

The United States' Economic Disengagement Policy and Korea's Industrial Transformation: Implications of the Textile Disputes (1969–1971) for the Quasi Alliance in East Asia*

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The textile disputes (1969–1971), characterized by the simultaneous negotiations and conclusion of bilateral voluntary export restraints (VERs), marked the first major trade conflict between the United States and its East Asian Allies during the Cold War. The U.S. initiated the negotiations aimed at restricting the import of textiles produced by major East Asian newly industrialized economies (NIE), including Korea and Japan. I argue that the textile disputes played a crucial role in changing the development strategy of Korea in two ways: on the one hand, it established a direct trade barrier that drastically reduced the viability of light industry, creating an urgent need for the Korean government to turn to look for another way to continue the economic development. On the other hand, it was perceived by both Korea and Japan as symbolizing the U.S.'s economic disengagement policy in East Asia, leading to closer economic cooperation between the two quasi allies, especially in the heavy and chemical industry (HCI) sector. As a consequence, the textile disputes provided Korea with both the incentive and resources to pursue industrial transformation promoting the HCI.

Keywords: Textile disputes (1969–1971), voluntary export restraint (VER), U.S. disengagement policy, quasi alliance, Korea's industrial transformation

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