, also disseminated Park's defense ideology and expanded local commitment to national defense in conjunction with his ideology of "self-reliance."<sup>784</sup> Throughout local community centers, villages, and work sites, patriotic and voluntary efforts raised defense donations from ordinary people. The Korean people whether willingly or out of a sense of obligation, responded by generously, and often sacrificially offering their money to display their patriotism on behalf of strengthening the national defense.

One of the state's main bases in mobilizing national defense donations from the civilian grassroots was the public school system, the largest slice of the public sector pie. Since the National Charter on Education had through the Ministry of Education set forth a nationalistic curriculum through reforms in 1968, the state extensively used young students to promote government programs and civilian loyalty to the state.<sup>785</sup> Beyond inculcating students with strong anti-communist ideals and patriotism through education materials and school

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*Culture of Wartime Imperialism*, 67-69; see also E. Patricia Tsurumi, "Colonial Education in Korea and Taiwan," in *The Japanese Colonial Empire, 1895-1945*, ed. Ramon H. Myers and Mark R. Peattie (Princeton, NJ: Princeton University Press, 1984), 294-311; see also Kim, "The Aesthetics of Total Mobilisation in the Visual Culture of Late Colonial Korea," 483-502.

<sup>783</sup> On top of supporting the state propaganda through newspapers, radio, and TV programs, media corporations and their coalitions often organized their own nationwide, regional, or citywide fund-raisers to support the state's collection of NDD. See, for examples, *Kyŏnghyang sinmun*, 8 October 1974 and *Tonga Ilbo*, 12 November 1975.

<sup>784</sup> *Maeil kyŏngje*, 1 April 1972.

<sup>785</sup> Kyonghee Han and Gary Lee Downey, *Engineers for Korea* (Morgan & Claypool Publishers, 2013), 69-70.

curriculum,<sup>786</sup> the state rallied students and educators while socially and culturally shaping their social consciousness to include a personal devotion to national security issues.<sup>787</sup> As public employees educators submitted to a government that held sway over jobs and programs based on their cooperation with state policies, including donation campaigns. As a means to collect the NDD, the Boards of Education, school districts, and even school principals in each province, actively organized school-wide or local fundraising activities.<sup>788</sup> Under school-initiated campaigns, students from all grades and across the nation collected and sold used junk, recycled materials, set up barley (rice) gleaning programs, harvested edible plants, cleaned public places, worked for small wages, and held special “save the pocket-money” days, among other activities, to collect donations.<sup>789</sup> In this educational setting students also were tapped to draw donations from their families at home.

Park often showered his presidential favor on young people for their fund-raising efforts and displays of love for their motherland. The students’ donations were publicized in national media and received through formal ceremonies held by Park or by the Minister of Education, to display and promote such acts of patriotism. The celebrations and collection activities culturally and ideologically reinforced both conscious and unconscious agreement with Park’s self-reliant national defense agenda. On November 18<sup>th</sup>, 1971, at the ceremony for the completion of two 70-ton PK (Patrol Killer) speedboats, which had been funded by elementary school student

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<sup>786</sup> See, for examples, Mun’gyobu, *Anbo kyoyuk mit Saemaül kyoyuk: Mobom saryejip* (Söul: Mun’gyobu, March 1972); see also Mun’gyobu, *Sasang kyoyuk chido charyo*, vols. 1-2 (Söul: Mun’gyobu, 1975).

<sup>787</sup> *Tonga Ilbo*, 23 March 1973; *Kyöngnyang sinmun*, 30 April 1975

<sup>788</sup> For example, in February 1974, the Board of Education of the Northern Ch’ungch’öng Province delivered the National Defense Donation collected from the province’s students and teachers directly to the Minister of Education. See *Kyöngnyang sinmun*, 21 February 1974.

<sup>789</sup> *Tonga Ilbo*, 8 November 1972.

donations, the government invited 350 students from across the nation, with representatives from each province, to thank them for funding.<sup>790</sup> Acknowledging the students' sacrifices and efforts, Park even named the vessels "PK Student Ships." Besides students, educators also contributed, as they participated in annual conventions and events organized by the Ministry of Education, which often served as forums to collect the defense donations for the state.<sup>791</sup> On June 26<sup>th</sup>, 1973, while thanking a group of donating representatives from the Southern Kyōngsang Province, Park specially praised the *chōngsin*, or "spirit," of the students and educators actively contributing to the National Defense Donation, which Park stressed was more important than the actual donated amount.<sup>792</sup> Applauding the young students' willingness to save money, volunteer, and sacrifice for national defense strengthening, Park urged the Korean students' continual strong care for and participation in national security affairs.<sup>793</sup>

The business sector also played a prominent part in the NDD as a display of patriotism and a means to credibility with the government. As with industrial and defense projects, businesses became the top supporters of the state's drive for the NDD, to ensure government favors that were critical to greater business opportunities and success. Defense donations

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<sup>790</sup> Presidential Secretariat, Pangwi sōnggūm e ūihan pangwijōng chinsu mit myōngmyōngsik kyehoek pogo, 16 November 1972, file no. EA0004636, PANAK; idem, Pangwi sōnggūm e ūihan kosokchōng kōnjo kyehoek kōnūi (Kukpangbu), 2 March 1971, file no. EA0004431, PANAK.

<sup>791</sup> For example, the "National Educators' Convention" on March 24<sup>th</sup>, 1972, raised 469 million *wōn*, donated by educators themselves, for additional speedboat construction, this time for 100-ton speedboats. See Presidential Secretariat, Pangwi sōnggūm chiphaeng saōp kyōljōng pogo (Kukpangbu), 26 April, 1972, file no. EA0004563, PANAK.

<sup>792</sup> *Tonga Ilbo*, 27 June 1973.

<sup>793</sup> Each year, schools continued to provide significant sources of funding for Park's independent military projects, as students and teachers from elementary through high school grades across the nation collected district- or provincial-wide defense donations. For example, in November 1972, six student representatives from Southern Chōlla Province formally presented 125,703,754 *wōn* collected as defense donations by the region's elementary, middle and high- school students and teachers to President Park at the Blue House. On January 5<sup>th</sup>, 1973, the principal of the Taegu Elementary School in the Northern Kyōngsang Province donated the 60,640 *wōn* collected through school-wide money-saving events to help support the ROK Air Forces' purchase of a new fighter jet. See *Tonga Ilbo*, 8 November 1972; *Kyōngnyang sinmun*, 6 January 1973.

functioned as marketing as well, since they got businesses favorable publicity from media and consumers. Through their substantial donations to the NDD, *chaebŏl* corporations often made headlines for hefty amounts of either money or expensive equipment.<sup>794</sup> As US cuts in military aid increasingly hampered the MND by severely restricting the state's defense budget, many *chaebŏl* further supplemented the national security budget by donating privately as well. When the Yulgok Operation faced severe financial shortages early on, leading *chaebŏl* executives, including Chŏng Chuyŏng of Hyundai, Ku Chagyŏng of the Lucky Group, Kim Chonghŭi of Hanwha, Yi Pyŏngch'ŏl of Samsung, Kim Sangha of Samyang Corporation, Pak Pyŏnggyu of Haet'ae Group, Yi Chaejun of Daelim, Cho Chunghun of Hanjin, and Pak Hŭngsik of Hwasin, among others, not only donated from their personal wealth but also collected donations from company employees and delivered the collections to the Minister of National Defense.<sup>795</sup> *Chaebŏl* even became competitive in donating, and when a well-known *chaebŏl* made a huge defense donation, the media publicized the contribution, which drew out on rival corporations to match or exceed the amount given.<sup>796</sup>

Other independent and creative initiatives by business leaders and corporations spurred civilian voluntary drives as national donation efforts. Examples include *chaebŏl*-led public campaigns to solicit people's donations to expand the skilled workforce, an effort that was indispensable to advancing the defense industry and HCI.<sup>797</sup> In a signature program, the "lathe

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<sup>794</sup> See *Tonga Ilbo*, 19 December 1973; see also *Maeil kyŏngje*, 5 September 1974.

<sup>795</sup> See, for example, *Tonga Ilbo*, 22 April 1974; *Tonga Ilbo*, 7 May 1975; *Tonga Ilbo*, 8 May 1975; *Kyŏnghyang sinmun*, 10 May 1975; *Kyŏnghyang sinmun*, 25 September 1975.

<sup>796</sup> *Maeil kyŏngje*, 6 January 1976. On the other hand, some executives of large businesses who did not offer the defense donations at all were criticized in the media. See *Tonga ilbo*, 13 December 1976.

<sup>797</sup> As discussed in chapter 3, Park extensively implemented industrial and educational policies to develop the first-generation workforce to lead South Korea's HCI and defense industrialization.



distribution movement,” for instance, corporations collected cash donations from civilians to manufacture new lathes or other precision machinery needed for training workers.<sup>798</sup> The lathes were then distributed to training centers or technical high schools across the nation.<sup>799</sup> Many *chaebŏl* also donated directly to the training institutions by establishing *chamae kyŏryŏn*, or “sisterhood ties,” with technical high schools.<sup>800</sup> In this program, each *chaebŏl* sponsored a technical high school as an “adopted sister” and provided the funding required for the school to purchase facilities and equipment for students’ practical training.<sup>801</sup> The graduates later went to work for the donor companies in the HCI (defense) sector. Such corporate promotion of voluntary initiatives and public donation efforts structured into society and into people’s awareness heightened social consciousness and a sense of voluntarism to give more to NDD as well.

As proactive initiatives drew attention to the cause, so also the records in both the Presidential Archives and newspapers from the 1970s frequently cited defense donations made by individuals and groups across all regions, ages, genders, and social statuses. On January 28<sup>th</sup>, 1972, the *Kyŏnghyang* newspaper featured the story of a poor tenant farmer named Yi Suam with physical disabilities in Northern Ch’ungch’ŏng Province making a defense donation.<sup>802</sup>

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<sup>798</sup> In January 1976, for example, the Federation of Korean Industries organized the lathe-distribution movement, in order to provide lathes for the practical training of 12,000 skilled laborers in technical high schools and training centers across the nation. See *Kyŏnghyang sinmun*, 16 January 1976.

<sup>799</sup> *Kyŏnghyang sinmun*, 18 July 1974.

<sup>800</sup> For example, in March 1978, Hanwha and its business subsidiary Korea Bearings Corp. established sisterhood ties with Ch’unch’ŏn Technical High School in response to the MCI’s request for domestic businesses investments to sponsor local technical high schools and facilities. See *Tonga Ilbo*, 16 March 1978.

<sup>801</sup> For example, on January 5<sup>th</sup>, 1976, Inch’ŏn Technical High School and Korea Machinery Co. established the sisterhood ties, in which the latter provided the resources and equipment for the practical training of students in Inch’ŏn Technical High School. See *Maeil kyŏngje*, 5 January 1976.

<sup>802</sup> *Kyŏnghyang sinmun*, 29 January 1972.

According to the article, Yi, the head of a seven-member household, had donated all of the extra profit that he had gained from working in other men's farm fields, to express his gratitude for the military's protection of his country, despite his own impoverished state. Yi also explained that it was his way of making up for his physical disabilities, which had prevented him from serving in the military. In the highly nationalistic environment, stories like Yi's, of putting the nation's welfare ahead of one's own basic economic needs, were regarded as acts of highest morality for the collective greater good of the nation. Likewise, many other individual "patriots" were heroically recognized in media and rewarded by the government for making sacrificial donations or organizing the donation drives.<sup>803</sup> Internal government records display a conspicuous usage of defense donations to fund various military operations, revealing the deep and broad level of civilian participation in NDD.<sup>804</sup>

Celebrated cases of individual donors notwithstanding, most civilian defense donations were gathered through localized group efforts, which were bolstered by the state's mobilization of local competitiveness and drive for Park's modernization goals in the 1970s. For example, the local promotional committees of the New Village Movement,<sup>805</sup> mobilized community-wide efforts for rural modernization campaigns.<sup>806</sup> Group donations commonly came from local worker coalitions, small businesses, religious associations, traditional clan gatherings

(*chongch'inhoe*), social clubs, reserve troops divisions, senior citizens, government employees in

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<sup>803</sup> As examples of other "patriotic" donors and fundraisers, see *Kyŏnghyang sinmun*, 27 May 1972 and *Kyŏnghyang sinmun*, 20 January 1972.

<sup>804</sup> For examples, see Presidential Secretariat, Kukpang hŏn'gŭm sayong kyehoek kŏnŭi (Kukpangbu), 8 May 1973, file no. EA0004683, PANAK; idem, Pangwi sŏnggŭm ch'wigŭpsang ŭi munjejŏm e kwanhan pogo, 26 July 1977, file no. EA0008039, PANAK; idem, Han'guk haeyang taehak silssŭpsŏn insu e ttarŭn pangwise kyŏngbi, 27 November 1975, file no. EA0001418, PANAK.

<sup>805</sup> NVM was one of the key modes of mobilizing and "educating" the Korean people for national defense related purposes, as discussed in chapters 2 and 3.

<sup>806</sup> *Kyŏnghyang sinmun*, 24 March 1972.

law enforcement and fire station, and other local groups formed by professional or social associations in the region.<sup>807</sup> Donation drives were organized purely through regional affiliations as well, led by provincial governments, city councils, or local villagers themselves to collect from residents. Once the donations were collected, they were directly delivered to the local government offices or nearby military headquarters, or sent to the Ministry of National Defense or the Blue House. The nationalistic mood was so prevalent that that even politically marginalized groups like labor unions participated in large numbers across the nation.<sup>808</sup> Impoverished residents in resettlement villages, who had been removed by state projects and who lived subsistence lifestyles, mostly working as manual laborers, collected spare change from their low wages and sent the small but hard-earned offerings to the MND.<sup>809</sup> Also actively participating were expatriate Korean communities abroad, through local South Korean embassies.<sup>810</sup>

In his public praise for voluntary initiatives and defense donations, Park stressed that “the Korean people of all social strata and backgrounds” had voluntarily donated in one accord for the sake of national defense according to the best of their abilities.<sup>811</sup> Insofar as Park’s assessment was accurate, the people’s effort signified that the South Korean populace had developed a

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<sup>807</sup> Government-led monthly neighborhood meetings called, “*pansanghoe*,” were also helpful for collecting local defense donations. See Kim, *Korea’s Development under Park Chung Hee*, 141; Presidential Secretariat, Pangwi sŏnggŭm ch’wigŭpsang ŭi munjejŏm e kwanhan pogo, 26 July 1977, file no. EA0008039, PANAK; see also *Maeil kyŏngje*, 29 December 1973; *Kyŏnghyang sinmun*, 10 May 1975; *Kyŏnghyang sinmun*, 29 December 1973; *Kyŏnghyang sinmun*, 17 July 1973.

<sup>808</sup> *Kyŏnghyang sinmun*, 13 September 1975.

<sup>809</sup> *Kyŏnghyang sinmun*, 2 July 1975.

<sup>810</sup> *Kyŏnghyang sinmun*, 26 July 1975; *Kyŏnghyang sinmun*, 20 June 1974; see also *Tonga Ilbo*, 1 July 1977.

<sup>811</sup> *Kyŏnghyang sinmun*, 12 November 1975.

strong consciousness of and commitment to national defense.<sup>812</sup> Over time, the collection activities themselves perpetuated Park's self-reliant national defense ideology, spreading it across all classes and social divisions, reinforcing a collective sense of national pride while also drawing on the people's own resources to modernize the military. In this sense, the NDD succeeded in kick-starting Park's independent military initiatives. With NDD funds in the early-1970s, the MND invested in the army's basic infantry weapons in addition to navy patrol boats, projects later identified as the founding programs of the official Yulgok Operation. In fact, some of the patrol speedboats (PGM, PKM, PK) that the MND began constructing with defense donations immediately following 1971 were taken over and upgraded under Yulgok.<sup>813</sup>

Mounting infiltrations by North Korean ships in late 1973 prompted Park to increase funds for Yulgok and to make official what had previously been unofficial in the public campaign to raise defense donations.<sup>814</sup> When the North Korean Navy abducted two South Korean fishing boats near Paengnyŏng Island in February 1974, Park's emergency order for immediate modernization of guns and equipment used by Paengnyŏng's security forces pressured the MND to expedite the implementation of Yulgok.<sup>815</sup> With the commencement of Yulgok in March 1974, government insiders began to refer to the revenue from NDD as "Yulgok chagŭm" (or "Yulgok Funds"), unbeknownst to the public. Park's public campaign for the NDD, which began in December 1973, raised approximately 6.45 billion *wŏn* (approximately US \$13 million) within ten months, and by November 1975 a total of 16.13 billion *wŏn* (approximately

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<sup>812</sup> *Ibid.*

<sup>813</sup> Presidential Secretariat, Sohyŏng kosokchŏng kŏnjo rŭl wihan pangwi sŏnggŭm sayong, 10 September 1974, file no. EA0004808, PANAK; Kukpangbu, *Yulgok saŏp ŭi ŏje wa onŭl kŭrigo naeil*, 36.

<sup>814</sup> Prior to December 1973, defense donations were *unofficial*. National Archives of Korea, "Pangwise," February 20, 2014, accessed September 4, 2015, <http://www.archives.go.kr/next/search/listSubjectDescription.do?id=006405>.

<sup>815</sup> O, "25 cho wŏn Yulgok saŏp chinsil," 414-415.

US \$32 million).<sup>816</sup> The MND immediately directed the funds toward domestic arms production efforts to modernize outdated infantry weapons (guns and heavy artillery) used by the ROK Army and Homeland Reserve Forces.<sup>817</sup> Funds were also used to expand the maritime force division and improve their equipment. The total donations collected between 1973 and 1975 were distributed as follows:<sup>818</sup>

|                                            |                                            |
|--------------------------------------------|--------------------------------------------|
| 1. Defense of Islands in West Sea          | 728,000,000 <i>wŏn</i> (~ \$1.4 million)   |
| 2. Construction of Navy Speedboats         | 673,000,000 <i>wŏn</i> (~ \$1.3 million)   |
| 3. Maritime Police Communication Equipment | 300,000,000 <i>wŏn</i> (~ \$0.6 million)   |
| 4. Security of National Capital (Seoul)    | 4,270,000,000 <i>wŏn</i> (~ \$8.5 million) |
| 5. Homeland Reserve Forces' Equipment      | 1,950,000,000 <i>wŏn</i> (~ \$3.9 million) |
| 6. Ground Forces' Equipment Purchase       | 1,215,000,000 <i>wŏn</i> (~ \$2.4 million) |
| 7. Air Force Planes                        | 6,900,000,000 <i>wŏn</i> (~\$13.8 million) |

As part of the NDD allocated for modernizing weapons and equipment, the government also invested in R&D through the ADD to advance domestic weapon technology. MND reports to President Park reveal various other uses of the NDD in 1974 as well, including Yulgok's construction of troop facilities such as barracks, underground bunkers, apartments, and dormitories for army officers.<sup>819</sup> The NDD, based solely on the mobilization of civilian volunteerism, was the primary source of revenue for all of Yulgok's early development, until Park established the compulsory National Defense Tax in July 1975, which officially replaced the NDD as Yulgok's funding stream. However, even after 1975, voluntary defense donations by Korean civilians continued pouring in, and they were directed to Yulgok's key projects in the

<sup>816</sup> HGKK, vol. 5, 238; see also O, "25 cho wŏn Yulgok saŏp chinsil," 422.

<sup>817</sup> The MND used the NDD to replace the M-1 rifles used by Korean soldiers with modern M-16s and to produce modern heavy artillery such as 106-mm recoilless cannons. See Presidential Secretariat, 106 mm mubandongch'ong saengsan, 22 April 1974, file no. EA0004782, PANAK.

<sup>818</sup> O, "25 cho wŏn Yulgok saŏp chinsil," 422.

<sup>819</sup> See, for an example, Presidential Secretariat, Pangwi sŏnggŭm e ūihan yŏnggwan ap'at'ū mit toksin changgyo sukso kongsa wallyo kyŏlgwa pogo, 23 October 1974, file no. EA0004810, PANAK.

late-1970s,<sup>820</sup> including Korean-made armored vehicles and purchases of F-4D (Phantom) jet fighters and 500MD Helicopters (see Figure 8).<sup>821</sup>



**Figure 8. Envelopes containing defense donations from Korean civilians in 1977**

### **The National Defense Tax (NDT)**

Despite the momentous effort of the Korean people through the National Defense Donation, the Park regime faced budget constraints implementing Yulgok, as a result of rising defense costs. In February 1974, the JCS had originally estimated, that the Yulgok's "1<sup>st</sup> Force Improvement Plan" (1974 to 1981) would cost approximately US\$1.526 billion over an eight-year period.<sup>822</sup> But after Yulgok's launch in March 1974, the JCS increased the projected costs for Yulgok to US\$1.668 billion on June 12<sup>th</sup>, 1974, then again to US\$2.14 billion on August 8<sup>th</sup>, 1974.<sup>823</sup> By this point in time under the Nixon Doctrine, continual budget cuts in military aid for

<sup>820</sup> National Archives of Korea, "Pangwise," February 20, 2014, accessed on September 4, 2015, <http://www.archives.go.kr/next/search/listSubjectDescription.do?id=006405>.

<sup>821</sup> Photos from Presidential Secretariat, Pangwi sŏnggŭm ch'wigŭpsang ūi munjejŏm e kwanhan pogo, 26 July 1977, EA0008039, PANAK.

<sup>822</sup> Kukpangbu, *Yulgok saŏp ūi ŏje wa onŭl kŭrigo naeil*, 23.

<sup>823</sup> *Ibid.*, 25.

Park's Five-Year Military Modernization Program had substantially reduced US military grants under Military Assistance Program (MAP).<sup>824</sup> Attempting to make up for shortages in MAP, the US offered Foreign Military Sales (FMS), under which South Korea was obliged to purchase US weapons and military equipment through a loan-credit system.<sup>825</sup> As a result, whereas the US military aid through MAP constituted 14.5 percent of South Korea's total defense budget in 1974, it provided only 8.6 percent in 1975.<sup>826</sup> The US decision to cut the aid was ostensibly due to US Congress budget constraints and concerns over Park's human rights violations, but the US also clearly took into consideration South Korea's own rising security and economic strength.<sup>827</sup> Ultimately, of the \$1.5 billion US military aid that the Nixon Doctrine had originally agreed to supply the Five-Year Military Modernization program, the US ended up providing only \$500 million by the program's end in 1976.<sup>828</sup>

Amid delays as well as reductions in US military aid, Park's resolve to develop an independent military modernization program only grew stronger. North Korea was already spending a quarter of its annual GNP on military spending by the mid-1970s; by comparison, South Korea had spent 4.4 percent of its GNP, or 28.4 percent of the state's total budget, on

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<sup>824</sup> US military aid was often reduced as a result of congressional failures to allocate the full funding promised by the Nixon Doctrine, due to budget constraints from the costly war in Vietnam. A Democratic-majority Congress further undercut the military aid promised by the Republican Nixon and Ford administrations. See CIR, 204; Memorandum of Conversation, Seoul, November 22, 1974, *FRUS, 1969–1976*, Vol. E–12, Documents on East and Southeast Asia, 1973–1976, Document 258.

<sup>825</sup> Memorandum from the President's Assistant for National Security Affairs (Kissinger) to President Ford, Washington, January 3, 1975, *FRUS, 1969–1976*, Vol. E–12, Documents on East and Southeast Asia, 1973–1976, Document 260.

<sup>826</sup> Kukpangbu, *Kukpangsa* 4, 394.

<sup>827</sup> Memorandum from the President's Assistant for National Security Affairs (Kissinger) to President Ford, Washington, January 3, 1975, *FRUS, 1969–1976*, Vol. E–12, Documents on East and Southeast Asia, 1973–1976, Document 260; see also Hamm, *Arming the Two Koreas*, 80.

<sup>828</sup> Chung-in Moon, "U.S. Third Country Arms Sales Regulations and the South Korean Defense Industry: Supplier Control and Recipient Dilemma," in *Alliance under Tension: The Evolution of South Korean-US Relations*, ed. Lee, McLaurin, and Moon, 82.

national defense in 1974 (and 5.1 percent of GNP on defense in 1975).<sup>829</sup> The fall of South Vietnam to the communists on April 30<sup>th</sup>, 1975 further weakened Park's trust in the US security commitment, as the event signified to Park the US intention for full abandonment of South Korea, just as Americans had left their Vietnamese allies. Constrained by an insufficient defense budget while investing heavily in South Korea's economic growth, Park urgently sought an additional source of revenue that could independently and quickly fund Yulgok's modernization of the ROK military. Thus shortly after the fall of South Vietnam, the Park government drafted a new national taxation system, and in June 1975 submitted to the National Assembly a legislative proposal called the "National Defense Tax Law," stating the following:

In response to recent developments in the international situation and the increased threat of a North Korean invasion, which creates an unprecedented demand for national defense strengthening for homeland security, the objective of this law is to secure the finances required to develop an independent national security system [translation mine].<sup>830</sup>

With Park pushing hard, it took the National Assembly only one month to pass the law, and on July 16<sup>th</sup>, 1975, Park promulgated the implementation of the National Defense Tax Law (Law Order No. 2768), mandating a public tax to meet the high defense costs of South Korea's independent military modernization. However, the compulsory *pangwise*, or "National Defense Tax" (from here on, NDT), as it was known to the public, was in actuality intended to finance Park's top-secret military program known only to his exclusive group of policy-makers and military leaders as the Yulgok Operation's 1<sup>st</sup> Force Improvement Plan (1974-1981). The NDT thus institutionalized the internal strategy of defense budget provision, functioning as the government's financial base for Yulgok Operation from 1975 onwards. The tax was collected in the form of a surtax (or value-added tax), which levied higher rates in the following

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<sup>829</sup> Kukpangbu, *Kukpangsa* 4, 392, 394.

<sup>830</sup> Presidential Secretariat, Pangwiseböp, 16 July 1975, file no. EA0012310, PANAK.



categories:<sup>831</sup> import tax, income tax, corporate tax, inheritance/gift tax, registration tax, liquor tax, commodity tax, admissions tax, resident tax, property tax, car tax, entertainment tax (*e.g.*, on alcohol) and land tax (for ownership of farm, rice paddy, mountain). For security purposes, since the tax revenues would be spent on classified operations of Yulgok, they were directly delivered to the MND and skipped all public and legislative processes for budget allocation.<sup>832</sup>

Defending the need to place this heavy economic burden on the Korean populace under NDT, Park firmly held that each Korean individual should take moral and personal responsibility for the national defense. Thus, according to his Chief of Staff Kim Chŏngryŏm, the NDT was issued with the call upon “all Korean citizens to participate in *chaju kukpang* (self-reliant national defense).”<sup>833</sup> For Park, the tax prioritized a collective moral and spiritual participation of all Korean citizens for the national defense, so the meaning of the tax extended beyond merely drawing economic contributions. It institutionalized a national allegiance to his self-reliant national defense ideology. On July 19<sup>th</sup>, 1975, three days after the promulgation of the NDT, in his speech at the National Defense University’s graduation ceremony, Park thanked the people for their donations and reiterated that such sacrifices were necessary.<sup>834</sup> Warning against South Korea’s continual reliance on faltering US security commitment, Park asserted, “...we must bear in mind that the fundamental responsibilities for our national defense lie with us ourselves.”<sup>835</sup>

Explaining the true foundation for self-reliant national defense as the Korean people’s “spiritual

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<sup>831</sup> *Ibid.*

<sup>832</sup> O, *The Korea Story*, 30.

<sup>833</sup> Kim Chŏngnyŏm, *Ch’oebinguk esŏ sŏnjin’guk munt’ŏk kkaji*, 436; see also Hyung-A Kim, “State Building: The Military Junta’s Path to Modernity through Administrative Reforms,” in Kim and Vogel, 94.

<sup>834</sup> *Kyŏnghyang sinmun*, 19 July 1975.

<sup>835</sup> *Ibid.*

combat power” (*chǒngsin chōllyōk*), a form of patriotism and love for their nation, Park urged the people’s full and united support to advance South Korea’s national security independence.<sup>836</sup> With the NDT’s implementation, Park likewise emphasized and encouraged an “indistinguishable oneness of the military and civilians” to establish the nation’s “*ch’ongnyōk anbo t’aese*”, or “total security posture,” in which civilians in their homes, through financial donations and other support, would support the military’s frontline battle.<sup>837</sup> Therefore, just as important as its material contributions, the NDT reflected Park’s ideal that every individual Korean must actively participate alongside the military to strengthen the national security, even to the end that there be no clear distinction between the military and the citizenry.

On October 4<sup>th</sup>, 1975, in his address to the National Assembly on administrative policy for the following year, Park again underscored the role of the Korean people, especially through the NDD and NDT, in achieving his plans for South Korea’s national security and military modernization.<sup>838</sup> Declaring an end to “the era when we depended on another nation for our national defense,” Park marked the next five years as the crucial stage in building the foundations of South Korea’s self-reliant national defense, stating, “the National Defense Tax and National Defense Donation, which our citizens have voluntarily and caringly born under many difficult circumstances, will be an invaluable resource for the establishment of our ‘self-reliant national defense.’”<sup>839</sup>

As the NDT went into effect in 1976, revenues from the national defense surtax amounted to 233.8 billion *wōn* (approximately US\$483 million), or approximately 2 percent of

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<sup>836</sup> *Ibid.*

<sup>837</sup> *Ibid.*

<sup>838</sup> *Tonga Ilbo*, 4 October 1975.

<sup>839</sup> *Ibid.*

the GNP, all of which was spent on the Yulgok Operation.<sup>840</sup> In total, in addition to the state's underlying defense budget (4 percent of GNP), South Korea spent 6 percent of its GNP on national defense in 1976.<sup>841</sup> The same 6 percent of total GNP represented 32.7 percent of the state budget in 1976,<sup>842</sup> a huge portion for a developing economy, requiring heavy sacrifices from ordinary people, most of whom were already impoverished. By comparison to a more advanced economy in the same year, Japan spent only 0.9 percent of its GNP on defense expenditures, while the US spent 5.4 percent.<sup>843</sup>

In the late-1970s, the Korean people's share continued to increase to keep pace with the ever-increasing budget requirements for Yulgok's military projects along with fast declining US military grant by each year.<sup>844</sup> In 1976, the JCS yet again increased the total estimated expenditure for the Yulgok's 1<sup>st</sup> Force Improvement Plan (1974-1981) to US\$4.6 billion.<sup>845</sup> By 1977, when Jimmy Carter announced a plan for the full withdrawal of US troops, the figure totaled US\$5 billion; and by 1978 it was US\$5.5 billion.<sup>846</sup> The state raised taxes to meet demands of Yulgok's projected budget after 1976. In 1977 alone, the government collected 341.6 billion *wŏn* (US\$705 million) as NDT revenues,<sup>847</sup> supplying sufficient funds for South Korea to

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<sup>840</sup> Kukpangbu, *Yulgok saŏp ũi ŏje wa onŭl kŭrigo naeil*, 26.

<sup>841</sup> Kukpangbu, *Kukpangsa* 4, 398.

<sup>842</sup> *Ibid.*, 396.

<sup>843</sup> The International Institute for Strategic Studies (IISS), *The Military Balance 1979-1980* (London, US: Adlard & Son Ltd, Bartholomew Press, 1979), 94-95.

<sup>844</sup> Memorandum from the President's Assistant for National Security Affairs (Kissinger) to President Ford, Washington, January 3, 1975, *FRUS, 1969-1976*, Vol. E-12, Documents on East and Southeast Asia, 1973-1976, Document 260.

<sup>845</sup> Kukpangbu, *Yulgok saŏp ũi ŏje wa onŭl kŭrigo naeil*, 27

<sup>846</sup> *Ibid.*, 27, 31.

<sup>847</sup> O, "Yulgok saŏp ch'ulpal: Pak Chŏng hŭi, Kim Il Sŏng ogi ssaum," 480.

meet its weapons production costs independently, even though the US military grants plummeted to contribute only 0.3% of the state's defense budget in the same year.<sup>848</sup> In the following years, the ROK government covered all defense expenditures with domestic capital (*wŏn* revenue), a remarkable achievement considering the country had relied on US military aid for up to 50 percent of its defense costs up to the year 1969.<sup>849</sup> Until 1978, funds collected by the NDT were used entirely as "Yulgok Funds," under terms that originally applied to the NDD collections. But as the defense tax began outpacing Yulgok's planned costs in 1979, as NDT total revenues reached US\$3.671 billion, the government diverted excess funds to cover defense expenditures outside of Yulgok.<sup>850</sup>

From 1976 to 1980, the government had collected a cumulative total of US\$5.148 billion (or 2.6 trillion *wŏn*) through the defense tax alone.<sup>851</sup> During the same period (1976-1980), the defense tax averaged nearly 12 percent of the overall national tax in each year.<sup>852</sup> In the end, the government invested a sum of approximately US\$5.4 billion (or 3.14 trillion *wŏn*), for the Yulgok Operation's 1<sup>st</sup> Force Improvement Plan from 1974 to 1981, of which 43.3 percent was disbursed to the ROK Army, 15.8 percent to the Navy, 22 percent to the Air Force, and 18.9 percent to other operation costs.<sup>853</sup> To display the fruits of Korean people's labors under the NDT, Park held public exhibitions of new domestic arms, such as a nationally televised exhibition of Korean-made weapons on June 23<sup>rd</sup>, 1977. He furthermore publically displayed

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<sup>848</sup> Kukpangbu, *Kukpangsa* 4, 398.

<sup>849</sup> Ch'oe Chongch'ŏl, "Han'guk ūi chaju kukpang t'aese hwangnip," 193.

<sup>850</sup> Kukpangbu, *Yulgok saŏp ūi ŏje wa onŭl kŭrigo naeil*, 26.

<sup>851</sup> O, "Yulgok saŏp ch'ulpal," 481; see also O, *The Korea Story*, 30.

<sup>852</sup> Hyŏn Int'aek, *Han'guk ūi pangwibi* (Sŏul: Hanul, 1991), 91.

<sup>853</sup> Kukpangbu, *Yulgok saŏp ūi ŏje wa onŭl kŭrigo naeil*, 31.

new precision missiles on National Armed Forces Day on October 1<sup>st</sup>, 1978.<sup>854</sup> Ultimately, even when Yulgok cost more than three times what both Nixon and the ROK Joint Chiefs of Staff had originally estimated as a total budget (approximately US\$1.5 billion) for South Korea's military modernization, the expanded total was entirely covered by public funding from the Korean people.<sup>855</sup> This outcome evidenced the powerful extractive capacity of the Park state to draw the maximum output from civil society to meet the state goals.<sup>856</sup>

Overall, through considerable citizen sacrifice for Yulgok, the SES was able to invest NDT funds to cover costs of: 1) research for the ADD's advancement of domestic weapon R&D for the indigenization of new weapon technologies; 2) production of modern weapons and military equipment by domestic contractors, and their purchase by the government; 3) procurement of weapon technologies, facilities, equipment, and technical assistance programs from abroad; and 4) construction to expand ROK military facilities (*i.e.*, bunkers, anti-tank barriers, and military personnel housing).<sup>857</sup> Except for the fourth initiative, then, all NDT expenditures for Yulgok were directed to the indigenization of weapons and weapon technologies.<sup>858</sup>

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<sup>854</sup> *Maeil kyŏngje*, 2 October 1978.

<sup>855</sup> In February 1974, the JCS had originally estimated that the Yulgok would cost South Korea US\$1.526 billion.

<sup>856</sup> Hamm, *Arming the Two Koreas*, 155.

<sup>857</sup> See also Hamm, *Arming the Two Koreas*, 83.

<sup>858</sup> As the defense industry's commander in chief, Park pushed to acquire advanced weapon technologies for indigenization at every stage of Yulgok's weapons procurements. These priorities correlated with his "self-reliant national defense" agenda. The declassified reports on Yulgok's military projects in the Presidential Archives confirm that Park, working through his SES technocrats, was involved with every proceeding that pertained to weapon acquisition decisions, including the selection of weapons for development and import, budget plans for each project, negotiations on procurement contracts from abroad, and final purchases.

## Social Impact of NDD and NDT

In the context of national poverty, the compulsory tax added to the enormous economic burdens born by average Korean citizens. When Park's proposal for the National Defense Tax Law was introduced to the National Assembly in June 1975, the members of the liberal New Democratic Party (Sinmindang) opposed the law, citing financial hardship that would be imposed on the Korean populace, especially low-income households already struggling with national tax burdens.<sup>859</sup> Beyond this initial resistance by the major opposition party, however, even after the law's promulgation, there is no record of any organized opposition or publically demonstrated resistance by the Korean people against either the NDD or the NDT in the 1970s.<sup>860</sup> This lack of resistance can be starkly contrasted with ample records of widespread social and cultural resistance to Park and the Yusin regime's suppression of labor and civil rights in the same period. For, despite widespread disapproval of Park's undemocratic *modus operandi*, South Koreans generally came on board with the government agenda on national security matters. For example, based on the *Maeil Kyŏngje* newspaper's national survey of citizens regarding their thoughts on freedom and national security, on June 5<sup>th</sup>, 1976, only 14.7% of the Korean populace prioritized "freedom"—as in, political freedom and democracy—over national security, whereas 29% believed that freedom and national security could be developed in parallel, and the rest of the populace (56.3%) indicated that national security took priority over all, including freedom.<sup>861</sup> As discussed in chapter 2, the overall national security situation during the period, especially the

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<sup>859</sup> *Tonga Ilbo*, 28 June 1975; *Kyŏnghyang sinmun*, 30 June 1975; see also *Kyŏnghyang sinmun*, 1 July 1975.

<sup>860</sup> The lack of popular resistance against the defense tax was also certainly influenced by the fact that the defense tax was a progressive one, in which the rich paid more. See Presidential Secretariat, Pangwisebŏp, 16 July 1975, file no. EA0012310, PANAK.

<sup>861</sup> Of all respondents, 52.7% indicated that restriction of freedom was "unavoidable" for strengthening national security. See *Maeil Kyŏngje*, 5 June 1976.

prospect of a full abandonment by the US, deeply alarmed the whole nation, regardless of regions or political affiliations. The situation was considered so dire that Park's political opponents eventually yielded to the defense tax as a necessary measure and even joined Park's desperate attempt to influence US policy-makers to prevent the troop withdrawal.<sup>862</sup>

Further, discoveries of North Korea's secret underground tunnels into South Korea (1974-1975), the communist expansion in Indochina, and the US abandonment of Vietnam, all heightened the security concerns of South Koreans, who increasingly shared their government's perceptions of imminent threat. These felt threats were conducive to breaking down existing divisions between the government and society, even bringing together rivals and competitors through mutual concerns over national security. For example, in response to communist invasions in Indochina, the oft-divided Christian denominations of the Korean church, which had also experienced increasing conflicts with the Park regime due to its involvement in democratic struggles, came together on April 28<sup>th</sup>, 1975 to publicly declare their united stance with each other as well as with the government against the mounting communist threat.<sup>863</sup> In their written declaration, representatives of 18 Korean Christian denominations formally stated,

...the recent attacks by the communists in Indochina present a threat to South Korea as well as all free allied nations of Asia... the Korean church, facing the large task of resisting communist invasion, declares to transcend trivial differences over doctrinal or interpretative matters to stand as one [against communists] [translation mine].<sup>864</sup>

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<sup>862</sup> The threat of US troop withdrawal was shared by the leaders of all political aisles, including Park's domestic opponents. For example, Park's attempt to persuade the US against its troops withdrawal was even joined by Lee Ch'ölsüng, the chairman of the New Democratic Party, who wrote letters to both President Carter and Vice President Walter Mondale in 1977 to plead for the reversal of the US' withdrawal of its troops. See Letter for the Vice President from Lee Chul Seung, "Korean Security," June 7, 1977, White House Central File, Subject File, Countries, CO82-2 7/1/77-8/31/78, Box CO-41, Presidential Papers of Jimmy Carter; Letter for President Jimmy Carter from Lee Chul Seung, "Withdrawal of U.S. Ground Troops in Korea," May 25, 1977, White House Central File, Subject File, Countries, CO82-2 7/1/77-8/31/78, Box CO-41, Presidential Papers of Jimmy Carter.

<sup>863</sup> *Tonga Ilbo*, 28 April.

<sup>864</sup> *Ibid.*

While acknowledging the recent tensions between the church and the government, the declaration also included the church's pledge to prioritize concerns for national defense through mutual collaboration with the government. As seen in major South Korean newspapers, such public petitions as well as mass rallies for strengthening national security were widespread and often led by school and religious associations, with a full participation of social organizations from all classes, all declaring their commitment to the establishment of a "total security system" and their vows to defend the nation against the communists.<sup>865</sup> The shared sense of terror, along with Park's promotion of a "self-reliant national defense," coalesced in a locus of unity and support through collections, even amid societal unrest and continuous resistance to Park's violations of human and civil rights. Urgent and passionate citizen drives prompted many people to either donate large amounts, or even to pay extra defense taxes than what were owed, to boost government funding for national security.<sup>866</sup>

In the author's survey of 100 Korean civilians born before 1955 (60 years old or older in 2015), from varying regions and socio-economic backgrounds, who had vivid memories of the Park era, 93 respondents "supported" the National Defense Tax (as well as the NDD) and considered them necessary measures for the national defense at the time, whereas only four "opposed," and three left the item blank.<sup>867</sup> Also, in response to a question in the survey as to whether respondents "agreed with" President Park's "self-reliant national defense" policy at the

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<sup>865</sup> See *Tonga Ilbo*, 6 May 1975; *Kyŏnghyang sinmun*, 30 April 1975; see also *Kyŏnghyang sinmun*, 1 May 1975.

<sup>866</sup> For examples, see *Kyŏnghyang sinmun*, 29 March 1974; *Tonga Ilbo*, 8 October 1974; *Tonga Ilbo*, 2 November 1974; *Tonga Ilbo*, 29 May 1975; *Maeil Kyŏngje*, 2 June 1975; *Kyŏnghyang sinmun*, 28 August 1976; *Maeil kyŏngje*, 18 June 1979.

<sup>867</sup> The survey conducted at Koreatown Senior and Community Center, Inc. (KSCC; [www.laksccl.com](http://www.laksccl.com)), in Los Angeles, California, took place July-August 2015 as part of the dissertation research. Participants were selected from the age group 60 years old or older. They were all mature enough to attend schools or gain work experience by the 1970s. The design for research required sampling respondents who could recall the social situation and their personal experiences under Park.



time, 96 participants claimed “yes,” two participants claimed “no,” and two left the answer blank. The survey results also reflected how the defense tax and donations became integral parts of people’s daily lives.<sup>868</sup> On open-ended questions that asked about personal experiences with the NDD or NDT, survey participants recalled contributing through donations or taxes collected from employees at work (*i.e.*, through reductions in paychecks), from students at school, from reserve troops at trainings, and from citizens in the context of civic affairs, including village administrations, community events, social groups, and even extended family events. Twenty participants noted making donations through campaigns of the New Village Movement. Whether as a result of state mobilization or because of the prevailing national security situation, the survey confirmed that almost all Korean civilians consciously accepted the national defense tax and donations as norms and responsibilities in the 1970s. Pae Yöngil, a Vietnam War veteran and a former military adviser under Park in the 1970s, stated, “As Korean citizens were very immersed in the national security situation at the time, no one opposed the National Defense Donation. It was 100% participation.”<sup>869</sup>

The above survey and interviews, however, should not imply that the entire Korean populace genuinely and actively supported the national defense tax as a monolithic force. Compulsory taxes created real hardship imposed by a top-down process that preempted democratic consent. The state dominated social and cultural operations that mobilized sacrificial contributions, drawing on people’s fears, while also engineering media and public campaigns to shape a nationalistic environment and a ready compliance with Park’s defense aims. Even the so-called extraordinary “donations” were not necessarily freely given without social pressure to

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<sup>868</sup> Work (16) and schools (12) were noted as popular places where participants made defense donations.

<sup>869</sup> Pae Yöngil, interview with the author, 2 February 2013, Yöyido, South Korea.

make quotas for the defense budget, and in this sense, the NDD created “a double tax” on defense, as it added to the NDT. The Yusin system, as discussed in previous chapters, furthermore ensured that neither people nor the National Assembly could easily challenge this national agenda. Inevitably, impoverished people were socially and culturally pressured to give up small amounts that to them were not really “spare change,” if only to avoid shame or other reprisals for appearing “unpatriotic” or disloyal. Some participants in the aforementioned survey acknowledged financial difficulties under the defense tax. Ms. Kim (age 68), who worked in the city of Taejŏn in the 1970s, commented, “I made defense donations but not voluntarily...participated more out of obligation.”<sup>870</sup>

In personal interviews, some respondents described financial hardship and even feelings of resentment over the donations and compulsory tax system. In response to a question of whether the defense donation was voluntary, one unnamed interviewee who had attended public schools in the 1970s, stated, “We were forced to donate [at schools], and it was definitely not voluntary. Teachers would criticize me if I didn’t bring money to school for the [National Defense] donation.”<sup>871</sup> Even the poorest students were pressured to donate whatever defense donation they could afford. Mr. Pak (age 50) recalled from attending an elementary school in the same period, “We couldn’t get good marks from teachers without making defense donations, so some of the poor students had to go sell newspapers in order to donate.”<sup>872</sup> Another interviewee (age 63) claimed, “Considering the nation’s overall ‘mood’ (*punwigi*) at the time, no one could possibly oppose the National Defense Donation or National Defense Tax, especially with the

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<sup>870</sup> Ms. Kim (full name undisclosed to protect privacy), 20 July 2015, Los Angeles, California, US.

<sup>871</sup> Anonymous Korean interviewee, 20 July 2015, Los Angeles, California, US.

<sup>872</sup> Mr. Pak (full name undisclosed to protect privacy), 8 July 2013, Seoul, South Korea.

[civil] war going on and living under the National Security Law<sup>873</sup> ... anyhow, the Korea Central Intelligence Agency would take away anybody who publicly opposed it.”<sup>874</sup> From the perspective of these individuals, who can be taken as representative of others, the NDT was an oppressive instrument of government forcing money from people.

Whether through compulsion, voluntary effort, or a mixture of both, the state’s implementation of the NDT, along with the NDD, shaped the national consciousness to include Park’s vision and principles for building a self-reliant national defense. As evidenced by the survey, Korean adults in the 1970s (born before 1955), most of whom had also experienced the Korean War (1950-1953), generally cooperated with Park’s objectives and defense donation efforts in the 1970s.<sup>875</sup> Yet their cooperation in part reflected the disciplinary power of the Yusin state and its totalizing system of socialization to coopt the entire populace for Park’s defense agenda, establishing a material and cultural commitment to state programs in a compressed timeframe. The continual outpouring of civilian donations long after the NDT replaced the NDD in 1975, even through the 1980s, nevertheless suggests that the Korean populace under Park grew committed to upholding the state’s self-reliant national defense program and accepted that making contributions was a standard part of citizenship. In fact, the NDT also far outlasted Park’s death in 1979, as succeeding ROK governments extended NDT’s original expiration date of 1980 by ten more years, to 1990.<sup>876</sup> The NDT’s institutional longevity correlated with a strong

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<sup>873</sup> The National Security Law was first passed in 1948 by the Rhee Syngman regime to suppress domestic communism and any political opposition to his rule, and it was similarly employed by Park to subdue political activists.

<sup>874</sup> Mr. Kwön, 23 July 2015, Los Angeles, California, US.

<sup>875</sup> Interviews were done during my stay in South Korea from 2013-2014, and then from the Korean-American senior community in Los Angeles during the summer of 2015.

<sup>876</sup> Ch’oe, Ko, and Yi, “Han’guk pangwi sanŏp ūi 40-nyŏn paljŏn kwajŏng kwa sŏnggwa,” 81; The NDT was extended for the first time in 1979 to December 1985, then again extended in 1985 to December 1990.

awareness and concern about national security, which was mutually shared by Korean leaders and citizens, initially under Park's influence but eventually even transcended Park and his presidency. In a broad sense, then, the national defense tax institutionalized and symbolized the convergence of state military goals with a civilian sense of the need to strengthen and maintain an independent system of national security. In fact, the saliency of self-reliant national defense policy, as the impetus behind the NDT, has remained evident to the present day, reflecting the popular support that has always undergirded this institution and ideology.

### **Surveillance over Yulgok Spending**

Park was vigilant to prevent corruption or financial mismanagement in Yulgok spending. He publicly pledged his government's judicious and scrupulous use of public funding to strengthen South Korea's national security<sup>877</sup> and directly monitored the spending of NDD and NDT for Yulgok projects. Park ordered O Wŏnch'ŏl as follows: "the National Defense Donation is the people's devotion to their nation. There should not be even a cent of misuse. Make absolutely sure there is no corruption involved in it."<sup>878</sup> The Blue House records on military projects indicate that Park himself was directly involved in deciding the allocation of NDD funds, as the MND reported to him directly or indirectly via the SES for his approval.<sup>879</sup>

Park also established a multi-layered surveillance system to monitor spending. He ordered the MND to install *oin wiwŏnhoe*, or the "Five-Member Committee" (FMC from here

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<sup>877</sup> *Kyŏnghyang sinmun*, 12 November 1975.

<sup>878</sup> O, "25 cho wŏn Yulgok saŏp chinsil," 422.

<sup>879</sup> For example, on September 10<sup>th</sup> 1974, the Minister of National Defense sought Park's approval to use 656,364,750 *wŏn* (approximately US\$1.3 million) from the NDD for the Yulgok's construction of five PK speedboats. See Presidential Secretariat, Sohyŏng kosokchŏng kŏnjo rūl wihan pangwi sŏnggŭm sayong, 10 September 1974, file no. EA0004808, PANAK.

on),<sup>880</sup> as the covert and exclusive task force to run the Yulgok Operation to regulate spending for military projects, independent of either domestic or outside pressures, precluding oversight by legislators and the United States. The FMC was put under the jurisdiction of the MND and was led by the Deputy Minister of National Defense, plus four other members, including the chairman of the Joint Chiefs of Staff, the Deputy Minister for Weapon Supplies within the MND (a civilian official appointed by Park), the director of the ADD, and the president's Second Economic Secretary O Wŏnch'ŏl, who Park included as both the watchdog and the president's liaison in the FMC's decision-making processes.<sup>881</sup> Significantly, three out of these five committee members were civilian officials, as part of Park's design to increase the civilian surveillance over MND spending of NDT for Yulgok.

As an additional layer of surveillance over Yulgok spending, Park set up his own separate and independent committee within the Blue House to review the proposals of the MND for Yulgok. Park thus formed his own five-member watchdog committee in the Blue House, which came to be known as the "Blue House Five-Member Committee" (Blue House FMC; *Ch'ŏngwadae oin wiwŏnhoe*). This team oversaw and audited each of the MND's decisions and the financial management relative to Yulgok's military projects. The Blue House FMC was led by O Wŏnch'ŏl, along with four of Park's closest advisers in the Blue House: the Special

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<sup>880</sup> In July 1975, the MND's Five-Member Committee became the "Six-Member Committee," when Park added the Vice Minister of the Economic Planning Board to the original committee. In January 1978, four more members were added to constitute the "Ten-Member Committee." Then in November 1978, the committee was expanded still further and renamed the "Force Improvement Plan Promotion Committee". See O, *The Korea Story*, 30; HGKK, vol. 5, 235.

<sup>881</sup> Kim, *Korea's Development under Park Chung Hee*, 189-190; see also O, "25 cho wŏn Yulgok saŏp chinsil," 420.

Advisor for National Security, the Special Advisor for Economic Policy, the Special Secretary for Administration, and the president's First Economic Secretary.<sup>882</sup>

Therefore, all Yulgok-related policies, transactions, and purchases and all spending from the NDD and NDT came under the inspection of two committees, one led by the MND and the other in the Blue House, which together formed a dual surveillance system over Yulgok's decisions and financial management.<sup>883</sup> As Park sought to keep defense budgeting and projects completely hidden from the view of other government personnel and politicians, the small number of committee members also ensured that Yulgok's projects would proceed secretly and quickly, with minimal political interference. Park's surveillance system catered to Yulgok and bypassed the usual public processes for budget allocations or approvals through the National Assembly.<sup>884</sup> Despite the absence of formal processes to oversee the clandestine operation's use of the NDT, budget decisions were finalized under rigorous procedures of verification and regulation through the following alternative process: 1. Review by the MND's Five Member Committee; 2. Re-verification by the Blue House FMC for additional audit; and 3. Final review by President Park (via the SES reports).<sup>885</sup> SES, as the presidentially appointed overseer and intermediary of both Yulgok committees, was involved in every deliberation and meeting in the

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<sup>882</sup> O, *The Korea, Story*, 29-30.

<sup>883</sup> Kim, *Korea's Development under Park Chung Hee*, 190. According to Hyung-A Kim, above the two aforementioned Five-Member Committees, Park formed a "no-name" Five-Member Committee which included Park himself, Chief of Staff Kim Chŏngnyŏm, O Wŏnch'ŏl, the Minister of National Defense, and the director of the ADD, for surveillance of Yulgok. However, based on O's account, at least in official capacity, the Blue House and MND committees were the only two watchdogs over Yulgok. See Kim, "Heavy and Chemical Industrialization, 1973-1979: South Korea's Homeland Security Measures," Kim and Sorenson, *Reassessing the Park Chung Hee Era*, 30; see also HGKK, vol. 5, 239-240.

<sup>884</sup> Budget proposals normally went through a three-step process, which started with the Economic Planning Board (EPB)'s examination of the department making a proposal, then proceeded to the National Assembly for deliberation and approval, before finally being passed to the president for final authorization of implementation. See O, "25 cho wŏn Yulgok saŏp chinsil," 423.

<sup>885</sup> *Ibid.*

process of Yulgok decision-making. O Wŏnch'ŏl, Kim Kwangmo, or other technocrats in the SES directly reported to Park on all of Yulgok's financial plans and activities, and on the basis of their reporting Park determined whether to finally approve budgets for each project's implementation.

### **Misappropriations of NDD Funds**

In spite of oversight and surveillance, defense funds collected from the people were not completely free of scandal. Reports to President Park on the NDD mention cases in which collections were not properly delivered to the government or the MND by local authorities. Lack of strict standards and regulations allowed local governments to disguise their use of donations in the name of local security. For example, on July 26<sup>th</sup>, 1977, a report by the government inspector to President Park indicated that from 1973 to 1977, the city of Pusan had not delivered to the MND part of the defense donations collected from Pusan's residents.<sup>886</sup> In the same report, the records from Pusan's city council claimed to have used the undelivered funds to invest in strengthening the city's local security forces, such as purchasing equipment or training reserve troops. In relation to Pusan's undelivered defense donations, the report pointed out varying levels of effectiveness in regional inspection offices overseeing the NDD, and a general lack of control in the central surveillance system that failed to guarantee the full delivery of collected donations from local regions to the MND. The report recommended greater interventions by authorities of the MND and Ministry of Home Affairs in the delivery process of the defense donations to ensure the full and proper deliveries of the local donations to the MND. The newspapers also reported cases in which local authorities were sentenced either for not reporting collected

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<sup>886</sup> Presidential Secretariat, Pangwi sŏnggŭm ch'wigŭpsang ŭi munjejŏm e kwanhan pogo, 26 July 1977, file no. EA0008039, PANAK.

defense donations or for misusing the funds for personal profit and bribes acquired at the expense of local villagers and students.<sup>887</sup>

Overall, however, despite the cases involving misappropriation of funds, the fund raising institutions themselves inculcated a new social mindset in which people actively supported the causes through voluntary drives and donations for the goal of national security independence. While the compulsory defense tax might be viewed superficially as a “strong state” mobilization measure laid on the backs of a compliant tax-paying citizenry, Park’s call for a “self-reliant national defense” also instigated and evidenced a sweeping mental, cultural, and social reconfiguration of the people’s relationship with the state’s security efforts, which helped the state to draw from widespread public support for the NDD and NDT. As evidence presented in this chapter has suggested, during the Park era, as a civilian-based discourse ensued, non-state actors became agents of a defense transformation. In other words, even though it was state-initiated, *chaju kukpang* ultimately captured the hearts and imaginations of the populace and took shape as a national movement driven by the people’s own sweat, blood, and sacrifice to support South Korea’s independent defense.

#### IV. Conclusion

Yulgok epitomized the historic changes occurring through Park’s *chaju kukpang* policy: domestically manufacturing and supplying arms to the ROK military, reducing ROK reliance on imported weapons, and defying arms constraints set by US. The operation began as Park’s independent military program, in response to US failures to deliver the Nixon Doctrine’s promised aid for South Korea’s Five-Year Military Modernization Plan (1971-1976). Facing

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<sup>887</sup> See, for examples, *Kyŏngnyang sinmun*, 16 November 1976; *Kyŏngnyang sinmun*, 8 June 1976; *Tonga Ilbo*, 27 September 1976.



budget constraints, Park rallied citizens to financially contribute to military modernization, while he also called for changes in Korean attitudes and commitments, in order to achieve a self-reliant national defense. Through Park's campaign, and in reaction to the troubling international environment in the 1970s, especially the communization of Vietnam in 1975 after the US withdrawal, many Koreans came to share their government's perception of threats and urgent need for a self sufficient defense industry. With the official implementation of the NDD and NDT, Park institutionalized an independent and continuous civilian fund for Yulgok Operation, thus relegating a larger share of national defense responsibilities to Korean citizens. Contributing to what Park called a "total security system,"<sup>888</sup> in which every Korean individual participated to strengthen national security, people learned to identify citizenship with financial commitment to national defense, even while making direct sacrifices, as testimonies and historical data reveal. In the end, Korean civilian actors from all backgrounds actively participated and held a stake in the military modernization process.

Guaranteeing this process of participation and socialization was the Yusin system, through which all Koreans were compelled to adapt, internalize, and conform to the state's policies as citizens of the nation (*kungmin*), committed to fulfilling its defense goals. The disciplinary power of the Park state distinguished it from the previous regimes of Rhee Syngman and Chang Myŏn, the latter two having struggled mightily but unsuccessfully to implement effective administrative control and mobilization of society. On its surface, the Park state can be accurately described in Foucaultian "docility-utility" terms,<sup>889</sup> as people were merely subjugated and rendered compliant with state institutions such as the NDD and NDT, in service to state

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<sup>888</sup> See Park's speeches in PPCHS, vol. 5, 74-81, 141-147.

<sup>889</sup> Michel Foucault, *Discipline and Punishment: The Birth of the Prison* (New York: Vintage, 1995), 137.

policies. From this perspective, all people, whether or not they individually donated voluntarily, were coerced as victims of the same system. However, a deeper analysis of the Park era reveals that the active civilian agency cannot be so superficially explained, even in the context of Yusin. Though the Yusin system is typically seen as absolutely controlling and mobilizing passive civilians, a more nuanced view accepts the unique ways in which Park's system did not merely subjugate people but also nurtured and maximized some of the independent drives and productivity of Korean people, whether for advancing the defense industry or, more generally, for national economic growth. Yusin, for example, helped to cultivate a nationalistic culture in which many previously dictated and enforced elements were incorporated into the evolution of everyday structures and value systems, thus reshaping traditions and the natural discourse of the nation. In this sense, beyond functioning merely to extract civilian resources from the top down in service of the state, Yusin and NDT fostered extensive social, educational, and ideological shifts that promoted volunteerism and nationalistic sacrifices of the people in the service of new attitudes to support national security.

Therefore, the independent agency of civilian society cannot be completely ignored, even in the context of repression and authoritarianism. The state's disciplinary power notwithstanding, it evidently had at its disposal significant volunteerism of the people as well. In this sense, the state's mobilization cannot be explained simply in terms of top-down directives and acts of coercion. The findings of this chapter prove that more elaborate schemes and interlocking strategies were meshed like gears with a prevailing indigenous demand for an independent and sovereign system of national security. In fact, even in the midst of Park's well-chronicled violations of civil rights and draconian control over industrial labor, research findings here would suggest, some measure of consensus was formed even between the Park state and the so-called

“oppressed” people, as the civilian base served a pivotal nationalistic function in defense industrialization. Many of the perceptions that Koreans shared with Park were genuine, especially views on national security, and popular sentiment accordingly aligned with Park’s mobilization program, as it channeled the people’s active contributions through NDD and NDT to modernize the military and to build a self-reliant national defense by sacrificially and yet independently funding Yulgok. Defense donations and taxes were rapidly structured into the people’s lives and society in the 1970s, not only justified by the state but also accepted by the people as necessary responses to national threats. Yet, along with the Homeland Reserve Forces and the New Village Movement, the NDD and NDT also served as powerful mechanisms of state conscription for Park’s self-reliant national defense, in terms of both ideology and system building.

By establishing the funding for Yulgok, the Park government not only enabled industrial and technological transformations for weapon indigenization, but also accomplished a cultural and ideological transformation in the collective mindset of the entire citizenry, in order to exact needed sacrifices for the national security program. Through implementation of the NDD and NDT, the state fully engaged and mobilized civilian forces to advance a self-reliant national defense, with the result that the Korean populace served as a major unified agency in a totalizing national effort for defense industrialization. In the end, perhaps the most significant impacts of Yulgok and NDT were cultural and social rather than strictly material or military, through the influence they had on everyday Koreans themselves. The newly adopted institutions, activities, commitments and spirit of self-reliance for national defense that drove Yulgok and NDT under Park’s rule in the 1970s thus laid the groundwork for further, more observable military modernization efforts. It was through an interplay of assertive state policies and active civilian

responsiveness that South Koreans eventually came to accept and create a self-reliant national defense as a “national movement” that was state-initiated, but civilian-driven. Further, the state pushed the NDD and NDT, not only as a movement for national security, but also as a “cultural strengthening” movement, in which civilians internalized the quest for national self-reliance, motivated, or at least morally obliged, to participate as its contributors for the sake of their collective identity and survival as an independent nation-state.<sup>890</sup>

Through state directives that coalesced independent funding of the Korean populace, along with efforts of research institutes and private sector manufacturing for military modernization, Yulgok Operation indigenized conventional arms and select advanced weapon technologies. The Park state mobilization unified efforts and integrated structures of civilian funding, technological advancement, and private manufacturing to transform South Korea from a nation dependent on others for national security to a nation capable of asserting its own sovereignty on multiple levels, including geographic, national, geopolitical, and sociocultural dimensions. Through civilian mobilization, Yulgok marked a watershed South Korea’s defense system and posture, carving out a new path away from total reliance on US military aid by equipping the ROK military with domestically produced arms in the service of Park’s efforts for *chaju kukpang*.

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<sup>890</sup> Examples of other civilian strengthening movements included Park’s designation of private enterprise as the modernizers of defense industry (“business strengthening movement”), and his mobilization of peasantry and labor for rapid industrialization through New Village Movement (“work ethics strengthening movement”).

## Chapter 6 Conclusion: Reexamining the Park Chung Hee Era

In only one decade, from 1968 to 1979,<sup>891</sup> as the ROK built its own defense industry totally *ex nihilo*, South Korea's system of national security was transformed from complete reliance on US military aid to self-reliance in the production of conventional weapons. In parallel, the nation's underdeveloped economy, which was built on light industries, grew into an export-driven system of production driven mainly by heavy and chemical industries. Industrialization and economic expansion drove military modernization and *vice versa* through state centralization, direction and indoctrination, as citizens in turn gave agency to the dual development of industry and defense.

### I. Research Findings

As this study shows, the path of military modernization, though led by the state, involved a distinctively Korean interplay of polity and society. Park's totalizing drive to build a self reliant national defense led to elaborate policies and strategies (*i.e.*, HCIP, DPL, and NDT) that melded civilian desires and capabilities with Park's ideology and aims for building a military-industrial complex. The key policies scripted military-civilian cooperation and were set forth through both super-structural and infrastructural processes. The effort broadly engaged inter-state agencies and non-state actors and gained momentum from favorable external events and other forces.

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<sup>891</sup> Precedent Korean literature on the defense industry has marked 1971, the year of O Wŏnch'ŏl's promotion to the SES to lead the defense industry (HCI) and the inception of Nixon Doctrine's Five-Year Military Modernization Plan (1971-1976), as the start of Park's military modernization. However, as demonstrated in chapter 3, even prior to that point, Park had initiated a plan for civilian-based weapon production to equip the new Homeland Reserve Forces, particularly in response to the national security crisis posed by North Korea in 1968. Therefore 1968 can be taken as the start point of South Korea's development of defense industry, rather than other proposed starting points. The 1968 date can also be preferred over the date of 1966, or the previous US-backed five-year military modernization plan (1966-1971) during the Vietnam War, which had failed to modernize the ROK military (see chapter 5).

Viewed through the lenses of newly declassified documents as well as eyewitness accounts of interviewees who were participants of the period, these empirical findings should help to both enlarge and refine further examinations and interpretations of ROK military modernization in particular and the Park era in general.

### **Complex Policies and Strategies of Mobilization**

Conventional models of capitalistic development<sup>892</sup> lack explanatory force to elucidate the rich interplay of strategy, policy, and implementation that mobilized South Korea for defense industrialization through civilian investment and know how. Furthermore, in previous work, the role of the HCIP has not been completely elaborated due to limited evidence. Pioneering studies, drawing mainly from testimonies of Park's former policymakers and US archives, have expanded awareness as to how HCI functioned not only economically but also politically through supporting Park's national security agenda.<sup>893</sup> However, given the extreme secrecy surrounding Park's military program and the consequent scarcity of relevant data, the literature has yet to explain the intricacies of HCI and military modernization, especially through the mobilization of civilian support for this overarching project. Therefore, the nationwide cohesion, integration, and collaboration that launched the defense industry in concert with other

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<sup>892</sup> Many studies of Korean economic development have used a "developmental state" or "strong state" model to explain Park's rapid industrialization of the 1960s and 1970s. Neoclassical "free market" theorists have also argued that Newly Industrialized Economies (NIEs) like South Korea experienced economic growth by adopting a US-style free market, with limited state regulation of the private sector or international trade. However, the HCI and state-guided development were diametrically opposed to the neo-classical free market approach. See James Petras and Po-Keung Hui, "State and Development in Korea and Taiwan," *Studies in Political Economy* 34 (Spring 1991), 180.

<sup>893</sup> It was not until 1996, with the publication of the 5<sup>th</sup> volume of O Wŏnch'ŏl's memoirs that HCI's connection with defense industry development became public knowledge. Since then, only a few scholars have further examined the HCI in conjunction with Park's defense industry programs. See the discussion on Hyung-A Kim's 2004 work in chapter 1.

modernization programs have not been fully incorporated into the narrative of Korean development in this period.

The new Korean documents reveal how HCI operated within Park's grand strategy to build a defense industry. Under the cover of HCI, military (MND) and civilian industries collaborated through a government led effort that drew on the entrepreneurial ethos of private manufacturers<sup>894</sup> and the productivity of existing facilities and human resources to build an infrastructure for mass producing weapons. Laws were written (*i.e.*, DPL) and institutions were created (*i.e.*, NDD, NDT) to mobilize businesses and civilians, and the new policies stirred a mixture of industrialization, export-oriented economic growth, and technological progress. While Park's presidential guidance system (or, the Yusin system) continually advanced and enforced his agenda in all military industrial activities, civilian manufacturers drove the effort to its ultimate fruition. Under Yusin, state- and non-state actors, public and private sectors, and military and civilian efforts were united in an unprecedented thrust to establish a "total security system" (*ch'ongnyŏk anbo ch'eje*). The state-led command and control system backed the HCI drive for defense industrialization, and indeed, Yusin (1972-1979) was instituted for this very purpose.<sup>895</sup> Beyond generally accepted but limited characterizations of the Park state which fit only vaguely into a "strong state" model, a more thorough analysis should begin to describe *exactly how* the state was strong and by what particular means the system worked to mobilize the civilian masses for modernization projects. This more detailed version of the story, based on new

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<sup>894</sup> At the same time, state campaigns under HCI, such as the Factory New Village Movement, inculcated nationalistic principles that shaped the character of businesses and labor in defense industries. See chapter 4.

<sup>895</sup> Through industrial and defense policies from 1968-1972, in response to international threats, Park launched comprehensive defense industry development programs. See chapters 2 and 3.

evidence, should also correct more generally accepted but erroneous views that otherwise merely superimpose a “strong state” model to explain outcomes.

A more comprehensive analysis of the military-civilian dynamics at play would probe the depth to which both infrastructural (*i.e.*, industrial and technical) and super-structural (*i.e.*, ideological and cultural)<sup>896</sup> processes influenced Korean civilians, businesses, and institutions. Through state policies, national industries were reorganized and investments were made in technology and the training of a workforce required for a modernized defense industry, while businesses were mobilized to produce weapon parts and hardware. At the same time, state propaganda tapped historical and contemporaneous structures of people’s lives to motivate them to follow the government’s vision. The latter super-structural processes constantly accompanied the former infrastructural transformations. For example, Park’s ideological programming targeted civilian transformation through the Factory New Village Movement and educational reforms, both of which supported policies of HCI and the defense industry. Likewise, select businesses were groomed as government-contracted weapon producers, through conversions in corporate structures and ideologies.<sup>897</sup> Through fundamental changes in the collective national

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<sup>896</sup> This comports with Antonio Gramsci’s view, who conceptualized the base (infrastructure) and superstructure to have a “dialectical” or “reflexive” relationship.” Whereas Karl Marx’s interpretation of the relationship between the economic ‘base’ and the ‘cultural superstructure’ emphasizes the supremacy of the base over the superstructure and the superstructure as a mere reflection of socioeconomic organization, Gramsci’s revised view of Marx treats the base and superstructure as mutually and equally impacting each other, with neither force assumed to be the primary determinant over the other. The cultural leadership, or the ruling class and the sanctioned state leadership, consolidating an “ideological bloc” and consent by the led, would influence the economic base and its viability. The state and its ruling class would have to promote acceptance of its ideas and agendas among the masses, or the civil society. Gramsci has emphasized the importance of the superstructure in maintaining the relations of the base. Along similar lines it is possible to see the playing out of a dialectical relationship between super-structural and structural (base/infrastructure) developments in the ‘self-reliant national defense’ movement. The Park state’s “cultural leadership” spread ideas for the populace and expanded a consensus base in civil society that propelled defense modernization. See Jones, *Antonio Gramsci*, 34; Morera, *Gramsci’s Historicism*, 164; see also Gramsci, *Prison Notebooks: Volume I*, 137.

<sup>897</sup> Nationalistic sayings and ideals such as “*chaju kukpang*,” “*choguk kŭndaehwa*” (“modernization of fatherland”), “*kukt’o chaegŏn*” (“reconstruction of the homeland”), and “*saŏp poguk*” (“Through Business, Repay the Nation”) were captured in the vision statements of entrepreneurs and *chaebŏl* corporations and were ingrained in the mindsets



consciousness, South Korea's self-reliant national defense advanced through cultural and ideological movement as much as it did through the evolution of industrial and technological capacities for arms production.

### Contributing Forces and Events

Policymaking authority was vested in a small number of Park's top technocrats, in a structure and style of development that has been critiqued as elitist and limited. However, the most recent evidence enhances the view to display how state policies and programs were managed and further propelled by inter-state and non-state agencies. While the Second Economic Secretariat (SES) acted as the main strategist and enforcer of Park's goals, coordinating ministries (*i.e.*, MND and MCI) were restructured and new inter-ministerial organizations (*i.e.*, the DIB and KDIA) were installed to support state policies for civilian-based arms production. Reformed agencies then mobilized the research sector (*i.e.*, the ADD, KIST, KAERI), the military (*i.e.*, JCS, Army, Navy), the private sector, the industrial workforce and infrastructure for weapons indigenization. The ADD, the central institute of weapons R&D, distributed advanced weapon technologies to civilian industries and promoted domestic technological growth. Complying with Blue House orders and collaborating with ADD, large Korean corporations also worked at the forefront to indigenize foreign technologies and technical skills for weapon production.<sup>898</sup> Select *chaebŏl* leaders, who were chosen and cajoled by Park but also driven by profit incentives, fulfilled defense assignments by taking high risks, investing

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of workers. For example, Yi Pyŏngch'ŏl of Samsung was well known for adopting *saŏp poguk* as one of Samsung's signature slogans from the mid-1970s. See *Maeil kyŏngje*, 10 October 1977; *Kyŏnghyang sinmun*, 24 July 1976.

<sup>898</sup> From 1974 to 1979, ADD's procurement deals with foreign arms manufacturers closely adhered to Park's indigenization priorities, as the ADD demanded transfers of original weapon technologies and technical assistance, rather than sales of final products. See, for examples, Presidential Secretariat, F-16 chŏnt'ugi hwakpo, 12 December 1977, file no. EA0004916, PANAK; *idem*, Chŏnch'a ch'ŏlgangpum saengsan, 7 July 1975, file no. EA0004848.

in R&D, and negotiating to acquire foreign technical aid.<sup>899</sup> Participants included not only public agencies and business leaders but all types of citizens, as all Koreans got involved and held a stake, including otherwise disenfranchised groups such as labor and women. Their input was essential to funding Yulgok Operation, in accord with the way Park intended South Korea's self-reliant national defense to develop culturally, structurally, and practically as a national project.<sup>900</sup>

Beyond private sector and other civilian forces, "external" forces contributed to the burgeoning military-industrial movement. Park cited national security as his reason for declaring Yusin reform. Provocations by North Korea and the decline in US security commitments elicited public support for the president's radical call to self-reliant national defense through indigenized arms production (*mugi kuksanhwa*). Tensions over US arms restrictions further stirred Park's efforts to procure advanced weapons under Yulgok. Yet another external force was felt from further back in history. Japan, a former colonizer of Korea, having already achieved export-led heavy and chemical industrialization, served as a model for SES technocrats who sought to use HCI as a means to developing an export-oriented national economy.<sup>901</sup> Observing all of the

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<sup>899</sup> Aside from Kim Chonghŭi of Hanwha, Park's chief implementers in defense included, among others, Chŏng Chuyŏng of Hyundai, Kim Ujung of Daewoo, Moon Sŏngkyun of Tongil Heavy Industries Co., and Cho Chunghun of Hanjin. In Park's plan to acquire nuclear power, Chŏng Inyŏng of the Halla Corporation (later Doosan Heavy Industries) played a crucial role negotiating transfers of advanced nuclear facilities from Germany to South Korea.

<sup>900</sup> Although the state mobilized a broad range of civilian groups and professions to participate in South Korea's defense industrialization, the focus of this dissertation is defense businesses and workforce (chapter 4) and civilian donators and taxpayers (chapter 5) as specific participants in either the constructing or funding of the defense industry. It is hoped that the finding of this research would inspire future analysis of civilian groups besides the ones observed here.

<sup>901</sup> In drafting *Kaep'yŏnnon*, as mentioned in chapter 3, SES technocrats adopted some key features of Japan's heavy and chemical industrialization from 1957 and 1967, particularly in export-oriented economic policy, skilled labor, and technology-intensive industries. See *Kaep'yŏnnon*, 7-8, 12-13, 19, 29. O Wŏnch'ŏl, briefing President Park in 1972, referred to the Japanese Prime Minister Tanaka Gakuei's 1972 publication, *Nippon retto kaizo ron* (日本列島改造論; A Theory of Japan's Reconstruction), in his effort to convince Park that South Korea needed to learn from Japan's experience with HCI and transition from labor-intensive light industries to more knowledge-based heavy industries. According to Kim Kwangmo, the HCI Planning Corps also studied Japan's *Shin chōki keizai keikaku* (新長期經濟計劃; A New Long-Term Economic Plan), which contained industrial policies for Japan's HCI development in the 1950s and 1960s. However, South Korea's focus on "defense industry" development, distinguished its HCI model from that of Japan (see chapter 3). See Kim Kwangmo, "Such'ul 100-ŏkpul mokp'yo rŭl

external forces at work requires viewing the defense industry within the larger frame of national and international contexts, opening the aperture to a deeper depth of field to grasp the remarkable synchronization of spatially discrete systems.

While taking a deeper look, future researchers will also need to peer beyond the perspectives of the mere handful of typically cited policymakers, if government roles and functions are to be treated with more complexity than has been appreciated by exclusively developmental state theories. While early data offered by technocrats has introduced distinct aspects of the Park-era development as compared with more conventional state models of development, a lopsided focus on the input of these same technocrats has reduced entire state processes to the works of an “elite state bureaucracy.”<sup>902</sup> As one correction to this limited vantage point, O Wŏnch’ŏl’s role in fulfilling the aims of Park’s military modernization through HCI should be set in proper proportion, notwithstanding O’s significant personal influence and contributions. Although Park’s industrial policymaking was certainly concentrated among only a small number of advisers, most studies of the defense industry have treated plans and outcomes as solely O’s doing, delimiting the significance of other players.<sup>903</sup> For example, even the SES is

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chogi talsŏng han Chunghwahak kongŏphwa chŏngch’aek,” 46; idem, *Han ’guk ŭi sanŏp paljŏn kwa chunghwahak kongŏphwa chŏngch’aek*, 207-209; HGKK, vol. 7, 464-468; Nishino, “Han ’guk ŭi sanŏp chŏngch’aek pyŏnhwa wa ilbon ŭro put’ŏ ŭi haksŭp, 1960-1970 nyŏndae rŭl chungsim ŭro,” 220; idem, “Ilbon model esŏ Han’gukchŏk hyŏksin ŭro,” 204-205.

<sup>902</sup> Classic works on East Asian developmental states have stressed the “elite state bureaucracy” (Johnson, 1982), consisting of a super agency of few developmental elites who strategized the state-led economic growth. Following this model, pertinent Korean works, in explaining Park’s development of Korea, have subsumed the state role almost entirely under the actions of either a particular elite agency (*i.e.*, EPB, MCI) or elite bureaucrats (*i.e.*, technocrats). In Korea’s case, the HCI Corps, also known as MCI technocrats, is seen as fulfilling this role of “pilot agency” (Wade, 1990) in the Park state’s economic growth (Kim, 2004). See also Atul Kohli, *State-Directed Development: Political Power and Industrialization in the Global Periphery* (New York: Cambridge University Press, 2004); Chalmers Johnson, “The Developmental State: Odyssey of a Concept,” in Meredith Woo-Cumings, ed., *The Developmental State* (Ithaca, NY: Cornell University Press, 1999), 32–59; see also Kim, *Korea’s Development under Park Chung Hee*, 177.

<sup>903</sup> In Volume 5 of his seven-book memoir, *Han’gukhyŏng kyŏngje kŏnsŏl: Enjiniŏring ŏpŭroch’i* (Korean-Style Economic Construction: Engineering Approach), O Wŏnch’ŏl mainly attributes defense industry development to his independent policies as the president’s Second Economic Secretary from 1971 to 1979. Based on O’s memoirs, a

synonymous with O Wŏnch'ŏl himself, as other technocrats under O have seldom been recognized in the literature.<sup>904</sup> While the records cited throughout this dissertation do corroborate the idea that O served as Park's chief planner of HCI and the defense industry, the same materials also bring to light various other influences on these processes, including individual actors, along with collective ministries, research institutes, corporations, and civilian society.

Kim Kwangmo, O's top assistant for HCI and defense industry planning, played a part that merits much further attention.<sup>905</sup> In interviews, offering a valuable insider's view of the HCIP and Yusin, Kim has made personal observations about his own impact on the HCIP and on Yusin's connection with the defense industry. In many ways, in fact, his accounts have a ring of truth that at times challenge O's many representations that credit him alone for achieving Park's agenda for HCI and defense. Furthermore, beyond HCI policymaking, Kim also served as the main intermediary between Park and the MND during Yulgok's development, directly reporting to Park on military projects, and even making policy recommendations for specific weapons.<sup>906</sup>

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number of recent scholarly works on the HCI and defense industry have almost exclusively referred to O's policies in explaining South Korea's military modernization under Park. See Kim Chin'gi, "Han'guk pangwi sanŏp ūi paljŏn chŏllyak e taehan yŏn'gu–Pak Chŏnghŭi sidae ūi pangwi sanŏp ūl chungshim ūro," *Kukka chŏllyak* 14, no. 1 (2008), 95-121; Chŏng Kwangmin, *Kim Ilsŏng kwa Pak Chŏnghŭi ūi kyŏngje chŏnchaeng* (Sŏul: Kkorea, 2012); and Horikane, 369-397.

<sup>904</sup> Aside from O, Kim Chŏngnyŏm, Park's Chief of Staff, is the only other MCI technocrat whose role as Park's principal economic policymaker is recognized.

<sup>905</sup> The roles of Kim and other technocrats of the SES have long been overshadowed by O, whose accounts describe only his own role as the head of SES in the origins and planning of HCIP, with very little reference to other contributors. See, for example, O, *The Korea Story*, 135, 246-255; The singularity given to O partly results from the Korean hierarchical system, in which the superior (or boss) often takes sole credit for the subordinates' contributions. In addition, the roles of other technocrats were shrouded by the intense secrecy surrounding the SES-led weapons development programs.

<sup>906</sup> Interviews and Presidential Archives pertaining to SES policies have uncovered how oversight of military projects was generally compartmentalized between three SES technocrats – O Wŏnch'ŏl, Kim Kwangmo, and Yi Sŏkp'yo (until his death in 1977) – all three of whom directly reported to Park on the progress of their respective assignments, often with hand-written memos. See, for examples, Presidential Secretariat, "Changgapch'a saengsan ch'uljang kyŏlgwa pogo," 20 July 1976, file no. EA0004886, PANAK; idem, Kuksanp'o wa kunwŏnp'o ūi pigyo pogo, 22 November 1977, file no. EA0004915; idem, Chŏnch'a saengsan e taehan chisi, 7 July 1975, file no. EA0000230; idem, T'uksu t'an'yak mit sije pyŏnggi sisa kyŏlgwa pogo, 1 November 1975, file no. EA0004860; idem,

In fact, Kim's activities, as recorded in presidential documents, prove that Yulgok was not merely a narrowly-defined banned weapons program,<sup>907</sup> but rather was varied and compartmentalized according to two broad categories: (1) Park's top clandestine programs (*i.e.*, nuclear arms, precision missile, and Korean-model guns) exclusively developed by elite ADD and KAERI scientists under the direction of O Wŏnch'ŏl and Kim<sup>908</sup>; and (2) the combat reinforcement operation, also classified but a more traditional military project led by the MND's "Force Improvement Plan."<sup>909</sup> The latter involved ADD-*chaebŏl* collaborations in heavy artillery, tanks, jeeps, ball powder, armored vehicles, and fighter jets, among others, all produced under the watch of Kim Kwangmo and other technocrats, including Yi Sŏkp'yo, O's secretary for the defense industry. For Yulgok's more conventional weapon projects under the "Force

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Panggong yudot'an kaejo saŏp kyehoek, 15 February 1973, file no. EA0004655; *idem*, F-16 chŏnt'ugi hwakpo, 12 December 1977, file no. EA0004916; *idem*, Kunsu simŭihoe ŭigyŏl sahang pogo, 12 November 1975, file no. EA0004861; *idem*, Hwap'o ilgwan saengsan kongjang kŏnsŏl, 6 May 1975. EA0000226; see also Kim Kwangmo, interview by author, 15 April 2013.

<sup>907</sup> Today, Yulgok of the 1970s is mostly known for its association with Park's controversial banned weapons programs, such as the nuclear arms and long-range missile developments.

<sup>908</sup> Kim Kwangmo was especially involved in precision missile development, including overseeing the construction of the ADD's missile factory in Taejŏn. The Korean-model guns and nuclear arms were other projects developed completely under the government jurisdiction. While a few corporations assisted in the construction of facilities or basic parts for top clandestine weapons, government research institutes had exclusive charge over developing the key weapon components and technologies. See KKYS, vol. 1, 138; Presidential Secretariat, Taejŏnch'ang p'ungdong sisŏl chiyŏn silt'ae ch'ŏppo e taehan kŏmt'o pogo, 22 November 1977, file no. EA0004914, PANAK; *idem*, Han'gukhyŏng-A sŏlgye, 21 September 1972, file no. EA0004622, PANAK; see also O, Tongnyong. "1972 nyŏn O Wŏnch'ŏl kyŏngje susŏk i chaksŏng, pogo han haek mugi kaebal ŭi masŭt'ŏ p'ŭllaen," 190-199.

<sup>909</sup> Whereas the top-secret component of Yulgok was initiated by Park's special order to O Wŏnch'ŏl to develop missiles and nuclear arms in 1971, the "combat reinforcement" component of Yulgok was developed as a result of Park's emergency order for the MND's quick modernization of basic arms used by Paengnyŏng Island's security forces in February 1974 (see chapter 5). For example, Yulgok's combat reinforcement plan, aside from weapons development, even included the training programs of professional military officers as well as construction of military facilities and apartment buildings. See, for examples, Kukpangbu, *Kukpangsa* 4, 265; Presidential Secretariat, Pangwi sŏnggŭm e ŭihan yŏnggwan ap'at'ŭ mit toksin changgyo sukso kongsa wallyo kyŏlgwa pogo, 23 October 1974, file no. EA0004810, PANAK; see also O, "25 cho wŏn Yulgok saŏp chinsil," 414-415.

Improvement Plan,” since development was aided by US Technological Data Packages, US policymakers certainly were aware of their existence.<sup>910</sup>

Besides other technocrats, President Park himself also played a decisive role in defense industrialization, both before and after O’s rise in 1971. The findings of this research confirm Park’s multifaceted role as the commander in chief over defense industry development. The declassified presidential documents and participant observers who granted interviews for the present study all attest Park’s direct influence on policy directives, mobilization of citizens, procurement of technologies, advances in technical skills, and upgrades in facilities, all as part of the development of domestic weapon capabilities.<sup>911</sup> SES technocrats regularly reported to Park on military projects and procurement deals, and the final decisions on execution or purchases required Park’s personal approval for implementation. Park often delivered his own instructions for improving the projects of Yulgok or for pushing the completion of weapons. The many particular ways that Park held sway should be examined as historiography on this era is updated with reference to all extant evidence.

### **Civilian Agency under Park**

Beyond acknowledging the influence of Park and other technocrats in addition to O, still further collective ideas and actions should be represented in future assessments of defense industrialization in the period. The new evidence on military modernization reveals some of the non-state actors and processes that contributed in ways that have not yet been fully explained.

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<sup>910</sup> Park’s weapon projects under Yulgok, including the construction of a ball powder factory and an M-16 factory, production of howitzers, mortars, Vulcan, rocket launchers, grenades, landmines, patrol boats, armored helicopters, and the upgrade of M-48 tanks, along with modification of US surface-to-surface missiles, were all aided by the TDPs from the US and contracts with American defense manufacturers. See CIR, 78; see also Moon, “The Political Economy of Defense Industrialization in South Korea,” 457.

<sup>911</sup> See chapter 5 on Yulgok; Kim Chŏngnyŏm, interview by author, 5 April 2013; Kim Kwangmo, interview by author, 22 April 2013.

While statecraft marshaled civilian backing, many aspects of mobilization involved voluntary, patriotic, and profit-driven support by a broad base of citizens. As government policies expanded social, industrial, and cultural ties with Korean society,<sup>912</sup> traditional barriers between public and private structures were dissolved to some degree, and programs and opportunities to strengthen non-state actors were offered in the service of both the state's and the people's interests. Civilian agency thus came to the fore with an authentic grassroots sense of civic responsibility for building the independent national defense. As the common stakeholders in strengthening national defense, civilian activism for better protection and security interlocked with the state campaign for *chaju kukpang*. Although state-initiated, then, *chaju kukpang* ultimately took shape as a national movement to support South Korea's independent defense.

Park's SES technocrats similarly planned a "government led, civilian implemented"<sup>913</sup> strategy for weapon production, as the state formulated HCI policies to support a defense industry, but civilian manufacturers put the plans into action. Therefore, success ultimately depended on motivated businesses contributing to defense industrialization. Contractors were neither purely passive nor absolutely active; but rather, their engagement was complex and varied, as Park not only conscripted and disciplined his corporate partners but also incentivized their willing loyalty to the state's projects. As seen in the case of Hanwha, beyond merely subjugating the *chaebŏl*, the state offered profitable ventures, while continuously defining the company's boundaries as well. Future historiography should distinguish between cooptation by the government through propaganda versus genuine enthusiasm and commitment shown by the business sector and the general public. At times, even coercion seems to have been accepted as

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<sup>912</sup> Such as the National Charter on Education (1968), New Village Movement (1970), and National Defense Tax (1975), or the state's programs to develop the industrial workforce.

<sup>913</sup> Kim Kwangmo, interview by author, 22 April 2013.

justifiable to the civilian base, in view of the perceived urgency of national security. Coercion and consent worked in a dialogical and self-fulfilling process that merits attention in subsequent research.<sup>914</sup>

## **II. Broader Implications**

Park's comprehensive defense plans mixed with nearly all political, economic, and social policies and institutions during South Korea's rapid development and modernization. The synergic result was more than the sum of its parts, a security movement that transcended the military and drove industrial, technological, economic, social and cultural development. In this regard, studying the defense industry offers a prism through which otherwise polarized historical narratives can be refracted to allow for more insight into the full spectrum of dynamics that were at work.

### **Re-interpreting the Park State's Relationship with Civil Society**

The primary source data now available displays broad, complex, and nuanced processes at work in the state-society relationship throughout the course of defense industrialization. Although the state was often coercive, state activities and societal behavior were also closely interconnected and interdependent. At least one observation that deserves more appreciation suggests that while the Park regime used force to govern, it also showed restraint as needed to achieve its ultimate ends by working "with rather than against non-state actors."<sup>915</sup> In this view,

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<sup>914</sup> See also Esteve Morera, *Gramsci's Historicism: A Realist Interpretation* (London and New York: Routledge, 1990), 164; Hamm, *Arming the Two Koreas*, 7, 29.

<sup>915</sup> Stein Ringer, Huck-Ju Kwon, Ilcheong Yi, Taekyoon Kim, and Jooha Lee, *The Korean State and Social Policy: How South Korea Lifted Itself from Poverty and Dictatorship to Affluence and Democracy* (New York, NY: Oxford University Press, 2011), 103, 106.



Korean modernization grew out of state practices that differed sharply in their two manifestations. While in dispensing force it was self-sufficient and reliant only on the apparatus of state under its own command, in dispensing governance it was dependent on non-state actors. In the exercise of force it could *command* obedience, but in governance it had to *ask* for compliance.<sup>916</sup>

A refined narrative of defense industry development would therefore assess how often and how extensively state policies and goals connected with the larger societal concerns and popular sentiments.

While the Korean citizenry under Park has often been regarded as weak and overpowered by a strong state,<sup>917</sup> less has been said about the ways that the state joined civilian ideological and material interests with state goals. Through bureaucratic expansion and penetration into embedded social and cultural structures, as well as through Park's articulation of national concerns, state programs constantly connected and negotiated with citizens, who in turn became active agents in national modernization. For observers who would charge Park with hindering democratization, the fuzzy line between society at large and state intervention in public affairs was tantamount to suppression of Korean civil society.<sup>918</sup> A more nuanced argument, however, would suggest that even a large part of a Korean *strong* society yearned above all for safety and deliverance from poverty. This portion, being persuaded by Park's offering of clear vision and

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<sup>916</sup> Ringer, Kwon, Yi, Kim, and Lee, *The Korean State and Social Policy*, 108.

<sup>917</sup> Recent works have increasingly challenged the "Weak Society" model under Park, including Nam Hwa-sook, Paul Chang, and Lew Seok-Choon. See Paul Chang, *Protest Dialectics: State Repression and South Korea's Democracy Movement* (Stanford University Press 2015); Lew Seok-Choon, *The Korean Economic Developmental Path: Confucian Tradition, Affective Network* (New York: Palgrave MacMillan, 2013); see also Nam Hwa-sook, *Building Ships, Building a Nation: Korea's Democratic Unionism under Park Chung Hee* (Seattle: University of Washington Press, 2009); For example, Lew directly challenges the traditional "Strong State, Weak Society" depiction of the Park era with his own "Strong State, Strong Society" theory. See Lew and Wang Hye Suk, "Generalized Reciprocity between Strong State and Strong Society: Park Chung Hee and the Korean Developmental Path," in Lew, *The Korean Economic Developmental Path*, 119-140.

<sup>918</sup> In more liberal terms, vitality in civil society is presumed to be achieved and maintained only when the public arena operates completely autonomously, apart from state control and all "corporatist models of state management." See Ammon Cheskin and Luke March, "State-society relations in contemporary Russia: new forms of political and social contention," *East European Politics* 31, no. 3 (2015), 262-263, accessed on February 23, 2016, <http://dx.doi.org/10.1080/21599165.2015.1063487>.

plans for security and economic development, *adapted itself* to the state's response to perceived threats.

Notwithstanding this willing agency of the people, various segments of the populace certainly struggled against the government, and this dynamic was one of the defining features of the era that still polarizes Park's complicated legacy today. When the political system violated civil liberties, a stronger and more socially conscious demand for democracy was expressed through organized protests to demand social welfare, labor rights, and equitable income distribution.<sup>919</sup> This resistance was certainly part of the discourse whenever non-state actors functioned as agents of national modernization, development, and democratization. Nevertheless, Park did not simply oppress. He also skillfully built coalitions with a broad spectrum of Korean people, as his policies not only served regime politics, but also flexed in practical responses to expressed needs and desires of the larger society. While the state certainly coerced and exploited the private sector and workforce, applying harsh correctives to expedite national development while refusing democratic rights, Park also consistently applied principles of civilian ownership to stimulate the key groups that would further the modernization agenda.<sup>920</sup> Even amid heavy government regulation, Park infused HCI with elements of privatization that fostered the emergence of a strong private enterprise,<sup>921</sup> a widely valued norm of civil society.<sup>922</sup> The state

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<sup>919</sup> James Palais observes, "one of the factors in the development of democracy in South Korea that has not been adequately appreciated is the importance of the *struggle* both against dictatorship and for democracy and human rights that took place from 1945 to 1987 [*italics mine*]." See Palais, *Reassessing the Park Chung Hee Era*, p. 109.

<sup>920</sup> For example, the DPL (1973) expanded state and presidential powers to intervene in the civilian sector, but it also established legal, political, and financial frameworks to support civilian businesses.

<sup>921</sup> Despite the Park state's heavy-handed government direction of civilian industries, the HCI Corps' long-term plan was for Korean contractors to eventually function independently, growing without assistance. See HCI Promotion Council, *Heavy and Chemical Industrialization* (1976), 9-10; O, *Pak Chŏnghŭi nŭn ōttŏtke kyŏngje kangguk mandŭrŏnna*, 158-159; see also O, *The Korea Story*, 178.

<sup>922</sup> Jean L. Cohen and Andrew Arato, *Civil Society and Political Theory* (Cambridge, MA: The MIT Press, 1994), xiii.

could behave in a highly centralized and exclusive manner, yet also could act in ways that were remarkably inclusive, by embracing and incorporating the strengths of diverse actors and social groups in a constructive relationship. The state's openness to work with and manage complex and opposing forces was reflected in the breadth and diversity of the participants that were drawn into the self-reliant national defense movement.

This general assessment resonates with the conclusions reached by Im Chihyŏn, Hwang Pyŏngju and Na Inho, who resist portrayals of the Park era as “a binary opposition of [state] domination versus [people's] resistance.”<sup>923</sup> Blurring distinctions between the state and society, Im and his colleagues observe people's apparent consent and support throughout Park's mobilization and modernization efforts.<sup>924</sup> In this view, defense industry development during the Park era offers an historical instance in which a large number of Koreans banded together as “national citizens,” or *kungmin*, transcending distinctions of social class, politics, gender, and region, to support the state's mission to strengthen national security.<sup>925</sup> To the extent that the state did dominate, it succeeded only insofar as it was able to create and organize broad blocs of

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<sup>923</sup> Hwang Byeong-ju, “Ruling discourse and mass politics of PCH regime,” *The Review of Korean Studies* 12, no. 3 (September 2009), 12

<sup>924</sup> As mentioned in chapter 1, these scholars' re-interpretation of the Park regime's relationship with the people were informed by Antonio Gramsci's view on hegemony. Gramsci illustrates hegemony, which he defines as “government with permanently organized consent,” as a dynamic and ongoing process, where the consent for hegemony needs to be won first and continually renewed within the civil society. The ruling class (and the state) must form a basis of broader consent in civil society and maintain it in support of the government leadership. The popular ideas spread by the cultural leadership, or the state and its ruling class, in order to consolidate the “ideological bloc,” and the consent by the led, influence the nation's economic base and its viability. According to Gramsci, then, whether the ruling groups “govern with a good degree of *consent* from the people they rule, and the maintenance of that consent is dependent upon an incessant repositioning of the relationship between rulers and ruled.” See Antonio Gramsci, *Prison Notebooks: Volume I*. (New York: Columbia University Press, 1992); Morera, *Gramsci's Historicism*, 164; Jones, *Antonio Gramsci*, 3.

<sup>925</sup> See Hwang, “The Ruling Discourse and Mass Politics of the Park Chung Hee Regime,” 12, 37; Moon, “Mechanism of Mass Mobilization and Creating State Citizens,” 312-313; see also the results of a national survey published by *Maeil Kyŏngje* newspaper, March 24<sup>th</sup>, 1976.

consenting civilians that allowed the Park regime to maintain power, mobilize, and enforce new goals.<sup>926</sup> As Hwang Pyŏngju puts it,

The developmental mobilization from the top was intimately conjoined with the *desire* of a great number of Koreans. The state unified and collectivized with its own code the dispersed desires of its citizens. As such, Park's regime was not only the politics of repression but *of desire* [italics mine].<sup>927</sup>

That is, state policies and people's desires were not mutually exclusive, particularly where national security was concerned. Furthermore, when state and civilian interests and goals dovetailed, they formed powerful synergies that propelled state projects.<sup>928</sup>

While resonating with the above conclusions, the argument set forth by the present study would go further to distinguish South Korea's case from either generic narratives (*i.e.*, theoretical models) of state-society relations or particular courses taken by other nations. Hwang and Im Chihyŏn have arrived at their conclusions by looking at Park's relations with society through a theoretical framework of mass dictatorship, a view which has also been tinted by foreign studies of European dictatorships. This shaded window of observation captures certain frequencies of reality, but pulls out of focus significant characteristics, variations, and contexts of South Korea's particular experience. Without debunking Hwang and Im Chihyŏn, the findings here offer more specifics from observable primary sources. As more primary sources become available, supportive evidence of particular indigenous data should even more directly describe real people's unique experiences under Park. This approach should be preferred to that of deducing on the basis of an overarching theory of what people's experiences might have been.

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<sup>926</sup> Jones, *Antonio Gramsci*, 3.

<sup>927</sup> Hwang, "The Ruling Discourse and Mass Politics of the Park Chung Hee Regime," 12.

<sup>928</sup> See also Lew and Wang, "Generalized Reciprocity between Strong State and Strong Society: Park Chung Hee and the Korean Developmental Path," 119.

## Reviewing Economic Development and Modernization

South Korea's highly accelerated economic growth and modernization in the 1960s and 1970s opened the way for the "Miracle on the Han River."<sup>929</sup> As the particulars of this story come into focus, the anatomy of the ruling polity is magnified. Under distinct Blue House auspices, Park's technocrats created daring and aggressive strategies for indigenous weapon production and implemented HCI to overcome an initial lack of capital and infrastructure. Any opposition to HCI was subverted by the presidential guidance system, through which Park directly pressured all relevant bureaucratic, corporate, and civilian actors to fulfill defense industrialization. As Park infused policy making and civilian arenas with his direct influence, while constantly bolstering HCI and defense industrialization, the power train of the whole system was as much ideological and cultural as it was economic and industrial.<sup>930</sup> Through this uniquely "inspired" process, domestic infrastructure was quickly upgraded, the workforce was trained, civilian experience was transformed, and resources were extracted, all for the maximal productivity and rapid modernization of an arms production system.

While some traits of South Korea's economic development are correlated with developmental state model,<sup>931</sup> the internal strategies and designs of the ROK primarily correspond to a very distinct pathway. The industrial revolution of the 1970s was induced by a

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<sup>929</sup> "Miracle on the Han River" refers to South Korea's postwar, export-oriented economic growth from the 1960s to 1990s, as the country became a global economic powerhouse.

<sup>930</sup> Given a scholarly preoccupation with social, economic, and political dynamics of the Park era, and the tendency of historiographies to focus on rapid structural changes under Park and US (*i.e.*, industrial and economic development), research on this period has often implicitly undermined the significance of non-structural factors that swayed the history of modern Korea, including indigenous cultural, religious, and ideological characteristics. Strict adherence to a structural and policy-oriented analysis prevents any more comprehensive observation of how the state engaged with the existing indigenous culture, populist ideology and sentiments, and the influences of the Korean populace and larger society.

<sup>931</sup> In terms of similarities, along with other East Asian NICs from the 1960s to the 1990s, Korea's development was a state-guided system with market conformity achieved through intervention and was based on depoliticized economic policymaking to engineer rapid growth.

president-guided military modernization program that incorporated idiosyncratic processes in ways that were without historical precedent. Insured by the Yusin state, Park's program nonetheless required the substantial support that was offered through civilian agency, from very local to national levels of societal processes, with active and vigorous citizen participation throughout the course of the development. Furthermore, the way that Korea's economic growth was so closely intertwined with its defense industry development makes South Korea's path anomalous to prevailing models of development. A proper retelling of this story should help to deconstruct previously accepted theories and models that up to now have only partially explained development under Park's presidency. South Korea planned and navigated its own independent way to development through indigenous strategies tailored to its national goals and security context. The final outcome stands as a testament to routes of modernization that have been taken outside of western-defined norms.

As one way to bring Korea's unique way to light, future research should further detail the military-civilian collaborations that were spawned at the watershed of this era and that continue to this day.<sup>932</sup> As state initiatives transformed select private businesses and elevated the *chaebŏl* as leading industrializers of South Korea, a distinctive and elaborate synchronization of state and private sector forces gave rise to a modernized civilian infrastructure, technical workforce, and technology. To describe only one outcome, as military infrastructure and procurement were streamlined through HCI, inter-industrial channels were created for "spin-off" and "spin-on" effects that continuously reinforced the technological links between the military and commercial

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<sup>932</sup> Prior to Park's initiatives for defense industry, large gaps had separated the ROK military from commercial industrial developers: military management (MND) knew only how to fulfill the government's defense requirements through procurements from abroad and how weapon systems worked; businesses were driven to profit by supplying demands of the private market and had no experience with requirements of the defense industry. Between the military and the private sector, other differences separated management styles, conflicting interests, divergent systems, working cultures, and politics.

production. Through the “spin off” effect, imported military technology was diffused among civilian manufacturers and sparked a concentrated growth of technology-intensive businesses for weapons-related production; this growth also spilled over to advancements in R&D for high-end commercial technologies.<sup>933</sup> Eventually, the rapid progress in commercial technologies came back to advance domestic military technology through “spin-on” (from civilian to military) effects in sync with the transformation of modern warfare based on IT-military convergences of the 1990s.<sup>934</sup> In these ways technological growth was spawned by cross-fertilization between military and civilian industries.

The history of this cycle supplies the basic rationale for the current Park Geun-hye administration’s redoubled efforts to increase investment in civilian industries specializing in weapon R&D and to further encourage Korean IT businesses to enter the defense industry.<sup>935</sup> The government today advances the defense industry according to benchmarks set by Park’s reinforcing the privatization of military technology, including civilian participation in weapons R&D.<sup>936</sup> The way that the defense industry structure was tied to commercial development also reflected Park’s emphasis on strong economic growth as a foundation for national security, a

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<sup>933</sup> In the 1980s, after President Chun Doo Hwan significantly cut ADD funding and military operations to appease the US, former scientists and project managers who had worked in the ADD under Park played a crucial role in expediting the commercialization of R&D for civilian science and technology. See Hwang Dong Joon, “The Role of Defense Industry in Innovation and the Development of Dual-Use Technology,” *The Korean Journal of Defense Analysis* 8, no. 1 (summer 1996), 158-159.

<sup>934</sup> Moon and Lee, “Revolution in Military Affairs and the Defense Industry in South Korea,” 134.

<sup>935</sup> MND, *2014 Defense White Paper*, 187-188.

<sup>936</sup> Prior to the Park Geun-hye administration, the military reform programs of Roh Moo-hyun (Defense Reform Plan 2020 or DRP 2020) and Lee Myung-bak (Defense Reform 37 or DR 37) regimes also re-invigorated efforts and adopted comprehensive strategies to develop Korea’s indigenous weapon capabilities through increased cooperation with and investment in specializing civilian manufacturers, in order to expand localized production of advanced military hardware and parts.

principle that he encapsulated in the slogan, *puguk kangbyŏng* (“rich nation, strong military”).<sup>937</sup>

Indeed, from the Park era onward, ROK regimes have for the most part held intact Park’s strategy of “security and development,”<sup>938</sup> as parallel tracks laid by Park, developing defense products both to supply the ROK military and to expand South Korea’s commercial, exportable products. In light of these tendencies, the literature on this period should strive to offer a more detailed account of the degree to which the defense industry has from the beginning shaped the basic technological and industrial infrastructure of the South Korean economy.

Over time, with changes in domestic politics, evolving joint security with the US, breakthroughs in technology, and a decreasing allotment of GNP for defense since the 1980s, South Korea has steadily tended to focus more on economic growth and less on military development.<sup>939</sup> Nevertheless, ROK regimes have consistently furthered Park’s “dual-use” of the defense industry.<sup>940</sup> In fact, when recent regimes and MND publicly announced their aims to treat the defense industry as “a new economic growth engine,”<sup>941</sup> their suggestions replicated the original SES defense industry model, touting investment in localized private suppliers of military hardware and parts, encouraging civilian professional and technical participation, promoting

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<sup>937</sup> PPCHS, vol. 8, 19; *Puguk kangbyŏng* can also be translated, “Enrich the country, strengthen the military.”

<sup>938</sup> Bitzinger and Kim, 187.

<sup>939</sup> From the 1980s through 2014, the ROK’s defense budget to GDP ratio has declined overall, due to a relatively secure environment, the IMF financial crisis of 1997, increased spending on social welfare, and the decline of the Korean *wŏn* following the international economic depression of 2007-2009, among other reasons. See MND, *2014 Defense White Paper*, 298.

<sup>940</sup> See Hwang, “The Role of Defense Industry in Innovation and the Development of Dual-Use Technology.”

<sup>941</sup> See MND, *2010 Defense White Paper*, 228; The Park Geun-hye administration publicly proclaimed and pushed its plan to expedite the development of South Korean defense industry to become “an export powerhouse.” See Joyce Lee and Tony Munroe, “South Korea wants to turn its arms industry into an export powerhouse,” *Business Insider*, April 22, 2015, accessed November 27, 2015, <http://www.businessinsider.com/r-south-korea-seeks-bigger-role-in-global-arms-bazaar-2015-4>.



marketization and deregulation along with increased exports of defense products.<sup>942</sup> These emphases prove the extensive and long-term impact of Park's defense industry policies, and such aspects of ROK modernization merit further attention in studies of Korea's economic development from the Park era onward.

### **Reexamining US-ROK Relations**

Park's indigenous military modernization program should also have bearing on the way historiography chronicles South Korea's fickle relations with the US in the 1970s, especially in terms of the degree to which the Park regime gained agency and independence through arms sufficiency, a process and outcome which has not yet been fully appreciated. Backed by the national mobilization for arms independence, the Park regime constantly asserted itself in relations with the US, by adapting, negotiating, resisting, and in turn influencing changes in American policy on Korea.<sup>943</sup> The shift in analytical vantage point made possible by newly released internal source material brings into focus certain overlooked aspects of this process. Clearly, for example, the US displayed inconsistency in the alliance, and South Korea's self-reliant national defense movement often defied US arms restrictions through convincing displays of independent methods and efforts for arms development. While certainly affected and swayed by US arms policy, the Park government also independently strategized, pushed, and inspired national efforts to develop a more self-reliant defense industry. Mobilizing domestic industries, manpower, and resources, while also utilizing economic and technological aid provided by the US, Park pushed through policies that maintained an independent course of military

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<sup>942</sup> See MND, *2014 Defense White Paper*, 187-188; see also Rim and Lee, 3.

<sup>943</sup> See also Kim, "Introduction: The Case for Political Economy," in Kim and Vogel, 16-17.

modernization, and he persistently intensified these efforts in response to reduced US military aid.

The reciprocal dynamics in US-ROK relations during the Park era have received little scholarly attention, especially in regards to ROK military modernization, mainly due to the dearth of domestic primary sources. The asymmetrical balance of power in the US and South Korean alliance has influenced research outcomes as scholars have tended to focus predominantly on the role of US policy in explaining Korea's place and behavior in the relationship.<sup>944</sup> The more recent findings offered by this dissertation demonstrate, at the very least, that South Korea was never passive in its interactions with the US, and that the latter did not succeed in suppressing the Korean national campaign for weapon development.<sup>945</sup> This observation should challenge overly generalized statements based on a presumption that South Korea's development under Park was one-sidedly determined by external forces.<sup>946</sup> Further historical reflection is warranted here. While Park realistically and pragmatically could not have hoped to completely divest the ROK forces of US military supports, Park used successful domestic military programs to promote his regime's political autonomy *vis-à-vis* the US.<sup>947</sup> The

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<sup>944</sup> This traditional scholarly emphasis on the US role in US-ROK alliance is explained in Park Taegyun's *An Ally and Empire*, 26.

<sup>945</sup> Declassified records of the Presidential Archives supply the convincing new evidence that with Yulgok, the Park government, outside of US controls, launched independent and daring initiatives and strategies for rapid military modernization. See chapter 5.

<sup>946</sup> Examples include "Free Ride" theory of South Korea's development and Cold War studies based on superpower structure. See also Bruce Cumings's analysis of South Korea-US relations from the perspective of US foreign policy during the Cold War, or his "world-systems theory." See Bruce Cumings, *The Origins of the Korean War*, vol. 1, *Liberation and the Emergence of Separate Regimes, 1945-1947* (Princeton, NJ: Princeton University Press, 1981); see also Cumings, "The Origins and Development of the Northeast Asian Political Economy: Industrial Sectors, Product Cycles and Political Consequences," *International Organization* 38, no. 1, 1984.

<sup>947</sup> It bears repeating that Park's "self-reliant national defense" was never intended to grant South Korea total independence from its security alliance with the US, since his military modernization program required essential technical and technological support from the Americans. Total military self-reliance would have been inconceivable in the context of continual North Korean threats and communist expansion abroad during the Cold War. See also Kim, *Korea's Development under Park Chung Hee*, 212.

ROK successes with arms development elevated South Korea from a position of dependent, client state to a posture of relative independence as an arms-producing state, and this elevation gave the ROK government more leverage in setting policy agenda or gaining concessions in negotiations with the US.<sup>948</sup>

Park's assertion of independence away from the US security framework paved a new way for Korean politics, a course which all subsequent ROK governments have followed by embracing *chaju kukpang*. But Park's initiatives notwithstanding, the historic role of the US in the course of ROK armament cannot be discounted, and it is correct to say that US foreign policy largely determined the long arc of Park's military modernization in terms of arms production. That is, as the US either liberalized or set boundaries on South Korea's weapon procurement activities, the most important decisions in the Park regime's arm policies were always determined by *to what extent* the US would permit its arms transfers and military aid, even to a degree that no other outside influence remotely matched. South Korea also remained heavily reliant on US military aid throughout the 1970s, as the MND and the ADD pursued US-model weapon productions by gaining "American know-how."<sup>949</sup> As a result, rather than implementing a completely independent weapon system, Park capitalized on US weapon expertise and saturated the domestic defense industry with US weapon models and technology.<sup>950</sup>

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<sup>948</sup> For example, Park, through independent arms development, accomplished his political ends against the US. Park's success is most evident in the Carter administration's reversal on its plans to withdraw the USFK troops in 1979, in response to Park's launch of a precision missile and ongoing activities to develop banned weapons.

<sup>949</sup> A large part of South Korea's preoccupation with US arms stemmed from the ROK military (MND)'s long-term familiarity with American weapon systems as influenced by US military aid, which also shaped the ADD's preference for purchasing US weapons. See Moon, "The Political Economy of Defense Industrialization in South Korea," 456-457.

<sup>950</sup> South Korea's procurement of US military technologies, whether through purchases of licenses and joint ventures or subcontracting, also subjected the Korean defense industry to increased legal and commercial regulations by the US, which as the licenser of the majority of Korean-made weapons, retained control over Korea's sales (exports) of domestic military products. So even when South Korea successfully mass produced weapons for export in the mid-

More historical analysis can be done using the available data to describe and explain this relationship and outcomes of it. Certain dynamics have yet to be studied in depth. However, what should be clear at this point is that trends in the defense industry both reflected and influenced a complex and volatile US-ROK relationship, and that neither the US nor South Korea had full leverage over the other. This conclusion challenges any view of the past or present that would depict US-ROK relations in the Park era in the narrower frame of a “patron-client relationship” that fundamentally determined the course of political, economic, and military developments.<sup>951</sup> Recognizing the irrefutable role of the US in prompting South Korea’s military modernization, but drawing from a deep and extensive examination of Korean sources that pull into focus Park’s independent role in development, the research findings here encourage a fuller-spectrum analysis that can account for more factors, and a re-framing of US-ROK relations that more accurately projects the various shades of detail captured here through the new lenses of observation.<sup>952</sup> The relational dynamics were evidently in constant flux throughout the 1970s, and future research on the US-ROK security alliance might enrich the literature by filling in the multi-tonal complexities and intricacies of the otherwise flimsy and palely understood US-ROK bilateral security framework of the 1970s. Such detail in the historiography would illumine understandings and deepen potential analyses of the origins of present contradictions,

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1970s, the US State Department actively curtailed any attempt to sell US-licensed weapons, such as M-16s, to other developing countries. See Moon, 456-457; see also CIR, 81, 87.

<sup>951</sup> See Bruce Cumings, “Power and Plenty in Northeast Asia: The Evolution of US Policy,” *World Policy Journal* 5, no. 1, (Winter 1987), 79-106.

<sup>952</sup> For an exemplary work along such lines, see Gregg Brazinsky, *Nation Building in South Korea* (Chapel Hill: The University of North Carolina Press, 2007). Covering the period 1945-1979, Brazinsky suggests that “a dialectical process” of both “top-down” US aid and a “grassroots” Korean agency was at work to achieve democracy and economic growth in this nation-building period. According to him, the US-ROK relationship is best characterized as one of constant negotiation, in which Koreans were able to adapt and transform US economic, cultural, military, and political offerings according to their own national interests for the successful national modernization and establishment of a civil society. See Brazinsky, *Nation Building in South Korea*, 10.

compromises, and conflicting agendas in the US-ROK alliance that have continued since Park's day.<sup>953</sup> Lacking this detail or the broader perspective in which such details should be framed, policy-based analyses will remain out of focus, US-centric, and myopic.

Other outcomes spawned by South Korea's integrated defense system and posture in the 1970s can be projected forward to some extent to predict certain aspects of what the future might hold. The primary source material now available from this era makes it patently clear that distinctly Korean institutions—through structures and processes that did not cater to any precedent mode of development elsewhere—lay at the base of South Korea's military modernization and significantly influenced its trajectory. Collective government and civilian efforts to build a defense industry unified endogenous agencies while also exploiting advantageous external factors, all to maximize national potential. Furthermore, despite limitations imposed by the US, Park asserted principles of national self-reliance that he deemed inviolable, as he led South Korea's security discourse and infused it with national priorities that remain in focus today. Successive ROK governments have furthered the political, military, and

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<sup>953</sup> At least three prominent features of the 1970s remain intact in the US-ROK security alliance today. First, while the ROK military's independent capabilities have increased to keep pace with modern warfare, the USFK still maintains the Wartime Operational Control (OPCON) command over the ROK military, meaning that the commander of USFK would take control of the ROK-US Combined Forces Command (CFC) in war situations. Second, while South Korea has benefited from the procurement of US weapon transfers and sales, these transfers have come with tighter restrictions on Korean weapon capabilities, because regulations are still part and parcel of US military aid. Third, although South Korea has maintained Park's push to advance domestic weapon R&D in the defense industry, the country continues to rely on the US for sophisticated military technology as well as surveillance and reconnaissance systems for naval and aerial defense. See Nick Simeone, "Hager Details U.S., South Korean Wartime Control Agreement," *DoD News*, October 23, 2014, accessed November 22, 2015, <http://archive.defense.gov/news/newsarticle.aspx?id=123477>; Ashley Rowland, "US, South Korea agree to again delay handover of wartime operational control to Seoul," December 22, 2014, *Stars and Stripe*, accessed November 22, 2015, <http://www.stripes.com/news/special-reports/year-in-review-2014/us-south-korea-agree-to-again-delay-handover-of-wartime-operational-control-to-seoul-1.320623>; "US and South Korea Agree to Extend Missile Range," October 8, 2012, *Defense Update*, accessed November 30, 2015, [http://defense-update.com/20121008\\_us-and-south-korea-agree-to-extend-missile-range.html#.VjFbQ6S1XOk](http://defense-update.com/20121008_us-and-south-korea-agree-to-extend-missile-range.html#.VjFbQ6S1XOk); Moon and Lee, "The Revolution in Military Affairs and the Defense Industry in South Korea," 122; see also MND, *2014 Defense White Paper*, 286-289.

diplomatic pursuit of Park's guiding principles for security independence, and this quest continues to shape the particular character of the nation.

As a national movement deeply intertwined with the rise of modern nationalism, Park's self-reliant national defense agenda remains salient today, not only in the military and foreign policy but also in civilian arenas of popular culture, education, social movement, and economic trends in South Korea. *Chaju kukpang* is a strong thread in the cultural dialogue, and the term still subsumes a national ideology that unites people in support of an independent national security. Thus, even as it is accurate to observe that an extreme expression of nationalism through the pursuit of a self-reliant national defense developed out of South Korea's unique security needs and circumstances in the 1960s and 1970s, it should be further acknowledged that the same spirit has persisted and continues to inspire a Korean anticipation and drive for one day achieving complete self-reliance through a strong and formidable military and national economy.

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## Interviews

Anonymous interviewee. Participant in defense donation in the 1970s. 20 July 2015, Los Angeles, California, US.

Kang (full name concealed for privacy). Poongsang skilled worker (1976-present). 27 November 2012. An'gang, South Korea.

Kim, Chŏngnyŏm. Former Chief of Staff under President Park (1969-1978). 5 April 2013, Seoul, South Korea.

Kim, Kwangmo. Vice-Director of HCI Planning Corp. (1972-1979). 16 April 2013, 22 April 2013, 10 September 2013, 18 April 2014, Map'o, South Korea.

Kim (full name concealed for privacy). Participant in defense donation in the 1970s. 20 July 2015, Los Angeles, California, US.

Kwŏn (full name concealed). Poongsan skilled worker (1978-present). 27 November 2012. An'gang, South Korea.

Kwŏn (full name concealed). Civilian participant in defense donation in the 1970s. 23 July 2015, Los Angeles, California, US.

Min, Pyŏngman. Former chemical specialist (1978-2003) and last plant manager in Hanwha's Inch'ŏn factory (2004-2006). 14 November 2012 and 13 March 2014. Inch'ŏn, South Korea.

Pae, Yŏngil. Former Army Colonel and Military Adviser in the ROK Army's 27<sup>th</sup> Infantry Division (1976-1977) and the ROK-US Combined Field Army (1977-1980). 2 February 2013. Yŏyido, South Korea.

Pak (full name concealed). Participant in defense donation in the 1970s. 8 July 2013, Seoul, South Korea.

Pak, Ch'anggyu. Former director of the Agency for Defense Development (2008-2011). 29 October 2012. Taejŏn, South Korea.

Yu, Hansik. Former technician in Kia Heavy Industries in the 1970s. 27 June 2013. Changwŏn, South Korea.

Yu (full name concealed). Poongsan skilled worker (1976-present). 27 November 2012, An'gang, South Korea.

## **Survey**

Korean Senior Citizens Association, Los Angeles, California, July-August 2015.

## **Newspapers / Periodicals**

*Chosŏn Ilbo*

*Chungang ilbo*

*Defense Update*

*DoD News*

*Herald kyŏngje*

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*Stars and Stripe*

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## **Clips**

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