

## 1965년 한일기본조약 : 국교정상화 요인에 대한 새로운 해석

(The 1965 Korea-Japan Treaty on Basic Relations:  
A New Perspective on the Normalization Process)

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### 초 록

해마다 반복되는 일본수상의 야수꾸니신사 참배는 한국정부의 심리를 자극하기에 더없이 적합한 외교소식이다. 아시아의 정상이라고 할 수 있는 두 나라 사이의 적대감은 단순히 60년이 지난 식민지시대의 역사로만 보기는 힘들다. 두 나라의 관계는 한국은 물론 일본의 경제성장을 위하여 고의적으로 소외시킨 식민지시대 후 외교수립의 영향을 보여주고 있다. 이 논문의 목적은 빈번히 무시되지만 명백하게 두 나라의 관계를 구체화한 한일기본조약의 역사를 밝히기 위해서이다.

### ABSTRACT

With every Yasukuni Shrine visit by a Japanese Prime Minister, one can expect that the Korean government will jump up and down to condemn Japan. The blatant antagonism between the two powerhouses in Asia, lingering around more than sixty years after the end of the colonial period, is unmistakably more than interplay of their colonial history. It is an illumination of a largely unsettled post-colonial diplomacy that was executed in the name of economic advancement. The purpose of this paper is to shed lights on a largely ignored subject matter that unambiguously shaped the peculiar relationship between Korea and Japan.

**Keywords** : 한일외교정상화, 안보포기공포이론, 미국외교정책, 냉전, 한일경제성장론

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## I . Introduction

Signed on June 22, 1965, The Treaty of Basic Relations re-established formal diplomatic ties between Japan and Korea for the first time since the colonial period. The interesting part is not the agreement itself, because given the geographical proximity and mutual economic needs, it was bound to happen. The puzzling part of the treaty is the odd timing of it. 1965 was thirteen years after Japan normalized relations with Taiwan, nine years after Japan normalized relations with the Philippines, and seven years after Indonesia agreed to reconciliation. In fact, normalization between Japan and Korea took place after all other former colonies in the Japanese empire took a path towards normalization. Perhaps this can be explained by the mere fact that Korea suffered longer and more than other colonies. In fact, the thirty-five years of Japanese colonialism in Korea entailed humiliating treaties, economic exploitation, and an unparalleled brutality found rarely in human history. Then again, there was hardly a decline in antagonism during the post-colonial period, well reflected by the presence of intense anti-treaty sentiments that erupted into massive demonstrations on both sides. In fact, “acute historical animosities and anti-treaty sentiments were present on both sides throughout the treaty’s negotiation, signing, and ratification”[2]. If there was no significant variation in the historical barrier between the two nations, the timing of the treaty gets more mystified, since the commonality between Japan and Korea being part of the western bloc should have compelled them to normalize faster, not slower, than neutral

Southeast Asian nations.

What the timing really indicates is the unique context of the mid-1960s that propelled cooperation. Among other factors, it is critically important to examine the security concerns of Japan and Korea, who were geographically surrounded by the Soviet Union and the People’s Republic of China. Specifically, the surprising failure of repeated American efforts before 1965 is well-accounted for by the Northeast Asian security structure of the 1950s, where the United States was downright determined to guarantee security for both nations. Here is the irony. The security structure in the 1950s discouraged cooperation, since it removed incentives for cooperation that would have spontaneously aroused from common defense requirements[21]. Under an absolute guarantee of security, there was no reason for the two enemy states to liaise. That security structure vastly changed in the 1960s. The ever-rising threat of communism, coupled with a reformed American East-Asian policy in the 1960s, effectively frightened Japan and Korea. Heightened security concerns thus present in both nations were a major force behind the rapprochement talks in that they primed both nations to approach the talks in an overall cooperative mood. This is not to say that security is the *only* reason for the normalization process in 1965. The domestic political and economic factors in both states cannot be ignored as well, because those factors, in the new security context, were the underlying elements that both facilitated and accelerated the process.

## The Convolved Barrier An Overview of Japan-Korea Relations

An inherent barrier present in any Japanese-Korean interaction stems from the colonial period, when, “Koreans suffered more exploitation for a longer period than any other people who were victims of Japanese imperial rule”[9]. The anti-Japanese ideology in Korea is deeply rooted in the national sentiment because the mere fact that “Japan had turned Korea into a colony was humiliating”[7]. After all, under Confucian cosmology, Japan was considered to be of an equal or an inferior status to Korea for centuries. The colonial domination thus brought humiliation and implanted a deep inferiority complex in Korea. Equally rooted in the Japanese ideology was its own superiority complex, perpetuated by the 35 years of imperial rule. Many Japanese leaders genuinely believed that “they did wonders for Korea during the colonial period”[7]. Built into this belief was also an assumption that an admission to the guilt would inflate the price of reparation. The ultra-nationalistic sentiment present in both nations did not help either, because any sign of antagonism primed the already deeply entrenched bitterness to hinder the negotiation process.

This system of psychological barriers between Korea and Japan was complicated by the *de facto* quasi-alliance security structure that was necessitated by their respective bilateral ties with the United States. Japan and Korea were two weaker powers that share a common threat, the communists, and a common great-power protector, the United States, but were afflicted by alliance hindrance[3]. This interlaced alliance

structure of Northeast Asia, at least from the perception of Japan and Korea, was undergoing a great change in the 1960s.

## II. The Security Rationale

### i) Literature Review

Scholars in the East Asian IR (International Relations) field attribute the successful talks in 1965 to American pressure. By analyzing the event with a purely historical and cultural perspectives, these scholars attribute the impediment to normalization in the 1950s to the deeply embedded antagonism, and attribute the cooperation in the 1960s to the unprecedented levels of pressure from the United States[22]. They have reason to think that, because Americans *did* push hard for normalization in the 1960s. On the same token, it is also true that a profound anti-Japanese sentiment in the Korean leadership - exemplified by the Rhee Syungman regime - unambiguously hindered the normalization process.

The purpose of this thesis is not to dispute the validity of such viewpoints, but to provide a fuller picture of the phenomenon, in the frame of mind that the best complement one could do for such fine scholars is to take their views seriously, and see how well they explain the world. Most importantly, we make a note that existing literatures in the field fail to fully explicate the *variations* in the long-term reconciliation diplomacy between Korea and Japan. For example, while it is true that the United States undertook an active role in arranging and pressuring the negotiation process, a careful examination at the timing of the negotiation makes the assumption

counter-intuitive. The argument would have been more plausible if normalization occurred during the 1950s, when Japan, a semi-sovereign state at best, and Korea, a client-state, would have been more malleable to manipulate. Moreover, it was always in the American interest for its bilateral allies, Japan and Korea, to normalize relations, which would strengthen the security ties in East Asia at less cost. In fact, it was the United States who initiated and arranged all six of the previously failed rapprochement talks, not to mention the abundance of records that document active U.S. engagement in the matter well before the 1960s. In order to grasp a better understanding of the relationship between Korea and Japan, it is crucial to set context of the story within the Cold War-ridden world. We will argue that the strategic role of politics, in the escalating diplomacy conflicts between the United States and the communist block, heavily accounts for the variability in the game of diplomacy between the two states. We will explain this factor by first describing the peculiar relationship between Japan, Korea, and the United States in the Cold War era.

## ii) The Logic of Security Abandonment Fears

The United States reared both Japan and Korea from the inception of the post-war period. The client-patron state relationship that Korea maintained with the United States is nicely illustrated by the degree of U.S. economic and military aid in 1965, which, still accounted for about 75 percent of the South's military budget, 50 percent of the civil budget, and nearly 80 per-

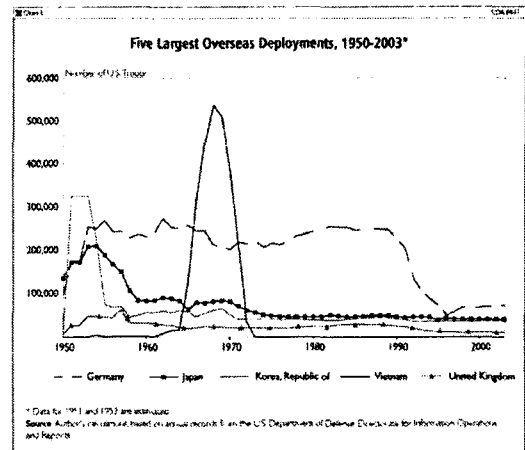
cent of the available foreign exchange[11]. Moreover, the United States served as a major psychological deterrent in checking North Korean advances. While Japan was not a mendicant state, it was also heavily dependent on American support. The United States dominated security issues of Japan, stationing over 260,000 troops on 2,824 military bases, in addition to "providing Japan by 1962 with 98 percent of its weaponry"[9]. Japan's economic development was largely owed to Americans, who provided Japan with its largest export market, while concurrently serving as a chief creditor for Japan's trade deficits[4]. Above all, U.S. security shield was a pre-requisite in economic growth strategies in Korea and Japan, who were exempt from having to divert endless amount of resources into security-related projects. The economic growth also happened to justify the legitimacy of conservative governance in both nations.

Japan and Korea thus fits the precise definition of a "quasi-alliance relationship" characterized by the lopsided bilateral alliance with the United States. International relations theory, which does a fairly accurate job of analyzing this relationship, maintains that, "if relations between states reflect a symmetrical structure of abandonment fears [...] with regard to a third party, cooperation will result"[2]. Symmetrical abandonment fears arise when both dependent nations perceive that the principal ally may leave the alliance or not provide support in contingencies where support is expected. In other words, mutual abandonment fear produces cooperation, while an absence of this fear primes friction. Victor Cha of Georgetown University

substantiates this claim with various data specific to the unique relationship between Korea and Japan. For example, he attributes greater cooperation in the periods of 1969-71 and 1975-79 to U.S. disengagement, and credits U.S. engagement for the overall friction in the periods of 1972-1974[2]. Consistent with this logic, the dominant military position of the United States in the 1950s discouraged alignment between Japan and Korea, since the United States pledged to guarantee security for both nations at all costs.

Such security structure underwent a drastic change with the precipitation of the Cold War. Particularly, the political and economic climate during the early-1960s forced a deterioration of past U.S. commitment in East Asia. To start off, a deepening American commitment in Vietnam essentially meant less commitment to East Asia. In 1964, Congress passed the Gulf of Tonkin Resolution, which delegated war conduct into the hands of President Lyndon Johnson[6]. Johnson was determined to use that power to establish a full-blown U.S. commitment to defend South Vietnam. A staggering increase in U.S. troop deployment to Vietnam followed the resolution, which necessarily took away troop allocation from Japan and Korea in the early stages of the process (see Figure 1). Although the proportion of troop decline was not dramatic, both Japan and Korea perceived this as an imminent threat, in the context of Johnson’s policy that eventually wanted the two nations to be “alone and unassisted” [23]. Such American discourse, in effect, clogged the future of full American support to the region. And this *perception* of a security deficiency was all that was needed for

〈Figure 1〉 Five Largest U.S. Deployments



Source: The Heritage Foundation  
 〈[http://www.heritage.org/Research/National Security/cda04-11.cfm](http://www.heritage.org/Research/NationalSecurity/cda04-11.cfm)〉

security anxieties to transpire. Unfavorable economic circumstances of the United States also contributed to its disengagement in East Asia. At the end of the 1950s, America faced deteriorating balance of payments, which ended the Eisenhower era’s containment policy that provided massive support for anti-communist regimes around the world[16]. As an alternative, the United States engaged in the principle of developmental assistance through “burden-sharing.” Burden-sharing hit Korea the hardest, causing dramatic cutbacks in both military and economic aid programs during the 1960s, as illustrated by Table 1.

That abandonment fear was real, because security was not abundant in the 1960s. Both Japan and Korea’s security anxiety grew as Communist China escalated into the political Specifically, U.S. military aid to Korea fell from \$276.4 million in 1961 to \$123.4 million in 1964. As a semi-mendicant state, a reluctance to

<Table 1> U.S. Assistance to South Korea: 1960-1966 (In million Dollars)

	Economic Assistance			Military Assistance		
	Total	Loan	Grants	Total	Loan	Grants
1960	215.9	1.1	214.8	256.5	0	256.5
1961	270.4	6.8	263.6	276.4	0	276.4
1962	202.1	25.4	176.7	210.5	0	210.5
1963	201.3	30.9	170.4	158.2	0	158.2
1964	222.2	29.7	192.5	123.4	0	123.4
1965	185.3	49.2	136.1	237.1	0	237.1
1966	261.8	80.5	181.3	277.1	0	277.1

Source: Agency for International Development[6]

accept Japan's assistance meant having to endure an unbearable amount of cuts in assistance, which implicitly jeopardized Korea's security. Burden-sharing also put an end to unconditional American military support for Japan. The United States, during the extension of the U.S.-Japan Security Treaty of 1960, secured a Japanese pledge to assume unilateral responsibility for its own internal security[4]. All of these events galvanized the fear of abandonment for both Japan and Korea.

scene in Asia. In 1964, the PRC successfully developed its first nuclear weapon, while securing France's international support that diplomatically recognized the Communist regime in China[12]. The ascendancy of Communist China as a world power was quickly followed by its new policy of pumping in support for Southeast Asian revolutionary movements[2]. There was perhaps more to fear from the Soviet Union. According to CIA's former secret documents, the Soviet Union was undergoing a dramatic improvement in weapon technology from 1958 to

1965 that emphasized in long-range missile technology and strategic attack missions[14]. These changes in their overall surroundings amplified security uncertainties that were perceived to be increasingly threatening to both Korea and Japan.

Korea, geographically sandwiched between the Soviet Union and Communist China, had even more to fear due to the implications of communist ascendancy on its security front. South Korea's direct threat logically came from North Korea, who was prospering militarily and economically due to its harmonious bilateral relationship with the PRC and the Soviet Union. By the early 1960s, North Korea secured identical bilateral defense treaties with the Soviet Union and China, which unconditionally guaranteed immediate military assistance, "with all the means at its disposal"[5]. This was a serious threat to South Korea's Park Chung Hee administration, who could not afford to divert Korea's scarce economic resources into security. Even on the economic front, South Korea was experi-

encing large troubles during the First Five Year Plan and political turmoil, while, “North Korea was growing and industrializing rapidly, with its people better fed and housed than ever before”[11]. Thus, the power balance of the peninsula between the two was increasingly tilting towards the North Korean camp. What was also threatening to South Korea was Japan’s tacit adaptation of the “two-Korea” policy, which implicitly supported North Korea[2]. Shoring up the Japan-Korea link through the normalization process was thus a viable solution for South Korea in preventing any potential expansion in Japanese-North Korean ties.

Japan was in a no safe zone either. The security anxiety of South Korea was also shared by Japan because South Korea was a principle buffer zone against foreign invasion. Japan’s fear in the potential collapse of its neighbor is historically well-documented. In fact, Japan’s colonization of Korea was partly prompted by a fear that “Korea was too close to permit hostile powers to control it”[15]. The instability in the balance of power between the two Koreas was thus concurrently a serious threat to Japan.

Heightened security concerns in Japan also resulted from the external world becoming increasingly bi-polar in nature. This problem was bound to happen at some point under the Japanese growth strategy, since its animal instincts naturally compelled them to jump the West’s containment wall[18]. Japan’s neutralism implemented through *seikei bunri*, or the conscious separation of politics and economics, was a policy that worked wonders for sustaining economic outlets. Yet, it also dragged Japan back in many other respects, especially during the peri-

ods of changing external conditions. Japan’s “two-China” policy was on the verge of collapse during mid-1963 to early 1964, as both mainland China and Taiwan were increasingly displeased with Japan’s ambiguity. Mainland China was fed up with Japan’s faithful support behind American war-efforts in Vietnam. Soon, tension rose to the level where Beijing publicly condemned Japan as a “tool of U.S. imperialism and an enemy of China”[9]. To make matters worse, Taiwan was highly frustrated about Japan’s role in supplying huge amounts of capital goods to China, and threatened to cut off all economic and political ties with Japan. By early 1964, “Japanese relations with the Nationalist regime in Taiwan [fell] to their lowest point since the two nations signed a bilateral peace treaty in 1952”[10]. Hence, while the *seikei bunri* outlook provided a mechanism through which Japan could satisfy its massive economic exchange needs, it was also a gamble that placed Japan’s security front at great risk.

What stirred Japan’s anxiety further was its lack of internal capability to check back the rising threats. The Peace Clause, or Article 9 of the 1946 Constitution, conveniently prohibited Japan from maintaining, “land, sea, and air forces, as well as other war potential”. Japan’s Self-Defense Force was inappropriate in waging a struggle against the rising threat of communism because the entire justification for re-interpreting Article 9 that established the Self-Defense Force rested upon a basic premise that it would seclude itself from international affairs. Even absent the constitutional restraints, Japan was in no position to rearm itself to a degree that they could have in the past. Domestically,

the Japanese society was truly indoctrinated into supporting the principles of peace, and displayed a profound fear of military rearmament[9]. Internationally, Japan's principle strategy in establishing friendly and productive relations with its former colonies was avoiding, "any sign of aggressive behavior"[9]. These conditions vastly narrowed Japan's options in dealing with the rising security problems.

All of these security concerns were given immediate attention in both nations because there existed no alternative to American alliance. Historically, the absence of exit capacity have often raised fears for weak states because "the consequences of defecting from a valued partner can be more disastrous than being dragged into a partner's conflict with the adversary"[2]. In addition to the huge economic and security dependence on the United States, there was no alliance structure that Japan, let alone Korea, could pursue. Korea at the time was the very definition of an American client-state, which meant that an exit from the alliance was also a path towards suicide. Japan's neutralism hardly provided a route to alternative alliance. The only substitute to the United States was the PRC, who happened to be furious with Prime Minister Sato's support for U.S. policy in Vietnam. What the Chinese wanted was for Japan to "renounce the Security Treaty with the United States, withdraw recognition from the government on Taiwan, [and] recognize Peking and take the road to socialism and neutralism"[15]. None of these options were really "options" for Japan. The Security Treaty with the United States more or less directed security and economic faith of Japan, while a friendly economic relations with

Taiwan was critical to Japan's economic strategy. Above all, the Liberal Democratic Party and its conservatism wanted nothing to do with pursuing socialism of any kind.

### III. The Pillars of Normalization: Political and Economic Analysis In the Context of Security

While the security concerns played an integral role in priming the normalization outcome, it was the domestic and political needs between Japan and Korea that helped seal the deal. Cooperation was facilitated because the fear of entanglement, or a fear that a commitment might be counter-productive to one's own interest, was low[2]. Fear of entrapment was uniquely at its low point during the mid-1960s due to the rising political and economic needs within both countries, coupled with the ever-active role played by the United States in facilitating the joint agreement. Five phenomenons concurring during the mid-1960s accounts for the development of such environment.

First, it is crucial to note that the political legitimacy for South Korean President Park Chung Hee rested upon economic improvement. His five-year economic plan that started in 1962 required massive capital injection, and a persistent decline in U.S. aid necessitated him to search for alternative sources of capital. Second, the Japanese economy was experiencing a gradual shift in industry beginning in the late 1950s. That compelled Japan to look for economies to relocate its declining industries, and more importantly, secure markets to sell their capital-intensive goods. A plummet in its relationship



with Taiwan during the 1960s compelled Japan to normalize its relations with Korea, who was both well-suited and eager to receive the declining industries. Third, Japan's economic strength required continuous economic trade with the PRC, despite their political tension, which was raising the eyebrows of the Johnson administration in the United States. The normalization treaty, by documenting Japan's absolute support behind the American containment policy, served as a viable vehicle through which it could appease the United States. Fourth, Park's nationalism, unlike Rhee's, shined in the form of pragmatism, which allowed the talks to be settled quickly. And finally, active U.S. pressure on the two states played an important part on bringing the two nations together in the first place.

Note that this is not to say that these were the *main* factors that account for the reconciliation between Japan and Korea. It is only within the context of understanding the security that these concepts are able to influence the political processes within the two states.

#### i) Yuchaku Domestic Political and Economic Needs of Japan and Korea

War is indeed a stern teacher. Realizing that the Communist threat was no joke, the United States fully committed itself to Korea after the Korean War. Massive economic and military aid poured into Korea during the 1950s, which worked hand-in-hand with Rhee Syngman's notorious ISI developmental strategy, appropriately named, "a method to his madness"[16]. Consequences of his economic policy aside, it made great political sense. In Rhee's mercanti-

list mindset, Korea's coordination with Japan meant an inevitable return to the colonial era's asymmetrical economic relationship. Thus sabotaging the American effort to coordinate postwar reconstruction was a key strategy to hinder Japan's political power from rising. Indeed, contemporary political science scholars attribute that mentality to security externalities, where economic harmonization with an enemy state becomes a strategically non-optimum policy choice.

The economic outlook of Park Chung Hee was vastly different from that of Rhee Syngman, both in the objective and the implications of it. For Park, who had overthrown the Chang Myŏn government citing economic failure, economic growth (or lack thereof) directed the faith of his political career. Park was shrewd to realize that economic growth meant having to invest in promising industries. His 5-year-plan, accordingly, rested upon a financial objective to, "hemorrhage as much capital as possible into the heavy industrialization program"[3]. Unfortunately, Korea lacked the inner capacity to satisfy those needs. At the top of Park's concern was the substantial cutbacks in American economic aid, which dropped from \$265.8 million to \$194.3 million in 1965[4]. Park feared that the United States could use bilateral aid as a political intervention tool to control his economic policies. This was not a false alarm, given the fact that the United States actually suspended aid in 1962 disapproving of Park's macroeconomic policies [1]. In order to gain economic sovereignty - and to offset the decline in aid - Park turned reached out to the foreigners. In fact, Korea was hooked onto Japanese loans

〈Table 2〉 Variability between Park and Rhee Accounting for Lowered Entrapment Cost

	Economy Developmental Strategy	Views on Trade Relations	U.S. grants assistance (1960 v. 1965)	Political Platform (Primary Source of Legitimacy)	Leadership Style
Rhee Syngman	Import Substitution Industrialization	Barrier to Trade Optimal	\$214.8 million	Securing Korea's Autonomy	Emotive
Park Chung Hee	Export Oriented Industrialization	Open Economy Optimal	\$136.1 million	Securing Economic Growth	Pragmatic

Remarks: Import Substitution Industrialization, by nature, focuses on being free from external influences. Such developmental strategy, along with Rhee's political and personal disgust with Japan accounts for his absolute stance against normalization.

Park's political platform, on the other hand, gave incentive for Park to secure ties with Japan.

even before the normalization process. By 1963, "Korean debt to Japan stood at \$130 million, and its exports to Japan only 16 percent of its imports"[16]. An obvious source to cover the debt and trade deficit from Japan was to normalize relations with Japan.

Compelling Park even further was the Korean Business Association, better known as Korea, Inc. The Korean businessmen lobbied intensely for normalization, excited by the prospective \$800 million of Japanese capital that would allow them to, "shift the orientation of their business from the poor domestic market to exploration of richer foreign markets"[4]. Park found it necessary to favor the Chaebol groups, who were bound to play an integral part in Park's future economic plans. This factor was merely one of the personal and ideological differences between Rhee and Park, summarized in Table 2.

The Japanese were no less eager than the Koreans to start the massive economic exchange. During the 1950s, Japan's labor-intensive industry based growth induced trading with Southeast Asian nations, rather than pursu-

ing unskilled labor abroad that was already plentiful at home. Towards the end of 1950s, however, Japan was experiencing a transition from light to heavy industry, triggered by a change in relative factor scarcity. The transition is reflected upon provisions of MITI's long-term economic plan in the early 1960s, which called for growth in heavy industries[1]. Evidently, the plan was in direct response to Japan's labor shortage that was causing a slow-down in economic growth. For Japanese corporations, who are better known as Zaibatus, normalization with Korea meant catching two birds at once. First, it would open up the Korean market to sell their new capital-intensive production line, perfectly in-line with Park's Five Year Plan. This strategy is well reflected upon the specific text of the reparation agreement. Major portion of the \$300 million in grants toward Korea were to be used for importation of industrial material, "while the \$300 million in commercial loans went into financing plant equipments"[16]. Second, it would allow the light-industry companies to stay competitive through capitalizing on

Korea's skilled and cheap labor. Korea's geographical proximity and cultural affinity, coupled with Japanese businessmen's comfortable knowledge of Korea, further prompted Japanese corporations to press hard for normalization[17]. This strong desire was organized into what came to be known as the "Korea Lobby," where the business lobbyists and the Liberal Democratic Party spent between 500 million and 900 million, making it the largest publicity campaign in LDP history[4].

The change in the make-up of the Korean government also served as the keystone in accelerating the negotiation process. The period up to 1960 was defined as the period of "revolutionary leadership" when Korea was led by characters who had distinguished themselves as foes of Japanese imperialism[7]. The Japanese politicians, who were still obsessed by the colonialist mentality, of course did not help. During the reconstruction era in Japan, U.S. policy permitted and even encouraged the restoration of "early postwar leaders [who] shared the outlook that the policies of the Japanese empire had been proper and justified"[7]. Although that Japanese mindset hardly changed, the Park Chung Hee regime was more desirable for the negotiation process for two reasons. Unlike Rhee, Park was a former lieutenant in the Japanese army, and had successfully climbed the ladder of success under the colonial regime[7]. He was no Japanophile, but this personal dimension certainly made Park more pragmatic. Second, Park's regime was an authoritarian government who could suppress anti-treaty movements through enacting a series of martial laws. In fact, Park was so successful in manipulating

the public that, according to a public opinion survey carried out in November 1964 by the Ministry of Public Information, 99.1 percent of Koreans were in favor of normalizing relations with Japan[4]. This is indeed paradoxical considering that some 3.5 million people publicly waged a struggle against the treaty. Thus, the Korean political landscape under Park's autocracy tempted Japan to settle the historically inevitable normalization process in the 1960s, because Park's economic need and his authoritarian control drastically reduced the price of reparations and increased the probability of a successful negotiation.

The type of mutual economic desire of both nations manifested in the relationship of *yucha-ku*, or, "a harmony of interest among the Liberal Democratic Party, the Park regime, Japanese big business, and Korean conglomerates as scalawags"[16]. These thick layers of political bonds very much served as a catalyst in blurring the lines between politics and economics, facilitating the normalization process. This connection is well-reflected by the fact that Japanese companies provided two-thirds of the Korean ruling party's budget from 1961 to 1965[3]. Thus, the economic entanglement played an important role in overlooking the overarching animosities between the two states, for better or for worse.

## ii) A Price Tag to Seikei Bunri - Japan appeases the United States

Despite the harmonious relationship Japan was able to attain with Taiwan immediately after the San Francisco Peace Treaty in 1952, Japan also felt the need to pursue a viable relationship with

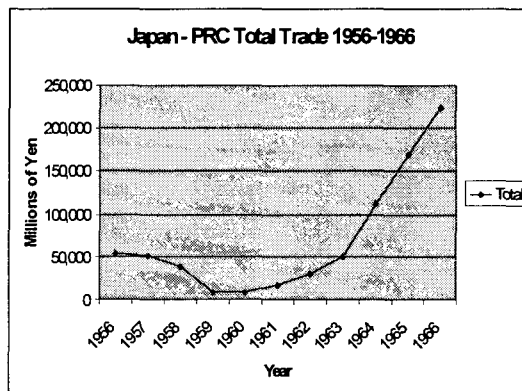
(Table 3) Japan - PRC total Trade:  
1950-1960 (In million Yens)

Year	Exports	Imports	Total
1950	7,068	14,158	21,226
1951	2,098	7,778	9,876
1952	216	5,365	5,581
1953	1,634	10,692	12,326
1954	6,875	14,677	21,552
1955	10,277	29,080	39,357
1956	24,242	30,113	54,355
1957	21,774	28,974	50,748
1958	18,216	19,594	37,810
1959	1,313	6,810	8,123
1960	981	7,462	8,443

Source: Japan Ministry of Internal Affairs and Communications, Statistics Bureau, 2004  
<<http://www.stat.go.jp/english/data/chouki/18.htm>>

the People's Republic of China. In spite of Japan's cozy relationship with the United States, both Japan and the PRC found it necessary to cooperate to satisfy their economic needs. It was always in the interest of Japan to sustain a positive economic relationship, as, "most Japanese believed that their long-range interest would be better served by developing closer relations with Communist China"[4]. But it was China who was frequently ticked off by political reasons. Their economic ties thus greatly vacillated during the 1950s, reflected upon the fluctuating trade volume in Table 3. In the 1960s, a close trading relationship precipitated for two large reasons. First, the Great Leap Forward in China culminated to become such a disastrous failure that, "Beijing had to adopt a moderate policy in the early 1960s in order to cope with many staggering problems it created"[8]. Second, the ger-

(Figure 2) Japan-PRC Trade: 1956-1966



Source: Japan Ministry of Internal Affairs and Communications, Statistics Bureau, 2004  
<<http://www.stat.go.jp/english/data/chouki/18.htm>>

mination of ideological differences between the PRC and the Soviet Union started to manifest itself in the early 1960s, as "Moscow and Beijing had dispensed with veiled critiques and began openly trading insults in the press"[13].

This necessitated China to find alternative suppliers of industrial goods, namely Japan, who could supply them at a cheaper price. The staggering increase in trade with Japan in the early to mid-1960s is illustrated in Figure 2, as Japan became China's largest trade partner by 1965. As the economic relationship between Japan and China deepened, the Johnson administration started to panic, because economic harmony between the two states in such a bi-polar world was *de facto* militaristic support for the communists. Johnson expressed his disturbance during the Sato-Johnson communique in January of 1965, re-iterating the American recommendation of supporting Taiwan and containing Communist China's expansion in Asia.

Prime Minister Sato, on the other hand, discussed his desire to expand Japanese trade with

<Table 4> Variability in Japan's Political Economy Accounting for Lowered Entrapment Cost

	Economy Developmental	Economic Engagement with PRC (trade volume)	U.S. Troop Deployment (approximation)	Balance of Payment Surplus
1950's	Labor Intensive Light Industry	¥9,371 billion	150,000	\$97 million
1960's	Capital Intensive Heavy Industry	¥66,157 billion	80,000	\$801 million

Remarks: Japan's transition period from a labor intensive to a capital intensive economy triggered a rapid buildup of foreign capital. This freed up additional capital that Japanese businessmen were eager to invest in Korea. Its deepening economic engagement with PRC, along with significant cuts in U.S. troop deployment, also contributed to Japan's interest to reach out to Korea, as both trends permeated a profound fear within the Japanese leadership.

mainland China[9]. This was the first time Japan had publicly distanced their policy from the United States. Japan thus owed a favor to the United States, and that favor was partially granted by enlisting behind the U.S.-Korea coalition via normalization. Specifically, Japan finally agreed to Article III of the Treaty, which affirmed that, "Government of the Republic of Korea is the only lawful Government in Korea." This put an end to Japan's "two-Korea" policy, reiterating Japan's faithful support behind the United States. Such change in economic structure, among other economic and political variances are summarized in Table 4.

### iii) The Direct American Involvement

There were two distinct layers of American influence that affected the normalization process. One was the subtle security conditions generated by the political economy of the United States in the 1960, which drew Japan and Korea to cooperate based on mutual abandonment fear. A more direct role taken by the United States was

staging the negotiations, via bilateral political leverage. A major problem that stems from the overarching antagonism in both countries was that any signal of yielding was interpreted as humiliation. Even agreeing on the venue of negotiation was difficult. Seoul refused to travel to Tokyo, which they saw as begging for normalization, while the Japanese considered dispatching foreign ministers to Seoul as an apologetic gesture, which was equally humiliating [2]. In the early 1960s, the Johnson administration made normalization a key priority in virtually all bilateral meetings with Japan and Korea. This sometimes involved direct political threats. The United States, for example, publicly stated that Park's visit to Washington would only be welcomed after Korea and Japan had settled their problems[4]. The American pressure of this sort was certainly not new, but the pressure was able to make significant impact because of the changed security circumstances explained earlier. For Japan, American pressures yielded an inclusion of a colonial apology in as part of Foreign Minister Shiina Estasusaburo's semi-of-

ficial visit to Korea in 1964[2]. These steps allowed for reconciliation to take place because both nations were able to justify the yield as giving into American pressures.

The American guarantee of commitment to both nations in the post-reconciliation era also played a key role in the reconciliation talks. This is primarily due to the fact that part of the rationale behind the cooperative moods of Japan and Korea was to sustain their mutual alliance with the United States. The U.S. commitment reduced the entrapment cost in the post-cooperation world, especially to Korea. Koreans were afraid that economic harmony with Japan would pave a way to a new era of economic exploitation, absent the American watchdog. This fear and distrust was largely diminished by high American officials like Secretary of State Dean Rusk, offering assurance that “the basic policy of the United States military and economic assistance to the Republic of Korea would not be affected by normalization of relations”[6]. Americans kept that promise, as U.S. military aid to Korea more doubled in 1966 compared to the 1964 level as illustrated in Table 1.

#### IV. Conclusion

The geographic proximity and the cultural affinity between Korea and Japan most likely necessitated the normalization process as historic inevitability. Nonetheless, conditions in the 1960s undoubtedly accelerated the process, which was critically important to Korea’s faith. The negotiation process paved a way for Korea to secure a major portion of foreign capital to finance its economic takeoff, a process that devel-

oped into something that is commonly referred to as “the Miracle on Han River.” That miracle, many scholars would argue, was predominantly due to the right timing of the developmental strategy, something that is thus partly owed to the right timing of the normalization process.

The reason that the normalization talks succeeded in 1965 was partly due to the increased efforts by the United States, but overwhelmingly due to the fact that the influence was greater in the changed security context, where the mutual abandonment fear of Japan and Korea primed cooperation to occur. The cooperation that yielded economic development for Korea did come at a tremendous cost. The treaty officially ended legal recourse for Japanese reparation and in fact turned the reparation bill to the South Korean government. In the end, it was the uncompensated victims of colonialism, including more than 100,000 Korean comfort women, who paid the price for Korea’s economic miracle.

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