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I. United States

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1. ROK Budget Cuts

The Associated Press (Reid G. Miller, "KOREA URGED TO KEEP DEFENSE BUDGET," Seoul, 01/22/98) reported that US Defense Secretary William Cohen on Thursday, at a joint news conference with ROK Defense Minister Kim Dong-jin, urged the ROK to maintain a strong military budget to avoid sending "a wrong signal" to the DPRK. Cohen said that any reduction in the ROK's defense budget or its support for US troops could be viewed by the DPRK as a sign of weakness and tempt it to test the strength of US-ROK forces. He added that he would send a team of US Defense Department experts to the ROK to work on ways to economize without harming the ROK's defenses, including possible force realignments.

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2. ROK Financial Crisis

The Associated Press (Patricia Lamiell, "S. KOREANS MEET WITH BANKERS," New York, 01/22/98) reported that ROK financial authorities met with international bankers in New York in an effort to

resolve differences over a debt restructuring plan. Officials said that no firm agreement was reached. The biggest point of difference in the talks centers on whether the ROK government should guarantee the longer-term bonds that would be issued in exchange for short-term loans that soon are to come due.

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3. US Intervention in Kim Dae-jung's 1980 Sentence

The New York Times carried an opinion article by former US National Security Advisor Richard V. Allen ("ON THE KOREA TIGHTROPE, 1980," Washington, 01/21/98) which gave the account of the US intervention to prevent the ROK government from executing Kim Dae-jung in 1980. Allen said that in December, 1980, US Secretary of State Edmund Muskie told him that the ROK generals who had seized power in the 1979 coup were planning to execute Kim Dae-jung. Muskie "asked that I join him in a public denunciation of the Koreans." Earlier, on October 12, Deputy Assistant Secretary of State Michael Armacost had warned Allen that an execution would cut US military sales to the ROK and force US troop withdrawals. Allen later met with an emissary from the ROK government, Major General Chung Ho-yong, who told him that if ROK President Chun Doo-hwan were offered an "official invitation" to US President Ronald Reagan's inauguration, he might consider a different sentence against Kim Dae-jung. Allen instead agreed to a meeting for President Chun with President Reagan shortly after the inauguration, but not a state visit, in exchange for commuting Kim's sentence.

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4. ROK-Taiwan Economic Cooperation

Reuters ("TAIWAN DENIES \$2 BILLION LOAN TO S. KOREA," Taipei, 01/21/98) reported that Taiwan Vice Economic Minister Lin Yi-fu denied a report on Thursday in the local United Daily News that Taiwan planned to grant US\$2 billion in low-cost loans to the ROK. The newspaper quoted unidentified economics ministry officials as saying that the planned loans would help ROK importers to buy Taiwan products. The report added that the ministry hoped that the ROK in return would invite "top-level" Taiwan officials, including Premier Vincent Siew, to visit. Lin stated, "The economics ministry knows nothing about the reported economic aid to South Korea." He added, "It could be a misunderstanding."

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5. Taiwanese Diplomacy

The Washington Post (Keith B. Richburg, "EXPLOITING ASIA'S CRISIS," Taipei, 01/22/98, A23) reported that Taiwanese businesses are hoping to take advantage of the Asian financial crisis by buying up assets at low prices. The article said that Taiwan is also hoping to use the financial crisis to break out of its diplomatic isolation by greatly expanding its commercial ties in Southeast Asia. Taiwan possesses one of the world's largest foreign exchange reserves, approximately US\$90 billion, and low external debt. Andrew Yang of the Center for Advanced Policy Studies said that Taiwan officials "consider the financial crisis in the Asian countries as providing an opportunity for Taiwan to play a role in providing assistance." He added, "With this investment, it will lead to a consolidation of mutual relations." However, David C.L. Auw, secretary general of the Institute of International Relations in Taiwan, warned that Asian nations will want to keep Taiwanese assistance low-profile to avoid antagonizing the PRC. He added, "If the Taipei side tries to reap some political benefit, that is out of the question."

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6. Russian-Japanese Peace Talks

Agence France-Presse ("RUSSIA, JAPAN CREATE PEACE TREATY COMMISSION," Moscow, 01/22/98) reported that, following consultations between Russian Deputy Foreign Minister Grigory Karasin and his Japanese counterpart Minoru Tamba, Russia and Japan announced the establishment of a joint commission, chaired by Russian Foreign Minister Yevgeny Primakov and Japanese Foreign Minister Keizo Obuchi, to negotiate a peace treaty. An unnamed Russian government spokesman stated, "The new structure's task will cover preparatory work and negotiations on the signing of a peace treaty."

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7. Russian Arms Sales

The AP-Dow Jones News Service ("RUSSIA PM ORDERS TIGHTER WEAPONS EXPORT CONTROLS," Moscow, 01/22/98) reported that Russian officials said Thursday that Prime Minister Viktor Chernomyrdin ordered the government to impose tighter controls on exports of equipment that could be used to make nuclear, chemical, or biological weapons. Government spokesman Igor Shabdurasulov said that Chernomyrdin's directive refers to dual-use equipment, which can be used either for civilian or military purposes. He stated that Chernomyrdin's proposal would prohibit any firm from exporting a commodity or service if the firm knows that it may be used to develop or maintain such weapons.

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8. US Nuclear Policy

The Washington Post carried an opinion article (Jeremy J. Stone and Paul C. Warnke, "THE NEXT NUCLEAR STEP: DE-MIRV SUBMARINES," 01/22/98, A21) which argued that the US strategic nuclear force policy which emphasizes time-urgent targeting of Russian strategic forces and command-and-control sites is "completely unnecessary in the post-Cold War era." The article warned that the strategy can lead to accidents "because it requires quick judgments of what to do ... and it induces the Russian command to set its decaying and accident-prone forces to fire on warning." The authors also argued that "maintaining a launch-on-warning/disarming attack capability might preclude disarmament below the approximately 1,000 deployed ballistic missile warheads necessary to maintain and implement the capability." The policy also prevents de-alerting of US nuclear weapons, "since de-alerting, by definition, does not leave weapons available at a moment's notice." The authors called for the US to switch to a deterrent-only force, by designing a START III proposal to eliminate all sea-based missiles with multiple warheads (MIRVs) on both sides and to reduce the overall number of deployed ballistic missile warheads to about 500. They argued, "De-MIRVed and reduced to the 14 submarines the Navy is planning to hold, [the US Navy] would have only 336 warheads ... more than enough to deter any conceivable future enemy." However, they added, "this same force ... would not be enough to constitute a realistic threat to a suitably composed 500-missile Russian force of fixed and mobile land-based missiles and missile-firing submarines." The authors concluded, "To help persuade the Russians to ratify START II -- and to make it possible for reciprocal de-alerting measures here and in Russia to be expanded into core capabilities -- we should orchestrate today, within the U.S. government, a suitable offer to cut ballistic missile warheads to about 500 and to ban MIRVs at sea just as START II banned MIRVs on land."

The NAPSNet Daily Report aims to serve as a forum for dialogue and exchange among peace and security specialists. Conventions for readers and a list of acronyms and abbreviations are available to all recipients. For descriptions of the world wide web sites used to gather information for this report, or for more information on web sites with related information, see the collection of [other NAPSNet resources](#).

We invite you to reply to today's report, and we welcome commentary or papers for distribution to the network.

Produced by [the Nautilus Institute for Security and Sustainable Development](#).

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