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DUMPING REACTORS IN ASIA:

The U.S. Export-Import Bank and Nuclear Power in South Korea (1)

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Introduction

South Korea has become central to the plans of the U.S. nuclear industry to re-establish its global dominance in the international reactor market. This strategy links the industry's traditional international marketing practices with transnational production of reactors, combining American capital investments with inexpensive Korean labor - a new twist to an old story.

The leading company in this strategy is Westinghouse, which built south Korea's one operating plant and is currently building five of the seven nuclear power plants under construction. The prime targets of the strategy are south Korea's domestic market - one of only two growth markets in the world for the nuclear industry - and the enormous and under-utilized Changwon Industrial Complex on Korea's southeast coast.

The government-owned and managed Korea Heavy Industries Corporation (KHIC) is now pondering how to utilize the complex, a multimillion dollar project built during the expansive, final days of the Park regime. Widely considered a financial disaster, KHIC is hoping to turn Changwon into an export platform for foreign reactor, turbine, and other heavy equipment manufacturers. Seven major companies - Westinghouse, a combination of General Electric and Combustion Engineering, Mitsubishi, Brown Boveri of Switzerland, Framatone, and Kraftwerk Union of West Germany - are submitting (or considering submitting) bids on the project. Winning the contract will give a firm virtual control over the Korean nu-



clear market. "If you want access to the Korean market, this is the only way to get it," an industry source told the authoritative *Nucleonics Week*.¹

Given the past U.S. domination of the Korean nuclear market and the close political ties between the Chun and Reagan governments, however, it is likely that the KHIC joint venture will go to an American firm - most likely Westinghouse.

Westinghouse is planning to use the Changwon complex as a base - using inexpensive and unorganized Korean workers - to manufacture reactors for Korea's nuclear power program, and to export reactor components to both the U.S. and Third World markets. In an upcoming Mexican plant, for example, a three-way deal is envisioned: Westinghouse will build the reactors, a foreign company (Mitsubishi is considered likely) will build the turbines, and the labor-intensive components will be made in south Korea. Similar transnational production plans are

being made by Bechtel and its nuclear subsidiary in Taiwan.

The American nuclear industry is desperately hoping that their proposals to south Korea will be accepted. Faced with mounting public opposition to nuclear power, a rapidly shrinking home market, and financial and environmental mismanagement, the industry is looking to the markets in Taiwan and south Korea to get them through the next few years – after which they are counting on a “new climate” for nuclear power in the U.S. “With no new domestic reactor sales expected for the foreseeable future.” *Business Week* commented recently, “manufacturers including General Electric, Westinghouse, and Combustion Engineering see overseas sales as the only sources of new business.”²

The most important weapon in their battle is the U.S. Export-Import Bank (Eximbank), which has funded more than 80 per cent of all U.S. nuclear sales to south Korea and other Pacific Rim countries. Despite the Reagan Administration’s public commitment to “get the government out of business,” the Eximbank – once a target of budget cutter David Stockman’s scissors – has retained its financial power to lend money for capital goods exports from the U.S. The industry is also hoping for more relaxed nuclear export restrictions from the government, such as less stringent proliferation rules. Nuclear companies claim that export regulations under Carter cost the industry \$9 billion in sales.³

These developments in the U.S. nuclear industry can be used to illustrate important trends in the Pacific Basin and world economies and sharp contradictions in the U.S.-Japan-south Korea alliance.

The survival tactics of the U.S. nuclear industry indicates not only a crisis for the producers of reactors and reactor components, but expresses the general weakness of the U.S. economy. This weakness – not contained to the U.S., of course – is leading to a higher level of international competition. In south Korea, for example, U.S. nuclear and auto firms want to use their joint ventures as a base for competing with Japan in Third World markets. A political ramification of this strategy is the close relationship between the U.S. and south Korea, symbolized by the Reagan-Chun summit meeting of February, 1981. Both south Korea and the U.S. are now urging Japan to rearm and spend more for south Korea’s – and supposedly Japan’s – security.

Yet at the same time, the crisis in the world capitalist system is leading to increased economic collaboration between Japanese and American firms, such as the linkages between Westinghouse and Mitsubishi, or General Motors and Isuzu.

These contradictions manifest themselves in the U.S.-Japan Security Treaty, and in the differing approaches of the U.S. and Japan to the proposed “Pacific Economic Community.” We will discuss these and other issues in the conclusion.

This article is divided into three parts. Part One, entitled “The Rush to Nuclear Nirvana,” is an analysis of how the U.S. Export-Import Bank has “bailed out” the U.S. nuclear industry by loaning money for

U.S. nuclear plants in the Third World. Part Two, entitled “Riskmakers and Risktakers,” looks specifically at south Korea, and how Westinghouse “cornered” the Korean market through its friends in the U.S. government. Part Three, the conclusion, analyzes these events in the context of the U.S./Japan-south Korea alliance and the Pacific Basin economy.

Much of the material for this article is based on confidential cables between the U.S. Embassy in Seoul, south Korea and the State Department and Eximbank in Washington, D.C. The cables were acquired by the authors through the Freedom of Information Act, a law now under attack from the Reagan Administration.

We have been researching the subject of nuclear power in south Korea for one and a half years. In February and March one of the authors travelled to south Korea to interview U.S. and Korean government and business officials, as well as opposition figures. This article is from our upcoming book, *Power Failure*, to be published in spring, 1982.

PART I

The Rush to Nuclear Nirvana

The nuclear industry was born a deformed monster in Japan when the U.S. warplane Enola Gay dropped atomic bombs on Hiroshima and Nagasaki in 1945. About 70,000 Koreans pressed into the Japanese war effort, along with 100-200,000 Japanese, and numerous Allies Prisoners of War were killed instantly and from lingering after-effects of the atomic blasts.⁴

After this atomic atrocity, the U.S. attempted to monopolize nuclear technology, until the Soviet Union exploded this dream in 1949. In December, 1955, U.S. President Eisenhower announced a second birth in the nuclear family, the “Atoms for Peace” program.⁵

This child of less obvious deformity played off Third World and European lust for nuclear weapons against their desires for nuclear power technology – which was to be provided by U.S. companies. By 1956, the U.S. Atomic Energy Commission and the U.S. Export-Import Bank (Eximbank) had agreed to assist two dozen countries which entered “Agreements for Cooperation” with cheap money, enriched uranium, and technical assistance worth \$250 million.⁶

But this commercial “kid brother” of the nuclear bomb grew slowly. While the military spawned dozens of nuclear-powered submarines – a lucrative market for nuclear vendors like Westinghouse – the first flush of nuclear enthusiasm produced mostly small research reactor sales. Power reactor sales in the U.S. were stalled during the late 1950s by the debate over private-versus-public atomic power. It was the European stampede for nuclear power known as “eurotom” that provided the first great opportunity for U.S. nuclear vendors – an opportunity precluded at home by political forces and economic constraints.⁷ This story was repeated in Asia in the 1970s.

From their European springboard, the U.S. light

wall . . . you link up with somebody inside the tariff wall.¹⁰

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Ronald Reagan
U.S. President

"There are more important things than Peace"

Alexander Haig
U.S. Foreign Minister



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A poster published by German Socialist Young Workers.

water reactor manufacturers plunged aggressively into the Turnkey market in the U.S., beginning with the Oyster Creek General Electric plant in 1963.⁸ This sale was quickly followed by eight more "loss leader" plants where vendors charged buyers less than cost to establish a market. From the Turnkey market, the industry leapt to the "bandwagon" market, with U.S. utilities jostling to place 104 orders between 1966 and 1970.⁹

After 1962, the adolescent U.S. industry moved quickly to adopt string partners in importing countries. In Japan, General Electric licensed Toshiba and Hitachi; and in France Westinghouse licensed Framatone. John Kreuthmeier of Westinghouse's International Marketing Division explains this strategy:

The reason to establish a licensee is because in the long run you assume that market may be closed to you or maybe it's closed to you now; [to] get inside the tariff

But when the Japanese and Europeans closed their nuclear markets to U.S. suppliers, says Kreuthmeier, "You're left only with the Third World . . . other industrialized areas would never import a product which they themselves could manufacture, especially with today's unemployment."¹¹

Nuclear orders peaked in the U.S. at 50 GWe in 1973 - 50 huge 1,000 MWe* reactors - with cumulative orders of 232 plants or 227 GWe of reactors on the books by the end of 1974¹² (*A MWe is a unit of electrical power sufficient to light 10,000 100 watt light bulbs).

Then it happened: the Bandwagon crashed into a wall of anti-nuclear action, safety regulations, escalating cost, declining electricity demand, utility generating over-capacity, and technological failure - all culminating in Three Mile Island in 1978. By 1979, Washington Analysis Company was warning investor clients to steer clear of nuclear power as its prospects were "highly unfavorable."¹³ A wave of order cancellations and deferrals hit the industry in the stomach.

Today the nuclear industry teeters on the edge of a market precipice. According to some analysts, Westinghouse's nuclear business may topple into extinction as early as 1987.

This is where the Third World markets have become crucial to the nuclear industry. In the heady days of the 1960s, the industry established beachheads in several Third World markets. At that time, Eximbank listed 201 reactors amounting to 165 GWe as the potential Third World market for U.S. nuclear companies. Eximbank President William Casey predicted in 1975 that U.S. nuclear exports would reach \$5-7 billion by 1985.¹⁴ At the same time the International Atomic Energy Agency (IAEA) confidently predicted a potential capitalist Third World market of 190 GWe.¹⁵ Countries such as Indonesia were told by the IAEA that "These modern technologies will enable many developing countries to 'leap-frog' the various stages of evolution in industry and to modernize other economic sectors as well."¹⁶

U.S. companies early propagated to the Third World the persuasive illusion - based on their own circular flow of self-congratulatory claims¹⁷ - that nuclear power was the prestige fuel of the future. The U.S. government also spread pro-nuclear sentiments with its "Atoms-in-Action" exhibits in Taiwan, Korea, Venezuela, and Argentina in 1968, and the Philippines, Brazil, and Romania in 1969.¹⁸ Their message received a receptive audience in the ranks of U.S.-trained Third World technocrats, military officers, and engineers.

By 1979, U.S. nuclear companies were surviving on a meagre diet of order backlogs and maintenance and fuel contracts for built reactors. Cashing in on their earlier investments in Third World countries was not only profitable, but increasingly central to the very survival of the nuclear companies in the 1970s and 1980s.

A confidential U.S. Department of Energy 1980

memo leaked to Nautilus states that:

the developing countries represent the potential market for the unused capacity in western nations. This market has been estimated at 2,000 to 5,000 MW for the next few years. This can do little to solve the overall problem of potentially unused production capacity, estimated to be at least 25,000 [MWe]. Yet it may be a means for some U.S. producers to stay in the nuclear business or a means of helping preserve the nuclear capability of Sweden and possibly Western Germany. 19

Thus those companies (such as Combustion Engineering) that were slow to start out on the international road, are gearing up for an export push. Says Joseph Parrina, Vice-President of Combustion Engineering's International Division, "There's a very significant foreign market we are trying to penetrate."²⁰

U.S. companies floundering in a swamp of difficulties are not alone. Opposition and technological problems have also wrestled European and Japanese nuclear companies to a deadlock in their home markets. All are seeking international sales along with U.S. companies. With the collapse of the Iranian, Southeast Asian, and Chinese markets, the heat is on to grab the remaining morsels in Eastern Europe (Romania, Yugoslavia), Mexico, and East Asia (Taiwan and south Korea). As Klaus Berthelt, Chairman of the West German Kraftwerk Union says, "Competition in Third World markets has become fierce, with many hungry dogs fighting over a few bones."²¹ One Korean writer says, "South Korea is the site of an unseen war waged by nuclear exporters to obtain nuclear orders."²² But a Korean newspaper put it most accurately: "It's like a life and death struggle as if to show their business slump."²³

Structural changes in the nuclear industry are thus inevitable; the world-wide supply capability of the industry of 50-60 GWe exceeds demand by at least 50 percent. Somebody has to go.

U.S. companies have been quick to bite the bullet, rationalizing and retrenching to cut costs and increase productivity. Babcock and Wilcox have mothballed their nuclear manufacturing facility in Mt. Vernon, Indiana;²⁴ General Electric's nuclear division is likely to phase down to subsistence level;²⁵ and Westinghouse recently laid off 190 workers at its Blairsville, Pennsylvania nuclear tubing plant, and announced it will close its Tampa, Florida reactor core internals plant before 1982, putting 950 workers out on the street.²⁶

Many key subcontracting firms such as Messenger Bearing in Philadelphia — the only large bearing manufacturer in the U.S. — have also gone out of business, forcing nuclear producers to turn overseas for forgings and other materials suppliers.²⁷ Says an executive in the nuclear valve industry, "The demand is flat city from here on out. The industry is moribund."²⁸

Down, maybe, but not out. Says Combustion Engineering executive Eugene Montelone, "The attitude here is that nuclear is something we feel will return, and we're planning to stay!"²⁹

In their book *The Viability of the Civilian Nuclear*



Research and isotope production facilities at Kaeri.

Industry, Lonroth and Walker explain that making reactors:

Requires the assembly and training of teams of highly skilled workmen. On the one hand, there are the engineering and design teams whose skills and technical knowledge have been developed rather specifically for nuclear production; on the other hand, there are the teams of skilled workers occupied mainly on the shop floor and the construction site (machine operators, welders, die and jig makers, fitters, supervisors, project managers. . .)³⁰

Being at the front end of the order back-log, the crucial design and engineering teams are the most vulnerable to declining demand. The strategic problem for the nuclear industry is how to sustain these teams and at the same time fight off competitors in markets within the U.S. sphere of influence.

The remedy is clear: first, the U.S. market must be made to "come to its senses" through strong federal action. The Reagan Administration has announced reduced safety regulations and increased subsidy of research, insurance, waivers, enrichment, and waste disposal.³¹ As House representative Ed Markey has commented, "Reagan is hooking up a government life-support system to a dead industry."³²

Second, the Administration is being pressured to reduce export regulations, and to increase Eximbank loans to ensure that exports go to U.S. vendors.

Behind these two short run strategies for the nuclear industry's survival lies another strategy: setting up offshore production to reduce wage costs. To obtain further Korean and Taiwanese contracts, Westinghouse and General Electric are attempting to establish joint ventures. Participation in such projects will avail these giants of a fresh crop of cheap labor to make reactors, unlike former licensees in Japan and Europe which pay relatively higher wages with time than U.S. vendors.³³

In these *transnational nuclear production cycles*, the U.S. manufacturer will retain the design and management functions — employing those irreplaceable teams; and joint venture partners in south Korea and Taiwan will specialize in the labor-intensive production activities being shut down in the U.S. Westinghouse and a General Electric-Combustion Engineering partnership are bidding to join in Korea Heavy Industries Corporation's venture to produce and to *export* reactor components from the massive, World Bank-funded Changwon Industrial Complex on the southeast coast of Korea.³⁴ Companies would thereby obtain a cheap labor offshore platform from which to supply the U.S. market should it rebound, and to tap the Korean and Taiwanese pipeline into Eximbank dollars. *Runaway reactors* are rapidly superseding the old international marketing/licensing strategy and also promise greater freedom from U.S. proliferation and environmental concerns. Bechtel's Pacific Engineering and Constructors Ltd., for example, formed in 1979 with Sinotech Engineering Consultants in Taipei to oversee Taiwan's reactor construction, is seeking International work.³⁵

The key to these plans is the U.S. government, which, with the election of Reagan, has become the nuclear industry's best friend. President Reagan has announced that nuclear proliferation concerns will not obstruct nuclear exports, and an informal inter-agency group has emerged to promote nuclear export.³⁶ The Reagan team finally swung behind Eximbank funding in the budget fights of last spring, apparently swallowing Eximbank's argument that "Foreign orders today appear to be the stimulant needed to ensure adequate industry capacity to meet tomorrow's demand."³⁷ Facilitating exports, say Lonroth and Walker, "Is the simplest form of support for a beleaguered reactor industry that a government can arrange."³⁸

Intravenous Subsidy: Eximbank

Never weaned from the U.S. government, the prematurely geriatric nuclear industry naturally fled back to its parent for protection in the form of Eximbank loans. "None of the nuclear power plants sold abroad since 1967," says a Congressional report, "would have been ordered without Exim loans."³⁹

Eximbank is not a household word for most Americans. Indeed, it shuns publicity, preferring to bathe in the limelight at closed corporate conferences and at the occasional Congressional hearing. Yet former Eximbank President John Moore bragged to a 1980 Atomic Industrial Forum conference that "Eximbank has provided more financial support for nuclear exports than has any other institution in the world."⁴⁰ Little wonder that he could say, "Historically, the Export-Import Bank has probably been the nuclear power export industry's best friend in the U.S. government."⁴¹

This "best friend" is ostensibly a federal agency, created in 1934 as part of the New Deal. Today, it has a staff of 400 who loan billions of dollars of government money each year to foreign buyers of U.S.

goods.⁴² Eximbank makes low-interest, long-term, direct loans to buyers of nuclear reactors. Since 1970, it also guarantees payment of private loans extended to the buyers. Eximbank — and thereby the American people — absorb the risk.

Eximbank is a tool of U.S. foreign political and economic policy. Its geographical concentration thus follows the dictates of the U.S. State Department and the targets of U.S. exporters.⁴³ Since the 1960s, this has meant an increasing commitment to Pacific Rim countries, the U.S.'s fastest growing trade partners (see Chapter 6). In 1979, Asia accounted for 37 percent of Eximbank's exposure, displacing Europe and Canada from the leading exposure.

Eximbank's Nuclear Loans

Each year Eximbank announces that there is a huge nuclear export potential and declares its readiness to go to bat for the nuclear industry. For example, Eximbank President William Casey said in 1975:

A few years ago we were the acknowledged leader in supplying this market. Nuclear reactors were touted as our biggest future breadwinner in world markets. Between 1955 and 1965, we had almost 100 percent of the market. By 1974, our share had fallen to 60 percent. So far in 1975, we have less than half of the business. Although our rate schedule now calls for 9 percent to nine and a half percent on a loan having the repayment period usually required by a nuclear power plant, we are prepared to go lower when necessary to meet more favorable financing terms which other countries may offer in order to increase their share of this market.⁴⁴

Between 1959-80, Eximbank authorized \$7.1 billion in direct loans and financial guarantees for 49 reactor exports — with 56 percent going to the Pacific Rim (south Korea, Taiwan, and the Philippines). Two-thirds or \$4.7 billion was loaned since 1973 when the Nuclear Bandwagon crashed (with 70 percent of this going to the Pacific Rim). South Korea alone accounts for \$2.4 billion or 34 percent of these loans.

Eximbank's nuclear financing within each Pacific Rim country dominates non-nuclear Eximbank loans. "The days when the U.S. dictated to the rest of the world are gone," says John Kreuthmeier of Westinghouse, "So the countries likely to continue to buy from the U.S. are, I hate to use the term, almost client states. People who have any freedom of choice whatever are not likely to remain customers of the U.S."⁴⁵

(To be continued in the next issue.)

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Continued from p.21

The third rationalization program of the steel industry in the early half of the '60s generalized this labor control system across the industry. NSC's Kimizu steel mill, completed under the third program, is commanded almost totally by the NSC head-office at which the mill was connected to on-line computer. Autonomy has been taken not only from the workshop, but also from the mill itself. There, the automated production processes isolate each worker from his fellows. Workers, strewn over the vast premises of the factory with chance even to talk with one another suffer from deadly isolation. Tekko Roren continued, in fact prospered as a big union, but the union as the cement of worker solidarity no longer existed at the workshop.

Before this process started, Tekko Roren under the leftwing Mindo leadership had been able to put up vigorous resistance to capital. In 1957, the steel workers carried out 11 successive 24-hour strikes for higher wages. During the 1960 anti-treaty struggle, workers at Nippon Kokan Kaisha spearheaded the bold action against Eisenhower's visit to Japan by taking his press secretary captive for several hours in his stranded car. But the undermining of the workers power at the workshop rapidly changed the union and gave rise to a new type of pro-management leadership headed by Miyata Yoshizo who in 1959 became a national leader of Tekko Roren.

The new rightwing trend headed by Miyata and his group should be distinguished from the traditional rightwing unionism represented by Domei. Both were equally anti-communist and pro-management, but while the Domei-type unions had their identity as union movements, which from their ideology chose to collaborate with management, the new trend is toward unions which are not labor unions at all but rather direct agents of management. This new trend, later to be known as the IMF-JC trend, is the product of the total control of the workshop by the management established in the first half of the '60s.

(This Chapter continues in the next issue.)

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This is the second part of a two-part article on the strategy of the U.S. nuclear industry in Asia with special reference to south Korea. The first part appearing in Ampo, Vol. 14, No. 1 deals with the role of the U.S. Export-Import Bank as "bailout" of U.S. nuclear companies in guaranteeing loans for plants in the Third World. This part, divided into two sections, first takes a closer look at south Korea, analyzing how U.S. nuclear companies secured the south Korean market, and finally examines this in the broader context of U.S. overall strategies in Asia, taking into account the present state of the U.S. domestic economy.

South Korea's nuclear power program reaches back to the early 1950s, when the U.S. began exporting nuclear technology to its allies under its Atom for Peace program. In 1956, at U.S. urging, an Atomic Energy Section was established in the south Korean Department of Education; and in 1957, shortly after a U.S. study concluded that nuclear power plants were feasible in five or six years, south Korea joined the International Atomic Energy Agency (IAEA).¹

But it was not until south Korea had committed itself to an export-led industrialization program in the

early 1960s that nuclear power was seriously pursued as an energy alternative. And it was not until the international nuclear industry's domestic markets started to dry up in the mid-70s that south Korea announced its grandiose plans for 44 plants by the year 2,000. Both decisions show the strong and unmistakable influence of U.S. and Korean U.S.-trained technocrats. Studying these transitions sheds light on the politics of Korean nuclear decision-making.

In the period from 1957 to 1962, the American government took advantage of serious economic problems in south Korea (its dependence on U.S. aid and food imports, and its chronic balance of payments crisis) to force the government to undertake an economic stabilization program that would supposedly make south Korea "self-sufficient" by borrowing money and exporting manufactured goods to the world market.² This was part of a broader strategy to force south Korea into an economic relationship with its former colonizer, Japan. Such a strategy was necessary for the U.S. for two reasons: one, it was becoming increasingly involved militarily in Indochina, and needed the help of Japan to lighten its burden of empire in Asia; and two, since 1958, the U.S. had a chronic deficit which it tried to correct by cutting back on direct foreign aid.

But south Korea's economic problems were them-

selves largely the result of American post-(Korean)war economic policies.

During the 1950s, U.S. aid officials had virtual veto power over the Korean economy because of the enormous amounts of aid being sent to south Korea. Against the wishes of the Rhee government, which wanted to invest American aid in new factories and heavy industry, the U.S. insisted on tying aid to specific programs and commodity aid.³ As a Korea Development Institute (KDI)-Harvard study claims, "Despite the disagreements on both objectives and approach, the aid continued to flow, its content largely dictated from the American side . . . two-thirds of it was program or commodity aid which, from the Korean point of view, did little to promote long-term development."⁴ By 1957, aid imports were equal to 85 per cent of total imports, and nearly 100 per cent of fixed investments; inflation was high, and GNP growth was "relatively poor in comparison with north Korea, or with other countries recovering from a war that had received similar level of external assistance."⁵

Starting in 1957, the U.S. began to cut back on its aid in order to force south Korea into adopting a stabilization program and a devaluation of the Korean currency, the won. But these measures also failed, growth rates kept falling, and "by the early 1960s U.S. officials had become extremely gloomy about the prospects of Korean development."⁶

The transition to export-led industrialization was made much easier for the U.S. after Park Chung Hee's military coup of 1961. The new military junta quickly moved to establish a quick-response, centralized bureaucracy to mobilize the nation's physical and human resources to bring about rapid economic growth. These institutions were largely set up under American auspices, and U.S. influence and assistance "shifted away from massive involvement in the micro-allocative decisions of the Korean government to broader concerns for research, economic planning and policy, and assistance with the export program."⁷

One of the first institutes set up by the Park government was the Economic Planning Board, which organized the export drive; its director was given a cabinet post. Many of the EPB technocrats were (and still are) trained in the U.S. or on U.S. AID scholarships, and were thoroughly imbued with capitalist ideology and management theory. Soon after taking power the government took control of and consolidated the Korea Electric Company (KECO), which became the only utility in the country. Other major institutions set up under U.S. auspices were the Korea Institute of Science and Technology, which provides direct research and development services to industry on a contractual basis, and the Korea Development Institute, which does research on problems and prospects of the Korean economy. According to a U.S. State Department report of 1978, "The leadership and principal staff members of the institutes consist primarily of Koreans with doctoral level degrees from U.S. universities."⁸

The expansion of Korean academic educational systems also proceeded along American lines, and

The American Influence: The Technocrat as Superman

The Korean bureaucrat-capitalists and their subordinate technocrats in the ministries and agencies implementing nuclear power are closely linked to U.S. counterparts. Using AID money, the Ministry of Science and Technology employed Batelle Memorial Institute in 1968 to recommend an additional 500 MW reactor at two years interval after 1974, and later, Harza Overseas Engineering Company and Kaiser Engineering corporations to actually design a program in the early seventies.

U.S. technocrat consultants have an open admiration for Korean planners, unencumbered by regulations and public pressures. As one American Department of Energy official told the authors, "when the Koreans get an idea, they do it. They pass a law; the laws are religiously followed. They figure out a rate of switching from oil to nuclear. It may not be efficient, but the Asian mindset is completely different from ours."

One American firm, piqued by the public opposition to nuclear power in the U.S., advised the Koreans that

One phase of the United States regulatory philosophy does not contribute significantly to the safety or dependability of the nuclear industry and is therefore not recommended. This is the policy of full public disclosure along with a public hearing at both licensing stages. The hearing provides a means of public intervention which usually represents unfounded fears and prejudices that, until resolved, would cause construction and operating delays. Since the public review does not constitute a competent technical review, there is little if any increase in either plant safety or availability.*

* interview with the authors (ref in box p.19.)

Such racist and anti-democratic sentiments are often exhibited by American technocrats, themselves the product of an elitist educational system which grooms them for managerial roles — the same education received by Koreans trained in the U.S. Bechtel Power Engineers is a central link in this international nuclear engineers network; Bechtel writes up tender specifications for KECO; Bechtel Financial Services, Inc., writes up KECO's loan applications to Eximbank. In short, Bechtel organized the nuclear market in south Korea. And now a former Bechtel Executive, Caspar Weinburger, runs the U.S. Department of Defense!

U.S. national laboratory-industry cooperation accelerated the acquisition of technology, especially technology related to the commercial use of nuclear fuel.⁹

Thus a whole generation of Korean technocrats has been trained in the U.S. In 1977, there were

12,021 Koreans enrolled in U.S. universities, many in nuclear engineering.¹⁰ In addition, the U.S. government trained 11 south Koreans in nuclear technology between 1970 and 1975.¹¹ These nuclear technocrats operate in a rarified atmosphere in which there is virtually no public or bureaucratic accountability. Their decisions, shaped by their training in the U.S., are quite predictable – and have a tremendous impact on millions of people. “The decisions about nuclear are being made by people in the nuclear power agency who want to expand their bureaucratic power,” we were told by a Korean energy official. “Pro-nuclear people have convinced the president that nuclear is the only way. They are not conscious or don’t care about the safety aspects. They just want to preserve and expand their agency.”¹²

1968: the Corporate Sharks Attack

In 1962, Park Chung Hee ordered a study of nuclear power. The following year, the IAEA launched its first consultation visit to south Korea, to examine the prospects for nuclear power and determine site selection.

After the south Korea-Japan Normalization Treaty was signed in 1965, the U.S. AID recommended the consideration of nuclear power “whenever KECO’s electricity supply system becomes large enough”¹³ for high megawatt plants (by that time, energy use had shifted from coal to oil.) Two years later, the south Korean government drafted a plan for two 500 MW reactors by 1976. To facilitate the plan, a presidential decree set up the “Nuclear Power Generation Promotion Committee” under the direct control of the Prime Minister.

It was at this time that American nuclear corporations began their concerted effort to establish a “beachhead” in south Korea that would ward off the competition with British and French companies and establish U.S. supremacy in the Asian nuclear market. The principal American actors in this tragedy were Bechtel Corporation, General Electric, Combustion Engineering, and Westinghouse. By pulling the right strings at the right time, Bechtel and Westinghouse succeeded in gaining a lion’s share of south Korea’s nuclear market.

Confidential cables reveal that the U.S. Embassy first learned in April, 1968 of Korean moves to order a reactor. “From various standpoints,” the U.S. Ambassador cabled Washington,

it appears in the USG (Government) long-term interest that U.S. participate this project. Recommend urgent policy determination.¹⁴

The Embassy also reported that European and American companies were jockeying for position:

U.S. companies interested include Westinghouse, IGE, General Electric, Foster Wheeler, Gulf Atomic, and Combustion Engineering. Westinghouse arranging international consortium of Westinghouse licensees, with Eximbank financing U.S. reactor.

The Embassy outline of the “advantages of U.S. participation” began candidly with:

- A. Direct commercial benefits to U.S. companies;
- B. High additionality of supplying fuel. . .
- C. U.S. prestige as leader in developing peaceful use of nuclear energy; and
- D. Visible monument to U.S. assistance program in Korea.¹⁶

In July 1968, the Embassy cabled frantically for clarification from Washington:

Without assurances or even prospect of U.S.G. financing, mission can do little more than to continue to advocate superior, proven U.S. system. . . However, financing will be the key factor in ROKG decision. Unless Mission placed in position make stronger pitch for U.S. system, project probably will go to British with no commercial additionality, or political benefits to U.S.¹⁷

The first act of the companies was to turn on a financial spigot so south Korea would buy American nuclear power plants. Their target: the U.S. Export-Import Bank. Their weapon: the U.S. Embassy in Seoul.

Initially the Eximbank was reluctant to fund south Korea’s nuclear program. Although the bank was already lending to European and Japanese utilities for nuclear demonstration plants, in 1968 the Eximbank was “not prepared . . . to consider financing of the scale and magnitude required by such a project.”¹⁸ Instead, the bank believed that U.S. financing for the Kori plant would “focus . . . on private sector. Outside of AID guarantees, we see little or no prospects for additional U.S. financing.”¹⁹

Eximbank’s support for the nuclear projects was crucial to the American vendors, however. Without the support of the bank, commercial banks rarely funded large-scale export programs. Without Eximbank, the nuclear contracts would go to foreign competition.

But Westinghouse apparently secured Eximbank’s support via Washington. In October, 1968, Westinghouse Vice President H.W. Jones said that “Westinghouse had learned about the favorable turn of events in the Ex-Im Bank’s attitude towards Korea and felt that this should pave the way for a successful negotiation.”²⁰ Exim’s change of heart resulted from the pressure transmitted via the U.S. Embassy and U.S. AID. “In making proposal,” cabled the embassy, “Eximbank believes it is stretching lending concept to limit by including nuclear plants but prepared to do so in view of importance to U.S. of installing American reactor.”²¹ At the same time, the U.S. attitude towards south Korean security in 1968 and to U.S. export needs enhanced the status of a nuclear sale in Korea (1968 was the year north Korea seized a U.S. spyship, the Pueblo; and there were serious armed skirmishes on the border between north and south Korea).

Not satisfied with Eximbank’s honeypot, a year later Westinghouse requested “Commerce Department to help expedite decision re possible use of AID-generated budget support funds to meet KECO local cost requirement for Kori Nuclear Power Project.”²² The Department of State pitched in with “Believe

*sale of U.S. manufactured nuclear power plant to Korea would have very important 'demonstration effect' in opening up U.S. export market for similar equipment in neighbouring countries of East Asia area. . . Would therefore appreciate Mission's assistance to Westinghouse's Kreuthmeier in having issue resolved at higher level in ROKG if KECO unable to get requirement included in ROKG budget."*²³ (italics ours)

A final twist to Eximbank and AID's turnaround came when Eximbank coerced the Koreans to buy a Westinghouse nuclear reactor rather than a steel plant. The U.S. Secretary of State cabled in July 1969 that "We believe would be desirable notify informally responsible ROKG officials that Eximbank does not intend to allocate equivalent resources to other projects if nuclear power plant contract is awarded non-U.S. supplier."²⁴

Threatened by a cut-off of vital capital imports from the U.S., the Korean government acquiesced to the demand, and in 1970 Westinghouse was awarded the first of its many contracts. Construction began in 1971.

After clinching the deal, the Westinghouse president wrote the following letter to Henry Kearns, head of Exim under Nixon: "The support of the Exp-Imp Bank has been of the greatest importance to U.S. industry in the export sales of nuclear power plants. This has been particularly true in the case of Korea because it was the initial statement of interest by the bank last October which encouraged Korea to award the 600 MW Kori nuclear project to Westinghouse."²⁵ "I want to thank you," he added, for your interest and support on this matter and I am sure that your assurances to the Korean government while in Korea will enable us to firmly keep this order for U.S. industry against the continuing pressure from the British."²⁶

But the British never did get a contract in Korea. Thanks to the efforts of the U.S. Embassy, both Westinghouse and GE received corporate intelligence on British competition. DOS cables reveal that information on British offers were passed on to the companies by the embassy, presumably so they could improve their own offers.²⁷

But in 1975, after Westinghouse had been awarded the second contract, Canada received contracts for nuclear plants No.3 and No.4. The U.S. began to increase its pressure for Korea to "buy American." And other factors came to influence the nuclear industry's assault on Korea by this time: as costs increased in the U.S. for nuclear plants, and as public disillusion with the "atomic dream" increased, the nuclear industry began to look overseas for its survival *as an industry*. The Korean economic "miracle" — still expanding despite the quadrupling of oil prices in 1974 and the sudden realization that oil flows would not last forever — began to loom larger and larger in the eyes of U.S. nuclear companies hungry for new orders.

In 1978, partly as a result of the drop in nuclear orders in the industrialized countries, the Korean government announced a grandiose plan to build 44

The US Embassy in Seoul: American Industry's Best Friend

This is what one Westinghouse executive said about the U.S. Embassy in Seoul:

There are embassies in the world that are more commercially oriented than others, supportive to American business interests. Going back to (US Ambassadors) Bill Porter, to Phillip Habib, to Dick Sneider, to even the last two Gleysteen and Walker, all have been very supportive, that's been the greatest embassy of all the embassies around the world in supporting industry.*

* from a Kaiser Engineering and Construction Company 1974 study done for the south Korean government. (ref in box p.17)

nuclear power plants by the year 2000. Suddenly Korea had new significance for French, British, and American companies. The competition increased — and U.S. pressures reached a boiling point.

The 1979 orders for two nuclear power plants (No.7 and No.8) saw perhaps the most intense lobbying campaign of any nuclear contract in history. Parades of government officials and company executives came through Seoul to lobby for the sales. In June, President Jimmy Carter arrived and met with Park Chung Hee — a man he had criticized as a tyrant only three years before. The reactor contracts were a major item of business.

Besides the prestige of a presidential visit, DOS cables reveal that, behind the scenes, the U.S. government was telling south Korea that U.S. reactor sales were essential to maintaining U.S.-Korea trade. U.S. Embassy staff were urged to call on the Korean government, as this cable illustrates: "Jones raised nuclear power plants No.7 and No.8 during calls on DPM (deputy prime minister) and Minister of Commerce and Industry. This was in context of U.S.-ROK trade relations and as an example of the type of project where ROK could help in bringing two-way trade in better balance . . . We believe that with these calls we have done everything here to make sure that ROKG (government) is aware of the importance we attach to these projects."²⁸

Obtaining nuclear sales was apparently worth jeopardizing the U.S.-south Korean alliance, which was already shaken by the revelations of Koreagate and the unsavory reputation of Park Chung Hee in the U.S. As the following cable shows, the U.S. was willing to use the reactor sales to further heighten these tensions: "Within the last few days Ambassador raised nuclear power plants No.7 and No.8 with Prime Minister and Ministry of Energy and Resources, stating substantial USG interest in these projects and emphasizing that if competition were to be decided on extraneous, i.e., non-commercial considerations, this would have a most unhelpful impact on U.S.-Korea relations."²⁹

Not suprisingly, Westinghouse was awarded the contracts in September 1979.

By that time, south Korea was in an economic and political crisis. The Korean acquiescence to the U.S. demands reflected its weakness and need for continued U.S. support — support which the Carter Administration was glad to give as long as American companies benefitted.

But as the public opposition to continued military rule built up through the spring of 1980 after Park was assassinated continued, U.S. investments and the flow of foreign capital into Korea looked increasingly threatened. In the aftermath of the Kwangju Uprising and the May 18, 1980 power grab by Chun Doo Hwan, drastic measures by the U.S. were needed to bolster confidence in south Korea.

On June 5, 1980, Pres. Carter sent Exim Bank president John Moore to Seoul. According to Larry Baldwin, v.s. embassy commercial attache, Moore's trip "was very important. It ensured the Korean government that support would continue. We reviewed previous commitments and lobbied for American sales for plants No.9 and No.10."³⁰ Thus, a week after the Kwangju Uprising left over 2,000 people dead, an American government official was in Seoul lobbying for Westinghouse! There can be no other example so illustrative of the political nature of Exim bank subsidies — or the bankruptcy of Jimmy Carter's human rights policies.

The contracts for the next two plants (No.9 and No.10) went to a French company, Framatone, however. Despite the strong U.S. pressures, the Korean government seemed anxious to decrease its dependence on U.S. trade and increase its economic ties with other capitalist countries. According to the *Korea Herald*, the Framatone contract was awarded because "Korea badly needs France as a bridgehead for making inroads into the Western European and African countries."³¹ There were also reports that France had promised cooperation on developing Korean breeder reactors.

SUMMARY

Eximbank and South Korea's Nuclear Program

In 1976, then Eximbank President Stephen deBruhl told south Korea that nuclear power was where "the bank could most effectively mesh with Korea's development plan."³² By the end of 1980, Eximbank's cumulative nuclear commitment had reached \$2.5 billion out of \$3.6 Eximbank funds authorized to south Korea, making south Korea the Bank's largest borrower.

This money — formally loaned to the south Korean government — is paid directly to Westinghouse in Washington D.C. As Bill Fleming of the International Division of Combustion Engineering says, "The (reactor) vendor works out the specifics with the Eximbank and the private commercial banks."³³ After Westinghouse "paves the way" for Eximbank to approach KECO for a preliminary commitment, Westinghouse shops around the private transnational

banks to finance the balance (between 20 and 40 percent of the total costs). According to Chase Manhattan's Eximbank liaison officer, "The exact arrangements as to who takes the lead differs from case to case — normally KECO starts with Eximbank. Sometimes the buyer comes to Chase to go on their behalf to Eximbank to ask for a favor. It's the same deal. 'I've got a piece here, what can you do for us?'"³⁴

Sometimes the U.S. State Department pressures the private banks to ease their interest rates. This occurred with the bids for units 7 and 8 with the Private Export Financing Company.

Private bankers, however, tend to be leery of risky investments. Bob Slighton, former CIA intelligence officer and now chief International Economist at Chase Manhattan Bank says, "Korea presents a potential for catastrophic risk which, while not unique, is special. This makes us a touch uneasy . . . We talk to the intelligence people and the State Department. They don't know very much, they're guessing."³⁵ To deal with these doubts and the possibility of an "Iraqi syndrome," Eximbank gives the private banks an unconditional guarantee against south Korean default. On this basis, the banks rush to back nuclear power in south Korea.

The private banks are repaid first, at commercial interest rates, for short term, zero-risk, hundred million dollar loans. "The difference between us and Eximbank," says Chase's Slighton, "is that Chase Manhattan can go bankrupt, they can't."³⁶ Indeed, the Eximbank has no country limits, unlike private banks. Former Eximbank President Henry Kearns (who is now arranging Bechtel's nuclear financing) said to south Korean President Park Chung Hee in March 1972 that Eximbank has "unlimited funds available for Korean projects that could meet the Bank's criteria."³⁷ As Eximbank Policy Vice-President Jim Cruse told the authors, "We are not like a commercial bank; there are no parameters. We don't have to incorporate how we feel about creditworthiness."³⁸

In mid-1980, south Korea's nuclear plans were scaled back in the face of contained international credit after the Park assassination, and mounting personnel and technological problems. A high Westinghouse source told the authors in September, 1981 that they expect the Koreans to build 15 plants in addition to the 11 on order, a total of 26 reactors. A confidential World Bank report by Solamon Levy, a former General Electric executive, stated flatly that "Too much is being planned to be accomplished on too many fronts."³⁹

Yet even in its scaled-back version, the Korean nuclear program is huge. The program costs of \$13.3 billion are 56 percent of KECO's planned investment in electric power between 1979 and 1988.⁴⁰ As A.D. Little points out, the cumulative cost of the program by the end of the 1980s will equal one year of the current south Korean GNP.⁴¹ This will make the Korean program the largest among second ranking capitalist countries, and (with Taiwan) the only growth market for the transnational nuclear industry. For comparison, the KECO program ranks fourth in terms of U.S. utility commitments (after TVA, Com-

monwealth Edison, and Duke Power Company). South Korean nuclear technocrats are also committed to constructing Fast Breeder Reactors by the mid to late 1990s, suggesting an unbridled and unwarranted technological optimism.

A Korean Anti-Nuke Movement?

Nowhere in this process of nuclear decision-making can Korean citizens participate or even have a say. One U.S. company asserts that "The Korean people are fully aware of the lack of indigenous energy sources in Korea and, therefore, do not challenge the decisions of the government in energy matters."⁴² Another company attributed the lack of non-academic opposition to "the traditional Confucian respect for scholarship – that is, the technocrats. There is a general inclination to accept the opinions of experts and little inclination to get involved in issues that do not seem to have very immediate concern to the individual."⁴³

Written just after the Kwangju Uprising and a 6 month pan-national movement for democracy and civil rights, such statements reveal the heights of hypocrisy and ignorance which American companies scale to serve their paymasters. World Bank consultant Levy was less deceitful when he wrote, "Public opposition to nuclear power is non-existent; however, it is not clear that the acceptance may not just be a result of the public not having been given the entire risk-benefit picture."⁴⁴

Han Sok Han, a Korean Quaker leader tortured and imprisoned in 1979, wrote to the Nuclear Free Pacific Conference in 1980 that "Most Koreans don't realize the dangers of nuclear power plants. We are just beginning to think about the issue. We are beginning to investigate the dangers of nuclear power and nuclear weapons. We are planning to publish articles in our magazine, 'Voice of the People' to alert the public to the threat of both nuclear power and nuclear weapons."

After Chun Doo Hwan's May, 1980 coup, however, "Voice of the People" was banned.

Intellectuals have criticized the huge costs and dangers of nuclear power. A church group held a seminar on nuclear power in 1979; but when asked about possible dangers, one nuclear scientist said "I am not allowed to give you answers on that."

One activist in Seoul told us that, among many human rights activists, the question of nuclear power is a major concern. But, he added that "our number one concern here is restoring democracy and creating the atmosphere to discuss other problems like reunification and nuclear power. Until we have democracy there is nothing we can do."

Recently, a group of Koreans wrote to Canadian Prime Minister Pierre Trudeau that "Our people are not able to participate in the process of planning and controlling the power plants. If you promote the sales in Korea when the mouths of the people are completely sealed, you will not be able to avoid the blame that you exploited the situation for your selfish motivation. We know that many of the reports on the nu-

clear power plants in Korea warn of their great danger. Therefore, we are gravely concerned."

The "silence" on nuclear power in south Korea shrieks of suppression, not of support. The military, influenced by the technocrats and directly and indirectly aided by the U.S., give the orders. The military either ignores or silences any opponents. As one Korean energy consultant told the authors,

People like me who are opposed to nuclear power, what can we do? If I write an article for the paper, it will be censored. There is no discussion publically of nuclear power; it is not allowed. So there can be no objective criticism.

What am I going to do? Go out in the streets and shout? I'd be immediately arrested.

CONCLUSIONS

The strategies of the U.S. nuclear industry in south Korea can only be analyzed in the context of overall U.S. economic and political strategies in Asia. These, in turn, must be seen against the backdrop of the current economic situation in the U.S.

While the "bailout" of Westinghouse and other nuclear companies by the U.S. Eximbank indicate a crisis in the nuclear industry, it also is part of the current push of the U.S. bourgeoisie to "reindustrialize America." Blaming the current economic crisis on government regulations (such as environmental laws), lack of profit incentives, low productivity of workers, labor-management discord, and foreign (mainly Japanese) competition, the dominant interests of U.S. capital are attempting to restructure the U.S. economy around the information and high technology industries, which are seen as the key U.S. industries that can compete with Western Europe and Japan.

What this means is a phase-out of older, more basic industries, such as steel, rubber, shipbuilding, textiles, and automobiles in favor of computers, military hardware, engineering energy and management services. The "new" areas for growth in the U.S. are the Southwest and the West – the areas closest to Asia. The older, outdated industries are slated to be relocated in Asian and other Third World countries where labor is cheaper and environmental laws do not get in the way – and where multilateral lending agencies and commercial banks have built the infrastructure for industrial production.

Politically, within the U.S. "reindustrialization" requires

- 1) the cooperation (or cooption) of organized labor
- 2) the acceptance by American workers of lower wages, lowered living standards, "temporary" unemployment, and reduced social services.
- 3) a consensus that these subsidies should be transferred to the military and other industries
- 4) a strong anti-Soviet ideology to justify increased war preparations.

During the first eight months of the Reagan Administration, these have been key themes of the

President and his spokespersons.

These policies have been reflected in Asia in several ways. First, the Reagan Administration has moved to form an anti-Soviet strategic "alliance" by strengthening ties with south Korea, the Philippines, ASEAN, China, and Japan. Chun Doo Hwan has visited Washington, Marcos is scheduled to visit soon, while Secretary of State Haig and Vice President Bush have travelled to southeast Asia and China promising greater military aid against Vietnam and the Soviet Union. Economically, shoe import restrictions have been lifted for south Korea and Taiwan, while the ASEAN countries have been recognized as a united "trade bloc." While downgrading the role of the World Bank, the Administration is attempting to increase direct U.S. investment and ease regulations against commercial banking and investments in ASEAN and south Korea.

The U.S. nuclear industry and U.S. energy companies are an integral part of these policies: building infrastructure in countries like south Korea requires energy. Thus Korea and Taiwan are the biggest markets for U.S. nuclear technology; and U.S. coal producers are gearing up for massive exports to the Pacific Rim by the late 1980s. The planned transnationalization of nuclear production in Korea and Taiwan is one aspect of the restructuring of U.S. manufacturing industries, as well as one means for the U.S. to compete with its capitalist rivals.

But there are major contradictions in these trends. For purposes of this article, three will be discussed.

1) the increased role of the state in the "reindustrialization" process;*

* The most important contradiction domestically is, of course, the growing mass movement against Reagan's war preparation and budget cutbacks.

2) the growing antagonisms between the U.S. and Japan over economic and security issues;
3) the impact of these issues on south Korea.

1. The ideology of the Reagan Administration is reflected in the phrase "get the government off our backs." But as U.S. capital plans to "reindustrialize" America and "bring back free enterprise," it is turning increasingly towards government subsidies for export financing and research and development in the high technology industries (not to mention the huge military budget, which benefits the same industries). This presents a political problem for Reagan ideologists. Much of his support comes from small and medium businesspeople who feel swamped by government regulations. But his economic program will only benefit and strengthen the monopoly sectors of the economy - witness the wave of mergers - which will ultimately weaken his petit-bourgeois support. Second, his program involves huge state subsidies to monopoly industry, through the Export-Import Bank.

This conflict within the Administration was symbolized in the budget-cutting struggle over Eximbank. As the *Wall Street Journal* remarked, "The Ex-Im case plainly shows how the administration has been struggling between its laissez-faire principles and

the need to deal with current realities. As in the decision to press for voluntary limits on Japan's auto exports, principle gave way to political and economic pressures."¹

David Stockman, the President's "budget cutter," tried to cut the Eximbank 30 per cent. But most of the cuts were restored in Congress after tremendous pressure was exerted by Westinghouse, Boeing, and other multinational corporations. The Reagan Administration made a decision not to fight for the cuts in order to restore export competitiveness. Moreover the Administration is considering funding a massive export "war chest" which will be used "to turn Ex Im into a front-line weapon in America's persisting export-subsidy war with Europe and Japan . . . Commerce Secretary Malcolm Baldrige has warned U.S. allies not to underestimate 'the resources we are preparing to commit, the extent of the credit terms we are prepared to offer.'"² Thus the "anti-government spending" faction has lost out to the dominant faction supporting "free trade" and the import of cheap manufactured goods in exchange for the export of capital-intensive American goods.

This example clearly shows that, despite the strong "free enterprise" ideology of the Reagan Administration, pragmatism wins over ideology when certain U.S. industries are threatened. Second, it indicates the willingness of the U.S. to use its state capital as a weapon against European and Japanese state capital. Could another era of mercantalism be upon us?

2. The primary target of U.S. trade policies is Japan, specifically Japan's exports of cars and electronic equipment to the U.S. As the U.S. is pressuring the Japanese government to slow auto exports, it is also urging that Japan increase its military expenditures and "security aid" to countries like south Korea. At the same time, certain sectors of U.S. and Japanese capital are becoming linked, indicating increased collaboration. Westinghouse has reached an agreement with Mitsubishi, while General Motors and Isuzu Motors have announced production tie-ups, for example. Meanwhile, the so-called "Japanese miracle" is being pushed as the model for "reindustrializing America," Japanese labor-management practices are being emulated, and Japanese capital is being utilized by American companies to complete mergers in the U.S. What are we to make of these contradictory policies and trends?

Essentially, they indicate the contradictory nature of Japan-U.S. relations, which have been based since World War II on a dual role of Japan as collaborator with U.S. imperialism - Japan supplying the economic base structure, the U.S. supplying the military and ideological structure - and Japan as competitor. Since the 1969 "Nixon-Sato Joint Communique" this dual role has been institutionalized, with economic competition increasing along with pressures on Japan to play a greater military role. This military role has increased substantially, as indicated by Japanese participation in U.S./Australian/New Zealand naval maneuvers, Suzuki's promises to patrol maritime routes, the buildup of the Self Defense Forces, etc. And now the U.S. wants to make this explicit, clear

to everyone. But because of public pressure, Japan cannot say it is in a military "alliance" with the U.S., nor can it commit itself to the \$6 billion in "security" loans demanded by south Korea. Thus while the Japanese military role in Asia is substantial, it cannot be said that a U.S.-south Korea-Japan alliance has been formed in complete accord with U.S. desires. This development lies in the future — and may depend on the nature of U.S.-Japanese economic relations, the extent of the collaboration.

In a sense the current period represents a turning point for U.S.-Japan relations, similar to 1965, when the Japan-south Korea Normalization Treaty marked a new "division of labor" between Japan and the U.S. in East Asia. This time the pressure is to lend large amounts of capital to south Korea to help the Chun regime develop its military forces. Chun's military is seen by both the U.S. and south Korea as not only preventing social revolution in the south, but as an extension of the U.S. military's counterforce to the Soviet Union. Chun made this clear on his visit to Reagan in February, and during his summer tour of the ASEAN countries.

The U.S. pressures on Japan to play a more active military role and the south Korean "request" (backed by the U.S.) for security aid are an attempt to bring Japan firmly into the strategic anti-Soviet alliance in Asia. Without denying the fact that important sectors of Japanese capital and the ruling conservative parties support this consensus, it is important to look at the reasons why Japan is publically hesitant to completely support Chun Doo Hwan. This brings us back to Korea.

3. Clearly, some Japanese capitalists are worried that massive loans to south Korea at this time could weaken Japan's market position in southeast Asia and other Third World countries. With south Korea creating new economic links with ASEAN, Japanese capitalists fear that their steel, machinery, and construction exports could be endangered by building up these industries in Korea. The *Mainichi* reported that Japanese trade circles "fear that their cooperation with the south Koreans' industrial projects" such as the Pohang Steel Mill "might be eventually end up with a smaller Japanese market share in the ASEAN region."³ Further, Korea's ASEAN push depends partly on its ability to import and process LNG — an expensive technology which south Korea has asked Japan to finance.

But it runs against the economic interests of certain Japanese sectors to expand Korea's capacity. However, these circles do "feel it necessary to aid south Korea in the form of financial and technological assistance from a political standpoint," reports the *Mainichi* — a process that necessitates Japan and south Korea pursuing "complementary policies in their export approaches to the Asian market."⁴ In other words, they recognize the need to assist south Korea politically, but only if this aid represents a division of labor beneficial to Japan.

Footnotes, Part II

1. The review was conducted by the Tudor Engineering Company, "Review of Korea Electric Power Project, ROK," Vol. II, for the International Cooperative Administration, Washington D.C., 1957.
2. Edward Mason, et.al., *The Economic and Social Modernization of the Republic of Korea*, Harvard University Press, 1980, Chapter 6.
3. Mason, et.al., p. 190.
4. *Ibid*, p. 194.
5. *Ibid*, p. 195.
6. *Ibid*.
7. *Ibid*, p. 200.
8. U.S. Department of State, "Technology in south Korea," 1978.
9. *Ibid*.
10. *Ibid*.
11. C. Long, "Nuclear Proliferation: Can Congress Act in Time?", *International Security*, Vol. I, No. 4, 1977, p. 60.
12. Interview with authors, February, 1981.
13. Survey Team Report, "Korea Electric Power Survey, Korea Electric Power Company Operations and Development," Seoul, Korea, 1965.
14. U.S. Embassy, Seoul, "Korea's Proposed Nuclear Power Plants," Cable No. PR120140Z, April, 1968, released to Nautilus under Freedom of Information Act.
15. *Ibid*.
16. *Ibid*.
17. U.S. Embassy, Seoul, "Korea's Nuclear Power Project," Cable No. PR 3007 20Z, July 1968.
18. U.S. Secretary of State, "Nuclear Power Team Visit," cable No. P. 1422 04Z, June 1968.
19. *Ibid*.
20. H. Bardach, "Nuclear Power Plant in Korea," U.S. Department of State Memorandum of conversation, Oct. 14, 1968, released under FOIA.
21. U.S. Secretary of State, "Exim Loans to Korea," Cable No. P23 2256Z, Sept. 1968.
22. U.S. Secretary of State, "Westinghouse Nuclear Power Plant," Cable No. P242 332Z, Oct. 1969.
23. *Ibid*.
24. U.S. Secretary of State, "Westinghouse Proposal Nuclear Power Plant for Korea," Cable No. R231 835Z, July 1969.
25. U.S. Secretary of State, Cable No. P122 050Z, May 1969.
26. *Ibid*.
27. U.S. Embassy, Seoul, "Nuclear Power Project," Cable No. R100 625Z, Sept. 1968; at the end of the cable, the Embassy adds:
Embassy suggests that above information re (UK) Nuclear Power Group (Ltd) offer be passed to I.G.E., Westinghouse, and Combustion Engineering Corporation.
28. U.S. Embassy, Seoul, "Nuclear Power Plants No.7 and No.8," Cable No.(illegible), Ref. 9919, Nov. 1979.
29. *Ibid*. 30.
30. Interview with authors, Feb. 1981, Seoul.
31. *Korea Herald*, 11/9/80.
32. U.S. Embassy, Seoul, "Visit of Eximbank Chairman Stephen deBruhl and Staff, August 1-6, 1976," Cable No. P1107 40Z, August, 1976.
33. Interview with M. Heertsgaard, 1/23/79, for *The Atomic Brotherhood*, forthcoming, Institute for Policy Studies.
34. Interview with authors, 3/8/81.
35. Interview with authors, 3/24/81.
36. *Ibid*.

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Dear Subscribers,

With this issue, we will be raising our subscription rates by 800 yen or \$4 per year. This amounts to a 25 per cent price hike for individuals (or 33 per cent, for those who pay in dollars), and almost a 20 per cent hike for institutions. At this writing, foreign subscriptions are actually cheaper than yen subscriptions, although this may change if the value of the yen goes up. While the increase is substantial, we do not think it is excessive. Currently, subscriptions cover only about half the cost of producing and mailing *AMPO*—in spite of the fact that our writers are mostly unpaid. Thus, even the increase will leave us with a considerable deficit. Moreover, this is the first increase in price in five years. It is obviously superfluous to point out to our readers that aggregate inflation during the past decade has been substantially in excess of even the highest percentage mentioned above. Nonetheless some figures specifically affecting our publication may be of interest. Printing and other production costs have just about tripled during the period concerned. Readers who remember our magazine from the early '70s may object that the product is of much higher quality now. We would, in all modesty, agree, but maintain that the improvement is *solely* due to areas of input that are *not* covered in our production cost estimates.

The other major expense item is postage. Here, we have been hit by a staggering 50 per cent increase just in the past year — on top of the regular increases that we experienced since 1972. Nonetheless, we have not raised our airmail surcharge, since we realize how important timely information is to many of the subscribers who need *AMPO* most. We hope that, in these difficult times, our readers will appreciate our situation.

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37. U.S. Embassy, Seoul, "President Park-Henry Kearns Meeting," Cable No. R 31 0Z50Z, March 1972.
38. Interview with authors, 3/18/81.
39. Salomon Levy, "Review of Safety Aspects of Nuclear Power Program in Republic of Korea," World Bank and United Nations Development Program, June, 1980, p. 23. This document was leaked to Nautilus last year.
40. Korea Electric Company, Annual Report, 1979.
41. A.D. Little, "US-ROK Energy Assessments: Electric Sector Evaluation," Cambridge, May, 1980 p. 2-15.
42. *Ibid*, p. 8-2.
43. GE/Tempo, "Development Analysis Task Force," ROK-US Cooperative Energy Assessment, mimeo, Argonne National Laboratory, Washington D.C., June, 1980, p. 4-55-56.
44. Levy, p. 37.

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express themselves here only intermittently and at second hand, primarily through the filter of a foreign press. The following are the main sources used in researching the article. On the events of 1977, 1978: *Le Monde*, Dec. 2, 1978; Philippe Guesdon, *Le Monde*, Jan. 30, Feb. 6, 1979; Roland Jeanneret, *Sous le colonialisme atomique francais: Tahiti*, 1980, (republished in pamphlet form by Francois Roux, Jean Jacques de Felice, and Michel Tubiana); Elaine Shaw and Solange Fernex, *Polynesie francaise: le essais atomiques*, 1981 (Greenpeace, Femmes pour la Paix); Hannelore Deschryver, *Les 7 Tahitiens: chronique d'un proces*, 1981; Christian Colombani, "les mutin de la prison de Tahiti sont condamnes a des peines de prison de 4 a 8 ans," *Le Monde*, Ap. 27, 1982; Francois Roux, *Tahiti apres le 10 mai* (manuscript), 1982.

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A final note concerning the 15 Polynesian political prisoners. Virtually all of those arrested are workers (farmers, fishermen, day laborers, craftsmen); most speak only Polynesian. Charlie Ching, an exception, operates a small pest-control company. The names of the prisoners and the sentences handed down at Versailles (given in parentheses) are as follows. The 1977 guerrilla attacks: Marcel Tahutini (15 years), Jonas Tahutini (12), Viriamu Taura (12), Manea Tefana (10), Charlie Ching (5), Prosper Taana (4), and Guy Taero (acquitted). The 1978 prison insurrection: Immanuele Tauhiro (10 years), Oscar Chapman (8), Pierre Teave (7), Jean-Claude Tamaril (7), Joseph SEigel (5), Yves Orirau (5), Antoine Hutaouoho (4), and Felix Kapikura (4). For further information, write to: Comite de soutien au Tahitiens, 17, rue de l'Avre, 75015 Paris, or to 5-7 Bd Burel, 13003 Marseille, France.