

THE ECONOMIC MEANING OF SOUTH KOREAN TOURIST POLICY UNDER AUTHORITARIAN RULES✦

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My participation in this workshop is meant to assess the tourism policy pursued by the Republic of Korea at the Korean tourist industry's inception and during the first stage of its development. The study deals with the period of non-democratic governments that spanned from 1961 (Park Chung Hee's military coup) to 1988 (Seoul Olympic Games). This was not, certainly, a very flourishing period and, therefore, scholars have not paid it the same attention they have to recent times, but as we will see later, the foundations of the now promising South Korean tourist industry were laid by authoritarian administrations.

To begin with, we should realize that historically Korea was not a land inclined to welcoming foreign visitors. Since its early history, the Korean peninsula has been threatened by two mighty neighbors: China and Japan. Very often foreigners were seen as mere intruders or colonizers. These unfriendly encounters left the Korean people with a sense of foreboding that such contacts with the outer world would either destroy the Korean identity or jeopardize its own independent path toward national prosperity.

The country was secluded from outside world, particularly the Western world. Over the course of the 19th century the intervention of foreign powers triggered a lasting conflict between traditional isolationism and a desire for openness to the outside. According to those who viewed openness as undesirable, opening Korean doors would only benefit foreigners. In any case, foreign powers demanding a foothold in Korea had certain harsh yet persuasive measures at their disposal, including so-called "Gunboat Diplomacy"¹. Xenophobic feelings arose within the Choson Dynasty, deeply rooted in the conservative Confucian ethic, because the Kingdom found its permanence threatened by foreign

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¹ Hogan Kenneth, J.: *American Gunboat Diplomacy and the Old Navy, 1877-1889*. Westport, Connecticut, 1973.

greed and the new way of life that Christianity and Capitalism represented².

There are a number of sayings that characterize Korea. Some of them, like “Country of the Morning Calm” are rather lyrical, but other expressions, like “Hermit Kingdom” tend to express self-isolation and signify the Korea’s closed-door policy, intentionally adopted to ward off foreign encroachment. In 1885, geographer Elisée Reclus regarded the peninsula as a land which had actually tried to sink into oblivion³.

As we have seen, this policy changed in the latter part of the 19th century when Korea was forced to open its doors. Under Japanese colonial rule, the number of industries and the amount of public works increased, but at the same time Koreans witnessed a ruthless campaign to supplant their language, culture and rich heritage. The end of World War II marks the end of Japanese occupation, although this happy event occasioned the North-South split. The next historical happenings are well known: a tragic war in 1950 and mutual tensions provoked by of the cold war environment. These events imbued the whole peninsula with a feeling of instability and hostility. One easily gathers that Korea has not enjoyed any long period of peace and tranquility that would have developed tourism properly.

From this point on, my contribution deals only with the Republic of Korea, leaving to one side communist North Korea and its centrally planned sector.

The Korea war ended in 1953 without a peace treaty. The economic outlook was decidedly bleak. The whole country was impoverished and closed to outbound and inbound tourists. There was no capital to invest in production. Most of the national infrastructure was devastated and the country survived only by relying heavily on American aid. However, South Korea was to offer a textbook case of how to escape underdevelopment at high speed. The architect of the so-called “miracle on the Han” came from the ranks of the Army.

In 1961, General Park Chung Hee led a coup that overthrew the Second Republic. During Park’s rule, the country underwent a huge

² See, Lee, K-b.: *Nueva historia de Corea*. Eudeba. Buenos Aires, 1984, pp. 281-294; Korean Overseas Culture and Information Service: *A Handbook of Korea*. Seoul, 1998, pp. 80-85; RKI-KBS, Instituto para el Desarrollo de la Educación Internacional: *Historia de Corea*. Seúl, 1995, pp. 138-148.

³ Blasco Ibáñez, V.: *La vuelta al mundo de un novelista*. Tomo I. Valencia, 1924, p. 328.

economic transformation based on export-oriented industrialization. South Korea imported raw materials to manufacture finished goods.

Park Administration succeeded by adopting export-oriented industries (textiles, plywood, footwear, steel, chemicals, fertilizers, etc.). The average annual growth for the period 1962-1979 was 9.8 per cent. Exports grew at an average annual rate of 40 per cent during that period. But human rights breaches and a repressive labor policy marred this rosy picture.

What was the reality of the tourism industry in the first months of the authoritarian regime? In its efforts to attract inbound tourists, Korea could not offer safety, comfort, a good transportation network or even competitive sightseeing.

In 1961 a US Department of Commerce Study on the Republic of Korea tourism industry reported:

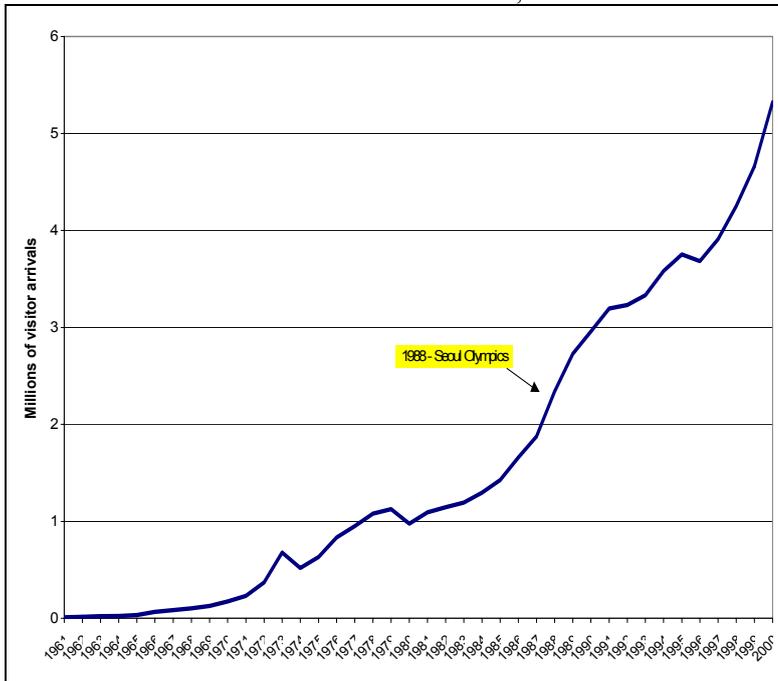
“No matter how it is analyzed, tourism in the Republic of Korea is extremely small. In fact, compared with that of its neighbouring countries, Korea’s international tourist business is so small it suggests the presence of important major obstacles. These would certainly include the attitude of international travelers towards visiting Korea. For instance, an attitude study completed in the United States and Canada shows that, out of 19 countries in the Pacific and Far East, potential travelers rate Korea next to last as a place they want to visit. Korea ranked high in the North American market as a place potential tourists considered “unsafe”⁴

Negative image of Korea under the non democratic governments has many causes: lack of freedoms, inferior consumer goods, cold war atmosphere (the 1983 Soviet attack on Korean Airways flight also jeopardized the perception of a safe country), international isolation, etc. Consequently, the most significant factors discouraging U.S. tour operators from developing package tours to Korea were negative images of the country and lack of information on Korea travel⁵

⁴ Clement, Harry G., 1961, *The future of tourism in the Pacific and Far East: a report prepared under contract with the U.S. Dept. of Commerce and co-sponsored by the Pacific Area Travel Association*. Washington, D.C. Dept. of Commerce, p. 297.

⁵ Chon, Kye-Sung; Hyun – Ju, Shin: “Korea’s Hotel and Tourism Industry”. *The Cornell Quarterly* 31 (1), 1990, p. 70

KOREAN INBOUND TOURISM, 1961-2000



Source: Beal, Tim, (2001) 'Crossing boundaries: prospects and challenges for DPRK tourism', paper presented at forum New Economic Policies of DPRK (North Korea), and Reconciliation Strategies between DPRK and USA ,Brookings Institution, Washington, D.C., 7-8 June 2001

As we can see in the above graph, between 1961 and 1988 the number of tourists grew from year to year, but at a moderate rate. Tourism was not considered a key sector for the economic development. However, we are inclined to think that Park's policy should be assessed positively because Korean decision-makers of the time paved the way for tourism's expansion in the long term.

Korea was bankrupted by long years of colonial rule, tragic wars, corruption and mismanagement. Something had to be done. The country could not wait any longer. Presidents Park and Choo Doo Hwan committed themselves to developing a wide range of tourist resources and infrastructures, such as roads, telecommunications, resorts, public

facilities, natural parks, preservation of historic sites and the like. Building infrastructures was one of the goals laid out in the consecutive Five-Year Economic Development Plans.

All in all, one particular criticism should be taken into consideration. There is no doubt the Park regime succeeded in modernizing the country, but it destroyed monuments, cults of worship and traditions that today would be seen as very attractive to tourists because they reflect the ancient identity of the Korean people. One example might be shamanism. The Government razed shaman shrines and later launched a propaganda campaign against shamanic practices, deemed detrimental to modernization. Ironically, traditional spirit worship is still practiced in Korea. Foreign tourists regard shamanism as a lively and exotic practice deeply rooted in the Korean spirit.

What have been the major breakthroughs in tourism? To answer this question, we can begin by emphasizing the following legal, institutional and political milestones:

1. Regulating the industry was the first achievement because a country's legal framework has the capacity to enhance its tourist sector. The *Tourism Promotion Law*, enacted in 1961, sought to help the tourist sector in the country by creating a better overall environment for tourism, developing tourism resources and providing support for industries.

In December 1975 the *Tourism Basic Law* was enacted in order to lay down a legal framework for tourism policy and provide several means to enforce this Law.

2. A number of relevant institutions took part in supporting the government policy. Institutional backing was arranged to accomplish industry goals. Among these objectives were researching new trends in the market, attracting foreign visitors, coordinating activities and financing new plans. The Tourism Policy Council, established in 1965, produced annual reports on promotion policies. In accordance with the *Tourism Basic Law* (article 14), a Tourism Promotion and Development Fund was established in 1972 to enable efficient development of the industry. This Fund provides an important source of financing and is devoted to providing low-interest loans to private business (construction of tourist facilities, facilities renovation, accommodation, resort business and marketing campaigns).

Finally, in 1962 a Government-funded corporation was inaugurated to assist promotional efforts in the tourism industry. Originally named *International Tourism Corporation (ITC)*⁶, today the institution is called *Korea National Tourism Organization (KNTO)*⁷.

3. During the Park Chung Hee and Chun Doo Hwan presidencies the overall significance of tourism was given a boost by integrating related concepts, such as culture, art or sport. Needless to say, cultural tourism represents a lucrative niche within the industry. Positive steps forward were taken to emphasize and protect national culture. Two laws – Cultural Assets Protection Law (1962) and Art Promotion Law (1972) – sought to preserve and transmit tradition and art and to revive national culture. In accordance with the prevailing cultural legislation, the Korean Culture and Art Foundation carried out the First Culture and Art Promoting Five-year Project (1974-1978), aiming “to establish a correct historical view and to create new national art”. The Fifth Republic (1981-1988), led by Chun Doo Hwan, included a clause relating to culture and art in its Economic Development Project.

4. Sport has been – and still is – one of the tourist highlights. Many foreigners are aware that South Korea’s privileged position as the “mecca” of Taekwondo attracts sporting enthusiasts for training and officials to its many contests and exhibitions. Also, sporting events with mass appeal have played a role in boosting tourist industries. The 1986 Asian Games offered the first chance to improve Korea’s image. The Seoul Olympic Games (1988) inspired even more interest. Actually, the Olympics not only proved to be a success for the host country but also turned into a catalyst for political change and sweeping democratic reforms.

⁶ In 1982 the *International Tourism Corporation*’s name changes to *Korea National Tourism Corporation (KNTC)*.

⁷ See KNTO web site in www.knto.or.kr

⁸ Tyrrel Timothy; Chang Young-Tae; Kim Sung-Gwi: “Coastal Tourism Development and Expo 2010 in Korea”. *Korea Observer*, Vol. XXX, No. 1, Spring 199, p. 192

On June 29, 1987, Roh Tae Woo – the majority party’s candidate for the presidency – pledged himself to the establishment of democratic rights. His inaugural address had a clear message: “the era when human rights and freedom were neglected in the name of economic growth and security has now ended”. With the 1988 Olympic Games in sight, no Government was able to make use of repression to suppress increasing democratic feelings from the students, unions, intellectuals, religious groups and, by and large, the middle class. Otherwise, an iron-fisted policy would have provoked public disorders and triggered an international boycott of the Games. Just as the Tokyo Olympics (1964) had symbolized Japan’s return to the International Community, hosting the Seoul Olympic Games could be interpreted as having ushered in a new democracy. Therefore, the 1988 sports event and a permanent improvement on hospitality, transportation and communication facilities have helped to overcome those past negative images⁸.

Although security matters and a new pattern of tourism are interrelated, it is worth pointing out one last topic which, in a certain way, is unique and characteristic of Korea. In spite of long years of national division, followed by a fratricidal war and mutual animosity, the country has developed one quite unique tourist resource. Travelers may visit the “cold war” atmosphere along one of the world’s most militarized borders. Since 1953, the truce village of Panmunjom lets one experience about the feeling of tension and hostility between two opposing systems: capitalism and communism.

In short, South Korea discovered the importance of the tourist sector during the Park Chung Hee and Chun Dwoo Hwan administrations. However, a new image of an open-minded, efficient and hospitable country appeared later, especially during the political transition led by Roh Tae-woo. The “starting line” was the 1988 Olympic Games. Later, Government interest in this market heightened as it began to recognize the need to diversify its export oriented economy. Nowadays, democratic governments pay more attention to this economic sector and give it encouragement because it is valuable in attracting foreign currency and creating jobs⁹. But the promising future we see today owes something to a

⁹ See recent developments of tourist industry in *National Tourism Policy Review-Republic of Korea*. Directorate for Science Technology and Industry Tourism Committee. OECD DSTI/DOT/TOU(2002) 3/PART 2. 25/June/2002; Economic and Social Commission for Asia and the Pacific: “Opportunities and challenges for tourism investment: A case study of the Republic of Korea and reports from selected countries in Asia and the Pacific”. *Escap Tourism Review*, No. 21. United Nations. New York, 2001

bygone era. Authoritarian administrations put a significant effort into infrastructures, legal regulations and institutional support. However, in spite of Park's bid to disguise his regime behind some democratic window-dressing, tourism could not become a key sector in a garrison State.