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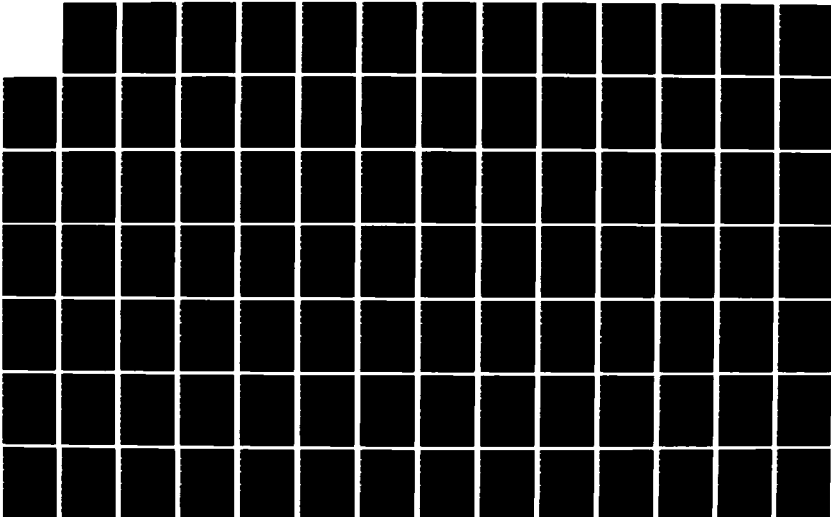
THE MAJOR ASIAN POWERS AND THE KOREAN REUNIFICATION  
PROCESS: CATALYSTS OR DETERRENTS?(U) DEFENSE  
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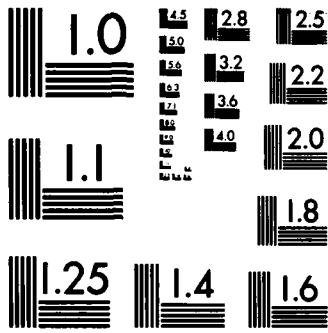
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Title of Thesis: The Major Asian Powers and the Korean Reunification Process: Catalysts or Deterrents?

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Master of Science in Strategic Intelligence, June 1986

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Abstract

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Title of Thesis: The Major Asian Powers and the Korean Reunification Process: Catalysts or Deterrents?

James J. Buck, Master of Science in Strategic Intelligence, June 1986

Thesis Committee Chairman: Norbert H. Marsh

The Korean peninsula has been divided at or near the 38th parallel since the end of World War II. Since that time there have been various proposals for reunification put forth by the Koreans themselves and by other countries and international forums. There was even the infamous and devastating North Korean attempt at reunification by force. Throughout the forty years since partition, the U.S., USSR, China, and Japan have played significant roles in shaping affairs on the peninsula. But have these roles been self-serving or are their ultimate objectives the self-determination of the Korean people and unity for a divided nation? Do the major powers serve as catalysts or deterrents to the reunification process?

Investigation of the thesis began with a review of Korean history from ancient times and a look at the Korean cultural heritage. This was followed by a review of current economic, political, social, and military systems in North and South Korea, including how and why they were formed. The reunification issue itself was a major topic of research.

Information on how the two Koreas and their allies viewed reunification was gathered from various political and economic journals and from major literary works devoted to the Korean question. This material supplemented details from current news media on North-South Korean rapprochement and major power actions vis-a-vis Korea. Policies of the major powers were evaluated against the balance of power theory and against a set of three hypotheses developed as possible explanations of big power strategies.

The results of this research provided a detailed account of major power involvement in Korean affairs and insight into their intricate and often delicate relationships with their respective Korean allies. In the final analysis, two areas surface as fundamental objectives of all four major powers. In order of priority, these are the maintenance of peace and stability on the peninsula and the continuation of the status quo (two Koreas). The major powers act as catalysts for peace and stability, because of their own vested political, economic, and military interests, but do not ardently pursue the reunification goal.

If a continued North-South dialogue results in reduced tension and a normalization of inter-Korean relations, then this is to the direct benefit of the major powers. If normalization eventually results in a reunified peninsula, then some as yet unknown adjustment must be made to major power force dispositions in the area to once again achieve a balance of power equilibrium.

THE MAJOR ASIAN POWERS AND THE KOREAN REUNIFICATION  
PROCESS: CATALYSTS OR DETERRENTS?

by

James J. Buck

Thesis submitted to the Faculty of the Defense Intelligence  
College in partial fulfillment of the requirements for  
the degree of Master of Science in Strategic  
Intelligence, September 1985

Korea  
Country of peoples  
Sundered by phantasm  
Yearning together

Peace  
Land joins ocean  
Earth greets heaven  
Two nations become one

Jeff

Figure 1  
THE KOREAN PENINSULA



Adapted from National Geographic Map of PRC, dtd Jul 1980.



## Preface

The Korean Peninsula, the "land of the morning calm," is a mostly mountainous region roughly equal to the combined land area of the states of Pennsylvania and New York, and very similar in climate. Ethnic Koreans comprise approximately 99% of the population, with a heritage extending back into the first millenium before Christ. Koreans north and south are highly nationalistic and proud of their cultural heritage.

Because of its common border with China and the USSR, and its proximity to Japan, the Korean Peninsula has long been one of the most important geographic areas in Asia. It is no less so today. Its strategic value is marked by the confluence of the four great powers in this region: the United States, the Soviet Union, China, and Japan. Through the years Korea has been caught in the grip of international political intrigues; it has fallen prey to foreign quests for territorial and economic expansion and, more recently, has had the unfortunate fate of serving on the front lines in the ideological battle between capitalism and communism.

Somehow through all of this the Korean people have managed to persevere. Although their country has stood divided for the last forty years, separated by a chasm of

political ideology, the most important long-term goal of both North and South Korea is the reunification of their homeland. This is evidenced by government statements and actions, editorials, public opinion, and even the Korean War itself.

### Acknowledgement

It is with deep appreciation that I thank the members of my committee, Norb, John, and Sandy, for the valuable suggestions they provided and the extensive time they invested in the project. I wish to thank Debbie for the excellent library support. The burden of research was eased considerably. Also of prime importance was the constructive criticism of my readers--thanks to Diana and Jeff for your perseverance.

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## CHAPTER 1

### Introduction

The two Koreas have been divided at or near the 38th parallel since the end of World War II. The location was mostly an arbitrary one, there being no geographic features or ethnic reasons for its selection. It was brought about by an agreement between the United States and the Soviet Union to share occupation of the country until a Korean government could be established. Eventually, the Soviet Union backed the formation of a communist state in the north, the Democratic People's Republic of Korea, while the U.S. attempted to establish a capitalist and democratic state in the south, the Republic of Korea.

The situation of a divided homeland is particularly sensitive to Koreans because of their long history as one people. After enduring a harsh Japanese colonial rule from 1910 to 1945, the Korean people desperately sought freedom from foreign interference. For nearly 1,300 years, dating back to 668 A.D. when the Silla Dynasty, with the help of China, consolidated its control of the peninsula, Koreans were united under a single government, with a common race, culture, and linguistic heritage. Even during the many years of foreign domination, by Chinese, Mongols, or Japanese, the Korean people were treated as one entity with no arbitrary geographic separation.

Both North and South Korea desire reunification; but, if it is to be accomplished without another war, proponents on both sides must tackle the intricate problem of merging two countries with divergent socioeconomic systems. The systems which have developed over the last thirty years are more outstanding in their differences than in their similarities.

Even if Koreans north and south could compromise on the many issues before them, they would continue to be faced with a wide range of international political and economic pressures working against reunification. The United States, the Soviet Union, the People's Republic of China, and Japan each have vested interests in developments on the peninsula --interests including effects on regional balance of power equilibrium, the security of border areas, and economic investments. In some instances, a unified Korea would work against these interests--creating a subtle international pressure working against reunification.

A united Korea, with a concurrent reduction in its expenditures for arms, could prove a major economic problem for otherwise friendly neighbors. South Korea is already making inroads into markets traditionally held by other Asian nations.<sup>1</sup> Combine this with a peninsula-wide application of the Chuch'e philosophy to domestic issues, a reduced military budget, and the industrial and mineral contributions of the north, and the economic capabilities could only increase.<sup>2</sup>

Would not a demilitarized Japan also consider a united Korea a potential military threat? China and the Soviet Union would likewise be wary of anything short of a communist government in Korea. A neutral and, in particular, a democratic Korea might pose a security threat. Could these communist giants be assured of continued neutrality, or might Korea at some time become a base for Western powers to position troops along their borders? With respect to the Sino-Soviet rivalry, even a communist government of a unified Korea could prove unfavorable if it leaned more toward the one than the other. This is particularly true for China in light of its long border with Korea. With a unified Korea, the U.S. itself would probably face the loss of its bases on the peninsula--bases which form an important part of America's Pacific defense forces.

Using information available through August 15, 1985, the succeeding pages will take a closer look at the individual interests of the major powers in the Korean situation, particularly as they relate to the reunification issue. Although each of the powers publicly supports the reunification goal, the degree and sincerity are matters open to question. Chapter 2 discusses the methodology used in examining the issues. Chapter 3 gives an historical perspective on where the reunification process is today and how it got there. Chapter 4 addresses the individual relations between the Koreas and the major powers. The final chapter provides an



overall assessment of the impact of the four powers on reunification and estimates the chances for success in achieving a North-South rapprochement. There are also two appendices: one provides a discussion of other issues affecting the reunification process, the other gives a chronology of the North-South dialogue in 1984/1985.

## Notes

<sup>1</sup> Paul W. Kuznets, "Government and Economic Strategy in Contemporary South Korea," Pacific Affairs 58, no. 1 (Spring 1985): 59-60; Frederica M. Bunge, ed., Japan: A Country Study (Washington: U.S. Government Printing Office, 1982. pp. 232, 236-237; Bill Simmons, "Korea Takes Place in U.S. Import Line," Baltimore Evening Sun, 26 January 1985; and Jim Dunne and Jack Keebler, "A New Wave of Under \$5,000 Cars?" Popular Science, September 1985, pp. 92-94.

<sup>2</sup> According to Kim Il-song: "Establishing Chuch'e means, in a nutshell, being the master of revolution and reconstruction in one's own country. This means holding fast to an independent position, rejecting dependence on others, using one's own brains, believing in one's own strength, displaying the revolutionary spirit of selfreliance and thus solving one's own problems for oneself, on one's own responsibility under all circumstances." The author Tai Sung An writes that for the nation this means: "developing and preserving political and ideological independence, economic self-reliance, and self-sufficiency and independent defense capability to the fullest extent possible." See Tai Sung An, North Korea in Transition From Dictatorship to Dynasty (Westport: Greenwood Press, 1983), p. 21.

CHAPTER 2  
Methodology

The countries of North and South Korea offer the usual political-economic contrasts between capitalism and communism. Any reunification scheme must deal with these differences. A successful reunification process, however, is not possible merely by resolution of domestic matters, substantial as they are, but is also subject to the interests of the four major powers in East Asia, i.e., the U.S., USSR, China, and Japan. Because the two Koreas are dependent on the major powers for economic, technological, and military assistance, they are de facto client states of their respective powers: the south being aligned with the U.S and Japan, and the north with the USSR and China.<sup>1</sup>

Developments on the Korean Peninsula, including reunification, are of the utmost concern to the major powers since any change in the status quo could shift the delicate balance of power in favor of one side or the other. Such a shift would call for compensatory action by the losing side, beginning a process of confrontation, antagonism, and possibly armed intervention.

The central objective of this paper is to establish the roles of the major powers in the Korean reunification process. Are the U.S., USSR, China, and Japan furthering reunification goals or hindering the process? The following hypotheses

have been formulated regarding the major powers:

1. The major powers act as catalysts to the reunification process. They fervently support reunification through diplomatic action, the reduction of military confrontation, and the search for areas of compromise. The ultimate goal is self-determination for the Korean people and an enduring peace.
2. While publicly supporting reunification efforts, underlying policies of the major powers are working against reunion. The objective is to prevent reunion through skillful manipulation of economic, military, and political issues. By maintaining two independent Korean states, similar to East and West Germany, the vested interests of the major powers are protected.
3. The major powers act as catalysts for peace and stability but do not actively pursue the reunification goal. To prevent a renewed conflict, they seek a reduction of tension on the peninsula and a rapprochement between the two sides. Although these are essential ingredients to achieving unity, the motive of the major powers is to accomplish these while retaining the status quo (a divided peninsula) so as not to threaten major power political, economic, and military interests. If reunification occurs, it is a by-product and not the principal objective.

In testing these hypotheses, the methodology to be used is one which will examine the individual interests and motives

of each power plus the relationship of events to the balance of power in the region. It is helpful at this point to review the balance of power theory of international relations. In a study by Rossen and Jones, it is stated that balance of power

connotes not only military deterrent capabilities, but the entire structure of power and influence which governs the relations of states. Balance of power is concerned, therefore, not solely with the ability of states to threaten their neighbors or to dissuade others from planned policies; rather, it encompasses all of the political capabilities of states--coercive and pacific--by which the delicate balance of conflict-without-war is maintained.<sup>2</sup>

Another source identifies balance of power relations as

the posture of a state or group of states protecting itself against another state or group by matching its power against the power of the other side. States can pursue a policy of balance of power in two ways: by increasing their own power, as when engaging in an armaments race or in the competitive acquisition of territory; or by adding to their own power that of other states, as when embarking upon a policy of alliances.<sup>3</sup>

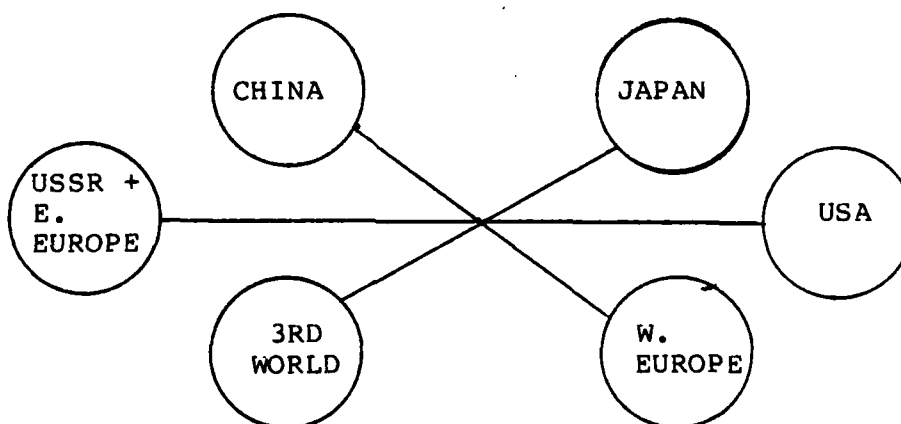
The balance of power concept adopts various connotations depending on circumstances and historical period. It is a concept of many meanings, particularly equilibrium and shifts in dominance. In earlier studies of international relations, military capability was the exclusive determinant of the balance of power. In contrast, modern concepts recognize that military preparedness is not the sole determinant. The tendency now is to distinguish between military power and overall ability to wield international influence. A major

component of the non-military sphere is economic potential--with today's Japan being a case in point. Despite its relative military inferiority, Japan has assumed major power status through its enormous economic revitalization. Even without military power, its influence on Asian and worldwide affairs is substantial and growing.<sup>4</sup>

It is possible that someday the world situation will evolve into a stage where true global multipolar balance of power exists. This would be a phase where there is no longer two-party domination, as with the U.S. and JSSR today, but where several power blocks can combine and interact to wield influence. A united Korea with a neutral foreign policy stance would increase Third World leverage in its competition with other powers/blocs. Such a system might appear as in Figure 2.

Figure 2

POTENTIAL GLOBAL MULTIPOLARITY IN FUTURE

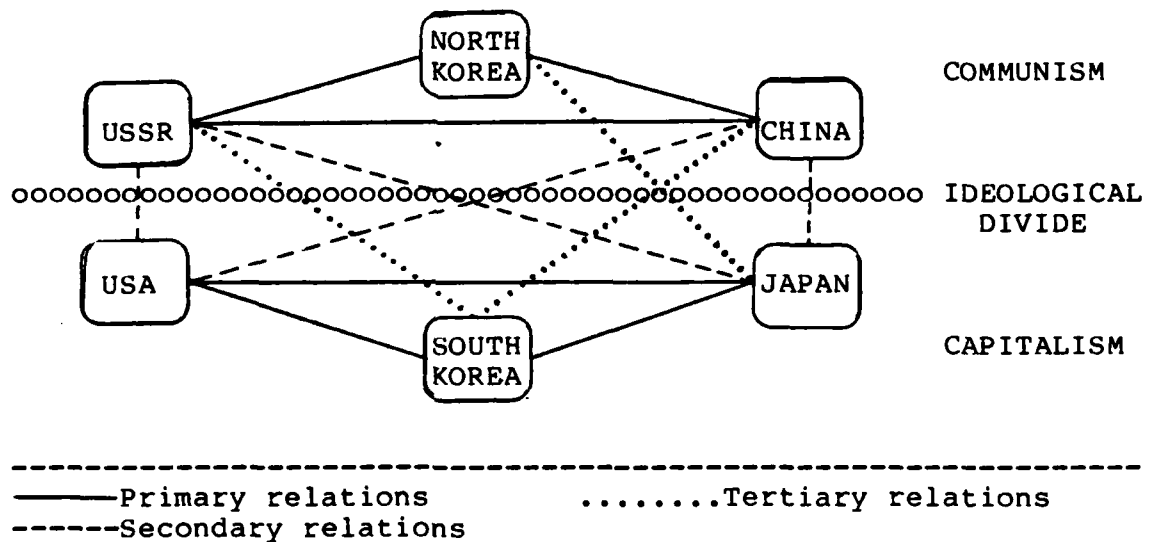


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 Source: Steven Rossen and Walter Jones, The logic of International Relations (Cambridge: Winthrop Publishers, 1980), p. 259.

Balance of power theory, when applied to the Korean situation, produces an equilibrium structure currently balanced amongst six nations (Figure 3).

Figure 3

REGIONAL BALANCE OF POWER: THE KOREAN PENINSULA



A major change in the character of relations between the participants could shift the balance and upset the equilibrium. Such events might include a major increase in economic investment in North Korea by Japan--causing a shift in the North's dependency; or a continued liberalization of the communist system in China and introduction of more free market economics--causing China to drift closer to the U.S. and Japan.

Chapters 4 and 5 will assess the roles of the major powers in the reunification process by addressing the interests of the states involved and the effect of their actions on the power balance in the region.

## Notes

<sup>1</sup> Although the separation into client states and respective major powers may be an over-simplification, since there is some interplay between blocs (such as Japanese economic relations with P'yo'ngyang and South Korea's burgeoning trade with Beijing), the client state relationships are valid in the broad sense because reunification action by either Korea would have slight chance of success without their respective major power supporters.

<sup>2</sup> Steven Rossen and Walter Jones, The Logic of International Relations (Cambridge: Winthrop Publishers, 1980), p. 233.

<sup>3</sup> Encyclopaedia Britannica, 15th ed., Micropaedia Book I, s. v., Balance of Power.

<sup>4</sup> Rossen and Jones, op cit., p. 238.



## CHAPTER 3

## The Division of the Korean Peninsula in Perspective

The division of the Korean Peninsula was born out of the earliest days of the cold war rivalry between capitalist and communist systems. Even before the allies ended their war with Germany and Japan, spheres of influence and lines of contention were being drawn amongst themselves, specifically between the USSR and the U.S. Such was the case with the Korean peninsula.

In early August 1945, during the final days of World War II, the Soviet Union abrogated its non-aggression treaty and declared war on Japan. It immediately launched an invasion of Japanese-held Manchuria and Korea. The landing of Soviet troops in Korea forced the U.S. to take action on the Korean question or face the prospect of complete communist control of the peninsula. On August 15, therefore, President Truman proposed the division of the peninsula at the 38th parallel. Soviet forces would occupy the northern half of the country, while the U.S. occupied the south. The USSR's Marshal Stalin agreed to the split and, by December 1945, the two powers had agreed to impose a five-year trusteeship over Korea during which time a single representative Korean government would be formed.

The joint U.S.-Soviet commission, established to assist in forming a Korean government, could find little

common ground and eventually discontinued its meetings. Both sides had vested interests, not necessarily in the welfare of the Korean people, but in a Korean government reflecting their own brand of political persuasion. With postwar battle lines becoming more hardened, compromise was not only impracticable, it was impossible. The Soviets wanted a communist-dominated government to further the world proletarian revolution and, more importantly, to provide a friendly buffer state on their Asian border. For itself, the U.S. was sensing at this time a critical need to halt the spread of communism lest it take the opportunity to envelope all of Asia.<sup>1</sup>

In September 1947 the U.S. placed the Korean problem before the United Nations for settlement. The following year a United Nations commission arrived in Korea to supervise national elections. The Soviet Union, however, refused to abide by the resolution and would not allow entry of the commission into the Soviet-occupied north. Elections were held in the south, and by mid-August 1948 the Republic of Korea was formed. In less than a month the communists established the Democratic People's Republic of Korea in the north. Both governments claimed sovereignty over the entire peninsula.

The arbitrary boundary at the 38th parallel was soon to become a de facto permanent arrangement. Unlike the division of Germany following World War II, which was

done to ensure against an early resurgence of German militarism, the division of Korea was accomplished solely for the international political ends of the U.S. and USSR. Through the intransigence of the great powers, and Korean ideological zealots both north and south, thirteen centuries of Korean unity gave way to a period of ideological, political, and military confrontation.

There were four events in U.S. Asian strategy in 1949-1950 which undoubtedly emboldened the communist government in the north to attempt reunification by force: (1) a statement by General MacArthur in March 1949 that indicated Korea was outside the U.S. defense perimeter in Asia; (2) the withdrawal of U.S. forces from South Korea in June 1949; (3) a statement in January 1950 by Secretary of State Dean Acheson reiterating MacArthur's earlier comments on the Asian defense perimeter indicating Korea was not a vital interest to the U.S.; and (4) the very narrow passage in the Congress in February 1950 of a Korean military aid package--suggesting only weak support for the Korean cause.<sup>2</sup>

The resultant Korean War (June 1950-July 1953) killed or maimed hundreds of thousands, devastated the entire peninsula, and ruined the economies of both north and south. The three years of bitter fighting were to accomplish nothing except death and destruction. The political systems of both Koreas survived and the borders returned to much as they were prior to June 1950.

In the first few months of the war, North Korea nearly drove U.S. and South Korean troops into the sea at Pusan and came close to attaining its objective of reunification by force. Today, however, South Korea has a formidable military capability of its own, backed by the presence of 40,000 U.S. troops. With the help of its Soviet and Chinese neighbors, as Figure 4 illustrates, North Korea has likewise rebuilt its military.

Figure 4

THE MILITARY FORCES OF NORTH AND SOUTH KOREA

		<u>North</u>	<u>South</u>
<u>Army</u>	Active Personnel	700,000	525,000
	Equipment: Tanks	2,750	1,060
	APCs	1,000	850
	Arty	4,000	2,213
	Mortars	9,000	5,300
	AA Guns	7,000	106
<u>Navy</u>	Active Personnel	33,000	52,000*
	Fleet: Submarines	19	-
	Destroyers	-	12
	Frigates	4	8
	Corvettes	4	3
	Sm. Craft	457	112
<u>Air Force</u>	Active Personnel	51,000	32,000
	Aircraft: Fighters	699	372
	Lt. Bombers	70	-
	Transports	253	41
	Helicopters	70	90

Source: Adapted from Gregory R. Copley, et al, eds., Defense & Foreign Affairs Handbook (Washington: Defense & Foreign Affairs, 1984), pp. 345-350.

\* Includes 20,000 marines.

The considerable military forces arrayed along both sides of the border provide a defense against armed attack, but also give some temptation to both governments to use their power to force unification upon the other.

Today, the regimes in North and South Korea continue to be radically different and very authoritarian in their approaches to government. At the same time, however, each espouses peaceful reunification as a fundamental goal. Nevertheless, achievement of this goal is severely hampered by the degree of animosity and distrust between the two sides. North Korea remains a mostly closed society where stress is placed on self-reliance (Kim Il-song's Chuch'e philosophy) and minimal involvement with foreign powers. South Korea, to the contrary, has embraced the capitalist system and has become a major trader in international markets.

When it comes to basic relations between the two Koreas, contact is virtually nonexistent. The 150-mile demilitarized zone separating the two is patrolled and heavily fortified on both sides. Coastal waterways and fishing zones are areas of continual harassment and challenge. Fundamental contact, such as through commercial trade, mail services, telephone, and personal travel is not permitted. It is against this background that wide ranging negotiations between north and south were resumed in November 1984.

The evolution of the North-South dialogue dates back to August 1970 when, for the first time, Seoul challenged P'yo'ngyang to join in peaceful competition to determine which system could better serve the needs of the Korean people. North Korea rejected the idea, but the gesture was significant since it represented the first reunification proposal to come from the South Korean side.

The following year the two Koreas agreed to hold talks between representatives of their Red Cross societies. The objective was to seek reunion of families separated by the peninsula's partition and the Korean War. The Red Cross negotiations were paralleled by behind-the-scenes efforts to open political talks in the fall of 1971.<sup>3</sup> This activity culminated in an historic announcement by both governments on July 4, 1972 in which they pledged to collaborate on unification based on three major principles:

1. Reunification should be achieved independently, without reliance upon outside force or its interference.
2. Reunification should be achieved by peaceful means, without recourse to the use of arms against the other side.
3. A great national unity should be promoted, transcending the differences of ideas, ideologies, and systems.

In the July 4 agreement both sides also pledged to ease tensions along the border, reduce political rhetoric, prevent inadvertent armed clashes, initiate exchanges, expedite the Red Cross talks, install a Seoul-P'yo'ngyang

hotline, and establish a North-South Coordinating Committee. The North-South Committee was to be the medium through which negotiations on reunification and further North-South contacts would take place.

For all the grand expectations and renewed hope fostered by the July 4 communique, little of any substantive nature came of it. Periodic rounds of political talks were held over the years, but fundamental differences of approach to the issues and continued distrust left little room for compromise.

As for the Red Cross talks, the first full-dress meeting between the two sides opened in P'yo'ngyang in August 1972. Subsequent meetings of the full committee were held alternately between P'yo'ngyang and Seoul through July 1973. The seventh full-dress conference on July 10, 1973, however, was to be the last such meeting for twelve years. Ideological problems and mistrust thwarted any progress on the humanitarian issues involved. Although working-level talks were held sporadically through 1977, no tangible results were achieved.

A warming trend in North-South relations occurred in 1984. North Korea proposed the formation of a single Korean team to compete in the Los Angeles Olympics. Inter-Korean meetings were held at Panmunjom in April and May, but further talks were cancelled when North Korea followed the Soviet lead and decided to boycott the Olympic games.

A subsequent offer from P'yo'ngyang in October 1984 to continue sports talks indicated the north's continued interest in the subject--undoubtedly caused by South Korea's hosting of the Asian Games in 1986 and the summer Olympics in 1988.

The most significant development in 1984 occurred in September when the North Korean Red Cross Society offered to send relief goods to flood victims in South Korea. Heavy rainfall and landslides near Seoul had caused severe damage to homes and crops, killed nearly 200 people, and left 200,000 homeless. South Korea accepted the humanitarian offer--the first such exchange in nearly forty years.<sup>4</sup> The north's offer may have been prompted as a counter to President Chun's proposal made in August 1984 to share South Korea's technical knowledge and materials with the north. P'yo'ngyang had earlier dismissed the Chun proposal.<sup>5</sup>

The goodwill engendered by the September relief efforts apparently led to the early October agreement between Seoul and P'yo'ngyang to resume talks on sports exchanges. Also, in a surprise announcement, on October 15, 1984 North Korea indicated it would agree to hold immediate talks with the south on possible bilateral trade and economic cooperation. The first such meeting was held at Panmunjom on November 15. Various economic proposals were offered by both sides, and a follow-on meeting was



scheduled for December 5. On November 20, a working level meeting was held at Panmunjom between the Red Cross organizations of North and South Korea in a further effort to reunite separated families.

The follow-on economic cooperation talks scheduled in December were postponed by North Korea following the November 23, 1984 defection of a Soviet citizen at Panmunjom. P'yo'ngyang postponed the meeting because of heightened tension which arose from the incident. Subsequent talks on both economic and Red Cross matters were rescheduled for January 1985; however, these too would be delayed--ostensibly because of North Korea's displeasure over the holding of the annual U.S.-South Korea Team Spirit military exercises. It wasn't until the spring of 1985 that economic and Red Cross meetings resumed. The second and third sessions of the economic talks were held at Panmunjom on May 17 and June 20, respectively. A fourth round of talks is now scheduled for September 18.

Although there have been three North-South meetings on economic matters, there has been no agreement on exchange of goods and little of a concrete nature has been accomplished. Nonetheless, the south has agreed to a North Korean proposal for the formation of a joint committee for North-South economic cooperation. It is to be chaired on each side at the deputy prime minister level.<sup>6</sup> According to statements by the south's chief delegate, however, such questions as

the south's buying anthracite coal from the north and the opening of the Seoul-Sinuiju railway were not addressed. From comments made by the northern side, these matters will be resolved by the proposed economic committee--indicating that early opening of trade in 1985 is unlikely.<sup>7</sup>

The renewed Red Cross talks fared somewhat better. At the eighth round of meetings in Seoul on 28-29 May, delegates tentatively agreed on mutual exchanges of hometown visiting groups and folk art troupes to take place on August 15, 1985. Working-level meetings between the two sides were held on 15 July and 19 July to work out details of the exchange. Unfortunately, they failed to reach an agreement and the exchange visits will now not occur before at least September 1985. The ninth formal session of Red Cross talks has been scheduled for late August 1985 in P'yo'ngyang.<sup>8</sup>

Two other events occurred during the first half of 1985 that could have significant impact on the course of North-South relations. On April 9 P'yo'ngyang called for the establishment of North-South parliamentary-level talks to promote national reconciliation. On June 1 the South Korean National Assembly accepted in principle the North Korean proposal. The first preparatory meeting of parliamentary delegates was held on July 23, 1985. P'yo'ngyang's stated objective is the adoption of a non-aggression

treaty between the two sides. Seoul, on the other hand, seeks the formulation of a unification constitution.<sup>9</sup>

The second event of note concerns the acknowledgement by North Korean President Kim Il-song of the possibility of holding summit talks between himself and President Chun Doo Hwan of South Korea. According to a June 15 report, in a recent meeting in P'yo'ngyang Kim Il-song stated that if the North-South parliamentary talks are successful, North-South high-level political talks can be realized.<sup>10</sup> South Korea's President Chun first proposed a meeting and exchange of visits between the top leaders of the north and south in January 1981. This is the first acknowledgement from North Korea that such a meeting might be possible.

The current three-pronged effort at North-South dialogue, namely economic, Red Cross, and parliamentary talks, represents a major advancement in the search for rapprochement between the two Koreas. For significant events in the North-South dialogue, see Appendix B.

As for the motives on either side for seeking negotiations at this time, they are undoubtedly manifold:

1. There may be a genuine desire on both sides for real progress on the reunification issue--as a method for Kim Il-song to realize substantial success on reunification during his lifetime; and, for South Korea, as a major accomplishment for the Chun regime prior to handing over power in 1988.

2. In South Korea the public pressure to maintain the reunification dialogue is a continuous one. It is important for the party in power to show progress, or at least a firm commitment to the cause. Political stability and party power bases are at stake. In its dealings on the international scene, it is also important for Seoul to display a willingness to keep an open mind on P'yo'ngyang's reunification proposals--thereby retaining the support of its allies.

3. There almost certainly are economic benefits for both sides to be derived from direct inter-Korea trade in terms of increased markets and reduced transportation costs for materials and goods that would otherwise be shipped to/from a third party.

4. Both sides have a keen interest, although for different reasons, in the Asian Games and Olympics scheduled in South Korea during 1986 and 1988, respectively. A period of reduced tensions and/or cooperation on the peninsula would assure Seoul of a reasonable chance of holding the games without North Korean attempts at disruption or terrorist action. For its part, North Korea may see the games as an opportunity to win economic/political concessions from the south in exchange for a reduction in tension. P'yo'ngyang may also believe that, if the games are held, it would stand to lose prestige amongst other countries unless it actively supports the effort.

Through its support, it can take credit for the success of the games. Combined North-South sports teams would be a step in this direction. In this regard, both sides have agreed to meet in Switzerland later this year, at the invitation of the International Olympic Committee, to discuss the 1988 Olympics and other sports matters.<sup>11</sup>

5. North Korea may be willing to reduce tensions by way of the three-pronged talks in order to gain economic advantage through access to Japanese, Western, and growing South Korean technology.

Probably all of the above factors, to varying degrees, lie behind the P'yo'ngyang and Seoul attempts at reconciliation. Since no concrete progress has been obtained from any of the talks thus far, it is difficult to assess the full intent and sincerity of either side. The talks do demonstrate, however, that both sides are actively seeking, at least publicly, a reduction of tensions and peaceful cooperation.

For the Koreans, unification of the peninsula remains a distant but achievable goal. Unfortunately, the fate of the Korean people is not wholly within their own control. There is significant outside influence upon developments on the peninsula. The four major powers and the interplay of balance of power politics have a direct effect on the actions of the two Korean governments. The regional and global interests of the major powers do not necessarily

coincide with the desires of the Korean people for unification.

The following chapter will deal specifically with the policies of the U.S., USSR, China, and Japan as they relate to the Korean question.

## Notes

<sup>1</sup> Soviet interference in Iranian affairs from late 1945 through 1947; attempts at communist takeovers in Greece and Turkey in 1946-1947; militant communist activities in France and Italy in 1947-1948; and the formation of communist dominated governments in Eastern Europe by February 1948 were all seen by the west as clear signs of Soviet expansionism and communist subversion. The Truman Doctrine was inaugurated in March 1947 to provide U.S. support to "free peoples who are resisting subjugation by armed minorities or by outside pressures." Although these actions occurred in Europe, the Soviet occupation of North Korea and Mao ZeDong's successes in China indicated that the communist threat was worldwide. See Richard F. Rosser, An Introduction to Soviet Foreign Policy (Englewood Cliffs: Prentice-Hall, 1969), pp. 237-258.

<sup>2</sup> MacArthur and Acheson indicated that the U.S. defense perimeter in Asia started at the Philippines, extended north through the Ryukyu Islands, encompassed the Japanese Islands, and then on to Alaska via the Aleutian Chain. See Chum-Kon Kim, The Korean War (Seoul: Kwangmyong Publishing, 1973), pp. 63-68.

<sup>3</sup> Frederica M. Bunge, ed., South Korea: A Country Study (Washington: U.S. Government Printing Office, 1982), p. 203.

<sup>4</sup> Young W. Kihl, "North Korea in 1984," Asian Survey xxv, no. 1 (January 1985): 65-79.

<sup>5</sup> BBC Summary of World Broadcasts, Part 3, The Far East: 22 August 1984 edition: "Chon Discusses Foreign and Domestic Affairs: Aid Offer to North Korea," from Yonhap (21 August 1984, 0312Z).  
27 August 1984 edition: "North Korea Denounces Chon's Offer of Aid," from P'yo'ngyang Radio (25 August 1984).

<sup>6</sup> "Third Round of North-South Talks Held," Seoul Domestic Service, 20 June 1985, in Foreign Broadcast Information Service (FBIS) Daily Report, Asia & Pacific iv, no. 119 (20 June 1985): E1-E3.

<sup>7</sup> Ibid.

<sup>8</sup> "Conclusion of Talks," Seoul Domestic Service, 29 May 1985, in FBIS Daily Report, Asia & Pacific iv, no. 103 (29 May 1985): E6-E7.

9. "Text of Assembly Reply to North's Talks Proposal," Seoul Korea Times, 2 June 1985, in FBIS Daily Report, Asia & Pacific iv, no. 106 (3 June 1985): E1-E2; and "North-South Agree to Hold Preparatory Talks," Beijing Xinhua, 5 July 1985, in FBIS Daily Report, China i, no. 130 (8 July 1985): D2.

10. "Kim Il-song Cited on North-South High-Level Talks," Tokyo Asahi Shimbun, 15 June 1985, in FBIS Daily Report, Asia & Pacific iv, no. 119, Annex no. 091 (17 June 1985): 2.

11. "Editorial Urges North Sincerity in Sports Talks," Seoul Korea Herald, 27 July 1985, in FBIS Daily Report, Asia & Pacific iv, no. 145 (29 July 1985): E3-E4.



## CHAPTER 4

## The Four Powers and Reunification

Political and military developments on the Korean Peninsula are vitally important to the major powers in East Asia. It is an area where the four powers and their proxies, North and South Korea, face one another in a military and ideological confrontation. Any significant change in the delicate balance of power between the opposing sides along the DMZ invariably causes deep concern and reaction amongst decision-makers in the U.S., USSR, China, and Japan. For it is in this corner of the North Pacific that the potential for major conflict involving the four powers is most ripe. A large-scale outbreak of hostilities is likely to call into play various treaty commitments, with rapid escalation to the direct involvement in combat or arms resupply of North and South Korea's supporters.

At a time when the four powers are concerned with their own political and economic problems, peace and stability on the Korean peninsula are essential. On the surface, a peaceful reunification of the two Koreas would appear to eliminate the major powers' fears of being drawn into a renewed Korean conflict or of a need to provide massive economic and military support. However, Korean reunification could not take place without some effect on the

regional balance of power equilibrium and on the national interests, be they military, political, or economic, of the major powers.

This chapter will examine the relationships of the major powers to the two Korean states and assess their policies toward the reunification issue.

#### United States

Of the four major powers in the region, the U.S. has a unique relationship to the Korean situation. Unlike China, Japan, and the USSR, the land borders of the U.S. are not in proximity to the Korean Peninsula; instead, the U.S. derives its interests in the region from its superpower status and its economic and defense commitments. The U.S. is also the only one of the four powers which has combat forces stationed on the peninsula. This fact alone, with its attendant risk to American lives and to automatic involvement of the U.S. in any major North-South conflict, is a driving force behind intense U.S. interest in Korean affairs.

In a July 18, 1985 address before the Asia Society in Washington, D.C., U.S. Secretary of Defense Caspar Weinberger included Korea among the six main pillars of U.S. Asian policy.<sup>1</sup> U.S. policy toward the two Koreas emerges from the variety of concerns it has in the area. In 1976

William Barnds enumerated five general interests the U.S. has in Korea. These still hold true today:

1. The maintenance of peace in the Korean peninsula in a manner that contributes to the continuance of a balance of power in East Asia.
2. The security of South Korea.
3. The interest of the U.S. in normalization of relations between North and South and ultimately in Korean unification.
4. The development of political institutions in South Korea which provide for reasonable stability, popular participation, and respect for basic human rights.
5. Concern over Korea's economic development and the continued expansion of trade and economic relations between Korea and the U.S.<sup>2</sup>

#### Historical Perspective

Formal U.S.-Korean relations began with the signing of the Chemulp'o Treaty of 1882. It provided for the formation of diplomatic and commercial ties and represented a continuation of America's "open door" policy in the establishment of commercial relations with Asian nations. Unfortunately, the "good offices" clause in the treaty may have encouraged the Koreans to expect more from the Americans than a distant and relatively small military power could provide. This clause stated that, "If other powers deal unjustly or oppressively with either Government, the other will exert good offices, and . . . bring about an amicable arrangement, thus showing their friendly feeling."<sup>3</sup>

Nonetheless, the U.S. policy in regard to Korea, and in regard to Korea's relations with other countries in the region, was to be one of strict neutrality and non-inter-

vention. Korean attempts to have the U.S. intercede on its behalf against the Japanese proved futile, and in 1910 the Korean nation succumbed to Japanese domination. U.S. interests in Korea in 1882-1910 concerned only a small number of missionaries and a relatively minor economic stake. The value of U.S.-Korean trade was microscopic compared to the total foreign trade of the U.S. Diplomatic interests of the U.S. were directed more toward maintaining the balance of power in East Asia and in establishing Japan as a counterweight to growing Russian influence.<sup>4</sup>

The modern phase of U.S.-Korean relations began with the partition of the peninsula at the end of World War II (see Chapter III for details). The U.S. resolve to halt what was seen as a world-wide threat by communist forces to overthrow Western-backed governments resulted in massive, though belated, support for the South Korean regime. In June 1950, U.S. forces entered combat against the North Koreans, and eventually against the Chinese.

Since the 1953 Armistice, the U.S. has continued to station troops on the peninsula and has supported the build-up of the South Korean military. The ROK-U.S. Mutual Defense Treaty of 1954 stipulates that an armed attack upon either country would cause each to act to meet the common danger in accordance with its constitutional process. It also stated that the parties will maintain and develop appropriate means to deter armed attack.<sup>5</sup>

### Current Relations with the Two Koreas

Current relations between Washington and the two Koreas can be characterized as amicable and interdependent as they apply to the south, and hostile and distant as they apply to the north. Nevertheless, America's major stake in East Asia requires it to come to grips with the policies and interests of both halves and to formulate an appropriate response to the Korean question.

The political sphere. The U.S. has had full diplomatic relations with South Korea since the formation of the republic in 1948. The south views the U.S. as its closest and strongest ally. The U.S. in turn values South Korea as an indispensable element in the strategically important Northeast Asian area.

The U.S.-South Korean relationship has been generally cordial over the years, spurred by the common threat to their national interests posed by the communist powers in the region. What strain has surfaced has been mostly in the areas of political and human rights. The South Korean Government has been seen by many as politically repressive and callous in its regard for basic human rights and democratic processes. Seoul faces a constant danger of attack and subversion from the P'yo'ngyang regime. Consequently governmental rationalization for its policies has stressed the need for tougher standards, requiring

the suppression of sources of destabilization.<sup>6</sup> An example of the often brutal government reactions to civil unrest occurred in 1980 when Korean students took over the town of Kwangju. South Korean troops quelled the riot, leaving at least 191 persons dead in the process.<sup>7</sup>

Disagreement on political and human rights will likely be the major point of controversy in U.S.-Korean relations for some time to come. The liberalization of political activities in the south is a very slow process, although some progress is being made.<sup>8</sup> Progress is essential if South Korea hopes to retain strong support in U.S. executive and congressional circles. The subject of political progress in South Korea was addressed at the Chun-Reagan summit meeting in Washington on April 26, 1985. Reagan welcomed achievements made thus far and reiterated U.S. support for a peaceful turnover of power when President Chun's term of office ends in 1988.<sup>9</sup>

The U.S. has no formal political ties with the North Korean government. Required contacts are carried on through third party embassies. Over the years the P'yo'ngyang regime has been one of the most hostile enemies of the U.S.--viewing the U.S. as barbarous and callously imperialistic. Aside from verbal abuse directed at the U.S., the North Koreans have openly violated established international law to attack U.S. military elements, most notably in the seizure of the USS Pueblo in January 1968 and the downing

of a U.S. Navy EC-121 over the Sea of Japan in April 1969. The loss of U.S. lives in such incidents evoked no remorse in P'yo'ngyang.

In spite of this, since the late 1970s a number of American journalists, government officials, and private citizens have visited North Korea. Also, North Korea has been attempting to establish government contacts with the U.S. since 1974 when the Supreme People's Assembly adopted a resolution calling for direct negotiations with the U.S. to replace the armistice agreement with a formal peace treaty.<sup>10</sup> Such attempts have failed, partially because the north's sincerity was questioned and because of Washington's policy of not recognizing the North Korean regime without reciprocal action for Seoul on the part of the PRC and Soviet Union.

In a plan originally presented in 1975 by U.S. Secretary of State Henry Kissinger, diplomatic recognition of North Korea was offered by Japan and the U.S. in return for similar PRC and Soviet recognition of South Korea.<sup>11</sup> The "cross recognition" formula, as it came to be known, was vehemently opposed by P'yo'ngyang. Although still a subject of discussion today, it continues to be attacked by North Korea as a plan to perpetuate and formalize the division of the peninsula into two states.<sup>12</sup>

Economic policy. Economic ties between the U.S. and South Korea have grown from the one-way, seller-patron

arrangement of the 1950s and 1960s toward a more mutually beneficial two-way association in the 1970s and 1980s.<sup>13</sup> U.S. economic aid to Seoul has declined from a high of \$383 million in 1957 to a level of \$0.4 million in 1980.<sup>14</sup>

The U.S. is South Korea's most important export market, receiving approximately one-third (totaling \$8.1 billion) of all Korean exports in 1983. In return, the U.S. was Seoul's biggest supplier of goods, amounting to \$6.3 billion in 1983, or nearly one-quarter of total South Korean imports. In terms of cumulative foreign investment in the south's economy, the U.S. total of \$53.4 billion through 1983 is second only to that of Japan (\$168 billion).<sup>15</sup> South Korea benefits from U.S. advanced technology investment, while the U.S. benefits from lower production costs. The close economic ties between the U.S. and South Korea are a product of the security relationship between the two, and of Seoul's heavy dependence on exports and foreign capital for its economic survival.

Trade between the U.S. and North Korea does not exist--a reflection of the hostility between the two governments over the years. Much as the south is dependent on U.S. and Japanese economic ties, the north relies on the PRC and Soviet Union as primary sources of external trade. Although North Korean trade with Japan has generally expanded over the years, the involvement of the U.S. (by virtue of its troops being on Korean



soil) in the Korean reunification process has made economic relations between Washington and P'yo'ngyang impossible.

Military relations. The United States has military relations only with South Korea, based on the 1954 Mutual Defense Treaty. In the treaty, the U.S. was given the right to station ground, air, and naval forces in Korea in support of its efforts to maintain the security of the country.

The once substantial U.S. military aid to South Korea reached a peak of \$435 million in 1971 and by 1985 was eliminated completely.<sup>16</sup> The decline in military aid was replaced by a simultaneous rise in U.S. Foreign Military Sales to Seoul. Through this program the U.S. furnishes favorable credit and guaranteed loans for countries buying U.S. military equipment. U.S. arms sales to South Korea in 1975-1979 totaled \$2.1 billion, making Seoul the fourth largest buyer of U.S. military equipment.<sup>17</sup> By 1980 South Korean industry was producing much of its own military hardware, including artillery pieces, vehicles, and helicopters. Even so, the U.S. defense budget for fiscal year 1986 allowed for \$228 million in Foreign Military Sales credits for Seoul--more than half the total for the entire East Asia and Pacific region.<sup>19</sup>

The U.S. has approximately 40,000 combat troops in South Korea. Because of their relatively small numbers,

their purpose is primarily political--to deter the North Koreans from attacking the south. They would also act as reserve elements in support of the 601,600-strong South Korean armed forces.<sup>20</sup> Meanwhile, the U.S. Air Force units on the peninsula would enter direct engagement in both tactical and strategic arenas. U.S. ground troops are placed in strategic reserve behind the front lines of the DMZ, but on the main invasion corridor to Seoul. It would be difficult for an invading force to avoid engaging these elements.<sup>21</sup>

Overall command of friendly forces on the peninsula is vested in the Combined Forces Command and the ROK/U.S. Combined Field Army. In both organizations U.S. personnel are responsible for strategic guidance and operational command of all U.S. and South Korean troops.<sup>22</sup>

In the winter/spring of each year the combined forces of the U.S. and South Korea participate in a field training exercise designated "Team Spirit." Its objective is to provide troops with practical experience in combat operations on Korean soil. These exercises are roundly criticized by North Korea as representing preparations for an invasion of the north. P'yo'ngyang's displeasure with the 1985 exercise resulted in the postponement of North-South Red Cross and economic talks.<sup>23</sup>

According to President Reagan, the security of South Korea is still a vital concern to the U.S. On April 26,

1985 he reaffirmed the U.S. commitment to that security. In discussions with South Korea's President Chun, they shared the view that North Korean hostility poses a major threat to peace and stability in Northeast Asia and they agreed that the continued presence of American troops in South Korea is necessary for regional security.<sup>24</sup>

#### The Reunification Issue

The peaceful reunification of the Korean Peninsula is a goal of U.S. foreign policy, but not reunification at any price. Any formula for uniting the two states must include full participation by South Korea and allow for self-determination of Koreans, north and south. In the April 26, 1985 meeting between Presidents Reagan and Chun, Reagan fully supported the endeavors to resolve the Korean question peacefully through a direct dialogue between South and North Korea. President Chun stated that the American president had a deep understanding of and warm support for the South Korean government's efforts to dissipate the antagonism and mutual distrust between North and South Korea and to achieve the ultimate peaceful unification of the divided peninsula through direct dialogue."<sup>25</sup>

In its support for reunification, the U.S. has gone through several phases. At the end of World War II the issue was turned over to the United Nations when it was realized that continued negotiations with the USSR over a

peninsula-wide government would be futile. Next came the formation of two separate states and the Korean War. During the war, U.S. and United Nations troops attempted reunification by force when the North Korean Army collapsed. The Chinese communists foiled that attempt. After the war the United Nations again attempted to mediate a solution. When U.S.-PRC normalization occurred in the early 1970s, the U.S. urged reunification through peaceful dialogue between North and South--thus entering the current phase of U.S. policy which leaves the details of a solution for the Koreans themselves to work out.<sup>26</sup>

As a signatory to the 1953 Armistice Agreement, the U.S. continues to be intimately involved in big-power relationships to the reunification issue. In 1976, Secretary of State Henry Kissinger called for a four-power conference (North and South Korea, U.S., PRC) on Korea at the United Nations to discuss the Korean question.<sup>27</sup> At that time he stated the four principles of the U.S. position in regard to Korea:

1. A resumption of serious discussion between North and South Korea was urged.
2. If North Korea's allies were prepared to improve their relations with South Korea, the U.S. would be prepared to take similar steps toward North Korea.
3. The U.S. would continue support for entry of both Koreas into the United Nations.
4. The U.S. was prepared to negotiate a new basis for the armistice or to replace it with a more permanent arrangement.<sup>28</sup>

The P'yo'ngyang government rejected Kissinger's call for discussions on the four principles as an imperialistic

device to continue the division of the peninsula.

The U.S. proposed in 1978 to hold trilateral reunification talks involving the U.S. and North and South Korea. This too was rejected by North Korea, which proposed that reunification should be achieved by the Koreans themselves without outside interference. They also suggested that the U.S. should deal directly with North Korea, without the participation of South Korea.<sup>29</sup> This attempt to drive a wedge between the U.S. and its ally in Seoul was rejected by the U.S. Interestingly, the tripartite talks proposal rejected in 1978 was revived by P'yo'ngyang in January 1984. This time the idea was rejected by Washington out of a concern that the PRC, as a signatory to the armistice, should be party to the negotiations and that Seoul-P'yo'ngyang talks should precede any U.S. participation.<sup>30</sup>

While the stated American policy supports the peaceful reunification of the peninsula, there must be concern in Washington for its potential effect on the balance of power alignments and the security of East Asia. It is difficult to imagine any unification scenario which would allow the continued deployment of U.S. troops on the peninsula. With the withdrawal of U.S. forces, Washington would realize a savings in U.S. defense expenditures overseas, but what effect would withdrawal have on U.S. defense commitments in the region? With the absence of U.S. forces in the

immediate area, would Japan be forced to remilitarize or, worse yet, seek some accommodation with the USSR?

Although the U.S. presence in Korea is not an immediate threat to the Soviet Union, it does provide tangible evidence of the American commitment to its Pacific allies. If the U.S. leaves the peninsula without appropriate reinforcement of its units in other areas such as Okinawa, or without a commensurate build-up of its naval and amphibious forces, the Soviet Union may fill the void and upset the precarious balance of power in the region.

The potential economic effects of reunification are difficult to surmise. Regardless of the type of government formed, Korea's world trade would probably continue at significant levels. The success of the South Korean economy over the last two decades argues for this.

Given the uncertainties that would follow Korean reunification, particularly as they relate to America's East Asian security concerns, it is to Washinton's advantage to seek peace on the peninsula and a continuation of the status quo. Nonetheless, normalization of relations between the two Koreas is desirable to lessen chances for an outbreak of hostilities. Such an outbreak would almost certainly involve the U.S. in an unwanted confrontation with the PRC and USSR. It would be politically sensitive at home, as well as economically

draining, and it would spell doom to present balance of power alignments in the region.

#### Soviet Union

The Korean peninsula is of strategic importance to the Soviet Union because of its land border with North Korea and because it is a potential flash point for conflict between the major powers in Asia. Although the border is only about 15 miles in length, it forms the southern flank of the USSR's important Pacific coastal region. It is an area through which U.S. forces would have overland access (from South Korea) to major military-industrial facilities at Vladivostok and Khabarovsk. Much as it does for the PRC, North Korea forms a buffer state between the USSR and the capitalist world.

The East Asian region has become increasingly important to the Soviet Union as it has expanded east, attempting to tap the vast natural resources of Siberia and develop a naval presence in the Pacific. The ideological conflict with China also adds significance to the area. According to Donald Zagoria,

for the Soviet Union, East Asia is a priority second only to Europe. Three-fourths of the Soviet Union lies in Asia; one-third of Asia lies within the USSR; 80 million people, or approximately one-third of the Soviet population, live in Asiatic regions of the USSR; and 50 million Soviet citizens, about 20 percent of the population, are of Asian nationalities.<sup>31</sup>

The Soviet Union has a major stake in any Korean reunification process because it directly affects the defense of its homeland, because of general Soviet interests in developments in the East Asian theater, and because of its effect on balance of power alignments.

#### Historical Perspective

Formal relations between Russia and Korea date from the signing of a treaty of friendship and commerce in 1884. The Chinese, who held suzerainty over Korea, eventually granted the Russians numerous concessions over Korea's forests and mines.<sup>32</sup> Later Russian attempts to forestall Japanese domination over Manchuria and the Korean peninsula received setbacks when Japan defeated China in the Sino-Japanese War of 1894-95. The subsequent Russian loss in the Russo-Japanese War of 1904-05 tolled the end of Russian influence in Korea for over forty years.

In August 1945 the Red Army entered the Asian war against Japan. While scoring quick victories against depleted Japanese forces, the Soviets moved south through Manchuria and Korea. By agreement with the U.S., Stalin halted his forces at the 38th parallel, thereby beginning the modern separation of the peninsula with Soviet influence in the north and U.S. influence in the south.

In keeping with desires to spread the worldwide communist revolution, and to create a friendly buffer state on its



border, the Soviets consolidated their hold on the northern half of the peninsula by installing in positions of power Korean communists who had arrived with Soviet forces. Kim Il-song was among them.<sup>33</sup> Eventually, in 1948, the two separate Korean states were formed and Kim Il-song came to lead the communist government of the north.

The Soviet stake in developments on the peninsula was evidenced early when Colonel General Shtikov, head of the Soviet delegation on the U.S.-Soviet commission seeking to establish a provisional Korean government, stated, "The Soviet Union has a keen interest in Korea being a true democratic and independent country, friendly to the Soviet Union, so that in the future it will not become a base for an attack on the Soviet Union."<sup>34</sup>

To ensure developments in line with its policies, and to counter U.S. actions in the south, the Soviets invested heavily in North Korea, training its army and providing heavy military equipment. The North Korean attempt in 1950 to reunify the country by force was sanctioned by the Soviets but, because of unexpected American intervention, the effort failed.<sup>35</sup> After the war the Soviet Union became deeply involved in the North Korean rebuilding process, providing economic and military assistance.

After 1956, as the Sino-Soviet ideological conflict intensified, Kim Il-song refused to take a firm stand on one side or the other. Although he considered the

Soviets revisionists because of Khrushchev's de-Stalinization program and their handling of the Cuban crisis, he also had difficulties with events in China, particularly the cultural revolution of 1966-68.

Following a February 1965 visit to P'yo'ngyang by Soviet Premier Aleksey Kosygin, the USSR began to provide substantial quantities of economic, technical, and military aid. Moscow was again attempting to fill a void in Beijing-P'yo'ngyang relations. Kim Il-song, however, was not about to relinquish his independence. In 1966 he announced what was to become known as the independent party line in North Korea. This doctrine stressed the principles of "complete equality, sovereignty, mutual respect, and noninterference among the Communist and Workers parties." From this were derived the four principles: Chuch'e (independence) in ideology, independence in politics, self-sustenance in economy, and self-defense in national defense.<sup>36</sup> In his relations with China and the USSR over the years, Kim Il-song has been very adept at playing off one against the other to his advantage in terms of economic, military and technical assistance. Each of the big powers has been concerned lest the other exert too much influence in Korean affairs.

It is against this background that the Soviets have attempted to affect events on the peninsula.

### Current Relations With The Two Koreas

Relations between the Soviet Union and the two Koreas is determined largely by Moscow's global ambitions, its attempts to countervail the strategies of the major capitalist powers in the region, namely the U.S. and Japan, and its sense of security vis-a-vis the PRC.

Political sphere. The Soviet Union has full diplomatic ties with North Korea; however, over the years the relationship has been characterized more by stress and strain than smooth rapport. P'yo'ngyang's pursuit of an independent course in international relations has been particularly irksome to the Soviets. The cool atmosphere between the two governments was exemplified by the fact that Kim Il-song did not visit the Soviet Union during a trip in the spring and summer of 1975 which took him to China, Eastern Europe, and North Africa.<sup>37</sup>

Even so, with the change in leadership in Moscow in the last two years, a gradual warming of relations has begun. In May 1984 President Kim travelled to Moscow for his first official visit there in 23 years.<sup>38</sup> During his three-day stay, Kim held three rounds of talks with Soviet President Chernenko. Reportedly, Kim was seeking economic aid and military assistance, including advanced weaponry such as the MIG-23 and newer surface-to-air missiles.<sup>39</sup> The success of the Moscow trip was evidenced by the delivery of four MIG-23 fighters from the Soviet Union in May 1985,

the first of an estimated 50 such aircraft destined for North Korea.<sup>40</sup>

Kim's continued ability to walk the fence between Soviet and PRC interests is attested by the fact that he hosted a visit to North Korea by China's Communist Party General Secretary Hu Yaobang just prior to Kim's Moscow trip; and by Kim's two trips to Beijing in October and November 1984.<sup>41</sup>

Political issues that continue to aggravate Soviet-North Korean relations are those involving the legal status of North Korea, Soviet foreign policy, the succession plan for Kim Chong-il, and policies toward South Korea. In 1975 Beijing, in an effort to provide tangible support to P'yo'ngyang's policies, officially stated that North Korea was the sole sovereign state of the Korean nation. Moscow, however, continues to refer publicly to both halves as "Korean states."<sup>42</sup> This is a clear indication of Soviet reluctance to discount the political reality of South Korea; also, by refusing to recognize P'yo'ngyang as the sole legitimate government, Moscow retains leverage for use in the future.

Soviet foreign policy moves which have upset P'yo'ngyang include Soviet support for Vietnamese activities in Kampuchea and the Soviet invasion of Afghanistan. Regarding the ascent of Kim's son, Kim Chong-il, to power in North Korea, the Soviets have been slow to offer recognition and

approval. Whereas the PRC offered de facto approval when the younger Kim was invited to Beijing in June 1983, the Soviets have been less than enthusiastic. Even though China does not champion the Kim Il-song personality cult and his dynastic succession policy, its practice of realpolitik suggested it was time to provide another gesture of friendship to North Korea.

Despite its initial reluctance on the succession issue, subsequent events have caused a softening of Moscow's stand. In the September 1983 shutdown of KAL flight 007, P'yo'ngyang supported Moscow's version of the incident. The Soviets have since begun to refer to Kim Chong-il as a prominent leader.<sup>43</sup>

The USSR has no formal diplomatic relations with South Korea, but, despite North Korea's protests, does carry on unofficial contact to include the granting of visas for international meetings and sports events held in the Soviet Union. Cultural exchanges and indirect trade between the two were initiated in 1974.<sup>44</sup> These unofficial contacts can be used by Moscow to pressure P'yo'ngyang in its relationship with Beijing. By increasing such informal exchanges at critical times, the USSR would hope to influence North Korean political decisions.

Economic policy. The Soviet Union is North Korea's most important trading partner, and commerce between the two is expanding. From 1977 to 1979 North Korea sent

25-28% of all its exports to the USSR, while receiving 26-27% of all its imports in return.<sup>45</sup> According to Moscow, trade with North Korea in 1985 will increase by 13% over the previous year. It was further stated that one-third of all North Korea's foreign trade is with the USSR, exceeding \$3.1 billion over the last four years.<sup>46</sup> The Soviets export plants, machinery, oil, wheat, and other items to North Korea and, in return, import mostly minerals and food products.

Soviet economic aid to North Korea has been substantial, including assistance in the building or reconstruction of factories and the efforts of about 3,000 Soviet technicians in helping run selected industries. In return for this aid, North Korea pays the USSR in labor and goods produced in Soviet-built factories. A large number of P'yo'ngyang's laborers are also working in the timber forests of Siberia to repay North Korea's debts.<sup>47</sup>

While important to P'yo'ngyang, trade with North Korea is insignificant for the Soviets. Imports and exports each comprise less than 1% of total Soviet trade.<sup>48</sup> Because of the imbalance in national interest in the two-way trade, Moscow can use this as a method for exerting political influence in P'yo'ngyang. With the widening disparity in North and South Korean economic performance, P'yo'ngyang must search for increased economic and technical support from its major trading partners, making it susceptible to

political pressure, particularly as Moscow seeks to counter-balance the Beijing-P'yo'ngyang connection.

Economic contact between the Soviet Union and South Korea is indirect and minimal.<sup>49</sup> This probably stems from Soviet acquiescence to North Korean sensitivities on the subject. The P'yo'ngyang government would prefer not to have its major communist backers trading with South Korea, and thereby offering tacit recognition to the Seoul regime.

Nonetheless, according to Byong-Joon Ahn, South Korea has the potential to fill Soviet shortfalls, such as labor shortages, limited capital, and limited technological input, in development of its Siberian territories. Since South Korea lacks energy resources such as oil, coal, and gas, an avenue for economic cooperation is open.<sup>50</sup> Expanded relations with South Korea would be a way of diffusing tension on the peninsula but it is the North Korean reaction that is critical here. The Soviets can ill afford to nudge an indignant North Korea closer to the PRC.

Even with Seoul's open door policy toward communist nations, events such as the shutdown of KAL flight 007 do little to foster increased ties between Moscow and Seoul. Informal contacts between the two states, discontinued since the September 1983 shutdown, were only just restored in the spring of 1985.<sup>51</sup>

Military relations. The USSR is obligated by the 1961 bilateral Treaty of Friendship, Cooperation, and Mutual Assistance to provide support to North Korea in time of war. Article 1 states:

Should either of the contracting parties suffer armed attack by any other state or coalition of states and thus find itself in a state of war, the other contracting party shall immediately extend military and other assistance with all the means at its disposal.<sup>52</sup>

Although the PRC has provided military equipment to North Korea, including fighter aircraft, the Soviet Union is North Korea's primary supplier of advanced weapons. Even so, the quantity and quality of weapons supplied appears to be directly related to Soviet concerns over P'yo'ngyang's aggressive reunification policies. The Soviets have been careful to limit weapons to those which would restore a North-South balance of power equilibrium on the peninsula, such as when advanced equipment is deployed by U.S./South Korean forces in the south. They have, however, been reluctant to provide Kim Il-song with the military hardware he might need to initiate another Korean war.

The recent supply of MIG-23s to the north is a case in point. Moscow may have agreed to provide these to enhance its image in P'yo'ngyang and to counter the deployment of F-16s among U.S. (and eventually ROK) Air Force units in the south. The decision to provide P'yo'ngyang with new planes, and reportedly surface-to-surface and surface-to-air



missiles, may also be related to North Korean concessions allowing Soviet bombers the right to overfly North Korean territory. These trends indicate a general strengthening of military ties between the two.<sup>53</sup>

The military threat posed by South Korean and U.S. forces is substantial, but not an overriding concern for the Soviets. The forces south of the DMZ are deployed not as a direct threat to Soviet interests in Asia, but as a deterrence to the adventurism of Kim Il-song. The U.S. has not established a permanent military base in Korea on the scale of those on Okinawa or in the Phillipines, and the level of forces has been generally declining since the end of the Korean War. Nonetheless, Moscow will continue to ensure, through military assistance to the north, a general parity of forces along both sides of the DMZ.

Given the efforts of the USSR to strengthen its economy and develop its resources in its Siberian and Far East regions, a renewed Korean conflict requiring massive amounts of military aid, or resulting in direct superpower confrontation, would not be in its best interests.

#### The Reunification Issue

The USSR publicly supports the peaceful reunification of the two Koreas on the terms espoused by North Korea.<sup>54</sup> This, however, is a political expediency designed to placate the P'yo'ngyang regime and promote a world view of

the Soviets as champions of peace and self-determination. Moscow's overriding aim is to ensure peace and stability on the peninsula. If the best method of accomplishing this is through maintenance of the status quo, then it will provide lip-service to reunification while pursuing policies designed to limit its chances of coming about.

If the Soviets could be reasonably confident that a reunified Korea would be supportive of Soviet policies, and would not offer a threat to the security of its Far Eastern military-industrial complexes, then total support for reunification could be incorporated into Soviet strategies. In the Soviet view, such an eventuality would require the formation of a communist-dominated Korean state which tilted away from the PRC and toward the Soviet Union (much as Vietnam does today). At the very least, the Soviets would desire a Korean state which was neutral in its relations with the major powers, but still with close ties to Moscow (e.g., India).

Soviet expectations for a unified government of this leaning are probably low, particularly given the historically close relationship between China and the Korean people. North Korea has more in common culturally and politically with the Chinese than with the Soviets. Also, P'yo'ngyang seems to have a better rapport with the leaders in Beijing.<sup>55</sup> The possibility that a unified Korea, no longer dependent on the USSR for advanced

military equipment, would swing more toward Beijing, must be a real concern for the Soviets. A Rand report on North Korea's relationship with its two benefactors puts it this way:

The cautious and conditional nature of Soviet support for [P'yo'ngyang's] fundamental interests [including reunification], particularly when compared with China's orientation, imputes a certain strategic logic to North Korea's relations with its two Communist neighbors: the 'swing' toward China is both historic and 'strategic' in nature; occasional 'tilts' toward the Soviet Union are more 'tactical' and temporary and are generally designed to express North Korean displeasure with particular policies of the PRC. This is not meant to suggest that the North Korean-PRC relationship is trouble-free, only that it is qualitatively different from that between North Korea and the Soviet Union.<sup>56</sup>

Perhaps today's Soviet-North Korean relationship can best be described as one of reluctant allies. The Soviets require a "friendly" government on their border to provide an all-important buffer against their enemies, and as a hedge against PRC/U.S./Japanese dominance in the region. The North Koreans, while objecting to what they view as unwarranted Soviet influence in the internal affairs of other nations (Afghanistan, Kampuchea, Africa, etc.), must cooperate with the Soviets to a certain degree to obtain modern military-industrial equipment and maintain an outlet for North Korean goods.

Though the Soviet Union may be inclined toward a policy of status quo on the peninsula, it is not about to espouse formal recognition of "two Koreas," primarily

because of the adverse reaction this would cause in P'yo'ng-yang and the chances of driving the North Koreans into the waiting arms of the Chinese. The complexity of the Korean problem, and the absence of strong pressures on Moscow to help resolve it, suggest a policy of watchful waiting.<sup>57</sup> As long as the situation does not upset the balance of power as it currently relates to the USSR, China, the U.S., and Japan, the status quo will serve its purpose.

#### People's Republic of China

The PRC, with 650 miles of common border between itself and North Korea, is far from ambivalent toward the reunification issue. This lengthy border makes China special among the major powers in its concern over developments on the peninsula.<sup>58</sup> China's sensitivity to its border was amply demonstrated when it intervened against United Nations forces in the Korean War.

Beijing is particularly anxious to avoid a renewed conflict on the peninsula. PRC participation in such an event, be it manpower, materiel, or both, could not be accomplished without detrimental effects on China's own economic development and modernization programs. This section will examine China's traditional relationships with the Korean people, the political, military, and economic risks of a united Korea and China's likely courses of action.

### Historical Perspective

For most of their existence as a separate culture and nation extending back before the birth of Christ, the Korean people have owed their allegiance to China. This has not been by choice but by political and military expediency. China, with its overwhelming size and power, exercised suzerainty over its much smaller neighbor. Although there were periods when Chinese armies actually occupied the peninsula, for the most part the relationship was one where Koreans paid tribute to the Chinese Emperor while being left to develop their own national government and culture.

The value of this friendship with the court of China was demonstrated in the 16th century when Chinese troops came to Korea's aid and helped repulse a Japanese invasion. By the mid-19th century, China's power was becoming fragmented because of weak leadership and foreign intervention. In 1882, however, China was successful in once again repulsing Japanese advances in Korea. Chinese troops remained in Korea to support the government and protect Chinese economic interests. Nonetheless, Japanese economic activity in Korea continued. With the internal crisis caused by Korea's Tonghak Rebellion in 1894, the Japanese saw their chance to oust the Chinese and gain a military foothold on the peninsula.<sup>59</sup> That year open warfare began

between China and Japan. The result was a series of quick victories for Japan, including control of Korea.

Although there would be some temporary influence in Korea by the Russians, politics in Korea would be dominated by Japan until the end of World War II.

The strategic importance of the Korean peninsula to China's defense was amply demonstrated in the 1930's when Japan launched its campaign to control all of China. It was from Korea that the Japanese Kwantung Army received its reinforcements in 1931-32, allowing it to spread into Manchuria and overwhelm Chinese resistance. Korea served as a convenient springboard for Japanese troops and supplies to move from Japan to China's interior. The dangers of an unfriendly power in control of Korea would be remembered well by the Chinese Communists in 1950. By intervening in the Korean War they took decisive action to prevent just such a recurrence.

#### Current Relations With The Two Koreas

Currently China must vie with the Soviet Union for influence over the North Koreans. The Soviets, who also share a common but somewhat lesser border with North Korea, are likewise interested in maintaining a friendly government in power. In its 40-year history, North Korea has been very successful in playing off these two communist giants to its own advantage.

Relations in the political-military spheres. The PRC is formally linked to North Korea by the 1961 Treaty of Friendship, Cooperation, and Mutual Assistance.<sup>60</sup> Article 2 of the treaty provides for "immediate military and other assistance through all means in the event of military attack from any nation."<sup>61</sup>

The prime objective of China's foreign policy toward Korea is to maintain a buffer state on the Korean Peninsula--a zone of friendly territory, or at least a staunchly neutral government, which would insulate the Chinese border from a potential enemy. This preferred situation falls at the mid-point in the political continuum between occupation of the peninsula by China itself and occupation by a hostile power.

The concept of the "buffer state" is discussed by Chun-tu Hsueh:

Korea is a classic example of a buffer state in East Asian politics. Many aspects of the Korean War have remained obscure, but one thing that appears quite clear is that China was unjustly condemned as an aggressor by the United Nations, and that the Chinese intervention was actually motivated by fear of America's threat to Chinese security. When the United States ignored the repeated private and public warnings that China would 'not sit idly by' if U.S. forces crossed the 38th parallel, it became imperative for China to move in to preserve North Korea's position as a buffer state. The intervention served both China's national interests and the ideological demand for international socialist solidarity.<sup>62</sup>

Also according to Hsueh:

There are two features of the idea of a buffer state. First, the buffer is geographically interposed between the potential enemy and the area to be defended;

second, the region must, in some sense, be a protectorate. This principle of defense involves staving off an enemy's advance by interposing a protective zone. The characteristics of buffer protectorates include nonoccupation of the buffer; diminution of sovereignty, that is, the buffer should exclude other foreign influence; and no interference with law and custom.<sup>63</sup>

Relations with North Korea must truly be one of the more delicate problems for the Chinese leadership. Since China's rapprochement with the West, it must walk a tight-rope between support for the militantly anti-U.S. North Korea and its own quest for closer economic ties with the West. It is important for Beijing to restrain Kim Il-song from any attempt at reunification by force. But if the peninsula were plunged into a new war, it is conceivable that the PRC would once more come to North Korea's aid. Such action could be very costly to China's developing economy. Even if large-scale intervention, as in 1950, were not required, a renewed conflict would surely open the door for increased Soviet aid and influence on North Korea because of its capability to supply war materiel. Japanese investment in North Korea would undoubtedly come to a halt. Given such a conflict, with the potential of a Korean government heavily dependent on China's number one enemy, Beijing could not view with indifference the potential tightening of the Soviet ring around its borders.

Economic policy. The economic boom in South Korea in recent years may be but a small measure of the capabilities



of the Korean people under a united government. With a combination of South Korea's work ethic and certain aspects of North Korea's Chuch'e philosophy, the peninsula's economic capabilities could be formidable. The South Koreans are already significant producers of textiles and are now expanding rapidly into the shipbuilding and automotive markets. China's capabilities to compete in these and similar markets would depend on the successes of its immediate neighbors in Korea, Japan, and Taiwan.

If China's experimentation with capitalism achieves the desired objectives, as indeed it seems to be, it will be seeking expanded markets for its products.<sup>64</sup> A burgeoning Korean industrial capacity would be in direct competition with Chinese capitalists. In addition, the South Koreans, with the help of Japanese businessmen, are developing a technological base years ahead of today's China.

The prospects for increased Japanese economic activities on the peninsula must be an area receiving considerable attention in Beijing. So long as the peninsula remains divided, however, China will have an edge in terms of resources which can be brought to bear.<sup>65</sup> Given the option of choice, Beijing's economic interests would best be served by a continuation of the status quo.

### The Reunification Issue

A reunified Korea, whether brought about by force of arms or through negotiations, could assume any of several forms of government and political persuasion. Its structure and political leanings would dictate specific Chinese actions to protect its national security interests. Even a communist government of a united Korea could present significant problems for Beijing if it leaned more toward the Soviet Union than China. The Soviet Union, as China's acknowledged number one enemy, would have added a major link to the chain of hostile nations on China's periphery--bringing into doubt the safety of China's Manchurian assets.<sup>66</sup>

Privately, rather than face such uncertainties, China would prefer peace and stability and a continuance of two Koreas on the peninsula. Beijing's primary objective toward the peninsula--the maintenance of a Korean buffer zone--derives from its extensive land border with Korea and the need to protect the heavy industrial regions of Manchuria. The current North-South estrangement, as long as it does not boil over into armed conflict, serves Beijing's purposes by mitigating against the emergence of a contending power along this border.

The possibility of a Korean peninsula under a communist regime would also be of high interest to Japan, a matter that Beijing must take into consideration--economically, politically, and militarily. According to Doak

Barnett,

Though not all Japanese today view Korea as the dagger pointed at Japan, many still do, and key political and government figures believe that Japanese security requires that the peninsula not come under the control of a hostile regime. The [1969] Nixon-Sato communique [where the Japanese regarded the security of Korea to be essential to Japan's own security] was consistent with this view. And during 1975-76 Japanese leaders publicly emphasized that stability in Korea was still regarded as basic to Japan's security.<sup>67</sup>

Subsequent administrations in the U.S. and Japan have echoed the statement. If the Japanese perceived a threat to their security, it would prompt counter actions on their part, including perhaps a military buildup and economic sanctions.

In the final analysis, the nature of a unified Korean government, be it communist or capitalist, is not as important to the PRC as the international alliances it forms. It is conceivable that China would use military pressure to protect its interests on the peninsula. Since political decisions are not formed in a vacuum, undoubtedly such a possibility would be taken into account by Korean leaders. With the 1979 invasion of Vietnam, the PRC showed that it is willing to use direct military intervention to force compliance with its policies. This lesson would not be lost on the Korean leadership.<sup>68</sup>

The potential economic impact of a unified Korea, while not as significant as the political-military threat, could nonetheless provide substantial competition for Beijing's

own growing economy. Perhaps Beijing would be willing to trade limited access to Chinese markets for Korean technology--hoping in this way to continue its leapfrog approach to the attainment of advanced technological skills.

Beijing's stated policy toward Korea advocates peaceful reunification on terms promulgated by P'yo'ngyang.<sup>69</sup> The PRC has actively supported North Korean efforts at reconciliation, including the current North-South dialogue and the call for a tripartite conference. China has also served as a middleman between the U.S. and North Korea for such initiatives.<sup>70</sup>

Even so, with the potential that change (reunification) may not mean change for the better, China would prefer that the Koreans forego reunification and continue the status quo. The objective here is to maintain peace and stability on the peninsula and continue current balance of power alignments.

Since the object of Beijing's policies is to use Korea as a buffer zone between itself and potential adversaries, if Korean reunification became a reality, the PRC would prefer a unified Korea closely aligned with its own ideologies and defense outlook. Failing this, the very least China would press to achieve is a Korean government neutral in its international relations.

## Japan

Japan's policies regarding the two Koreas, and the reunification issue in particular, are affected by economic and security concerns and by a certain uneasy but improving relationship that has existed between the two peoples since the end of World War II.

### Historical Perspective

The importance of Korea to Japan has been evidenced in its attempts since the end of the 19th century to control the influence of third party nations in Korean affairs. Chinese hegemony over the Koreans was ended in the Sino-Japanese War of 1894-95 when troops of both nations fought on Korean soil for control of the peninsula.

The proximity of the Korean landmass to the Japanese home islands makes it vital that a Korean government be sympathetic to Japanese security concerns. Through the first half of the 20th century the peninsula also provided a convenient jump-off point for Japanese adventurism on the Asian continent.

When Japanese economic interests in Korea were threatened, and when increasing Russian influence in north China threatened Japanese plans there, Japan declared war on Russia. Its victory in the Russo-Japanese War of 1904-05 won for Japan the recognition it sought as a major power in the Pacific. The international community,

including the U.S., also recognized Japan's status as a protector of Korean interests.

In 1910 Korea was formally annexed into the Japanese Empire. Any semblance of Korean independence ceased to exist at that time. The years from 1910 to 1945 were spent by the Japanese in trying to eliminate Korean nationalism, including social customs and language, and in attempting to completely absorb the Korean people into a Greater Japanese Empire. It is this period of harsh colonial rule that continues to cast a shadow, albeit a diminishing one, over Japanese-Korean relations today. Nevertheless, interaction between Japan and the two Koreas, especially South Korea, has continued to improve and expand.<sup>71</sup>

#### Current Relations with the Two Koreas

Relations with the two Koreas, as with Japan's relations with most other countries of the world, are predominantly economic. There are, however, significant ties with the Korean peninsula in the political and military realms.

Political sphere. In terms of formal relations between Japan and the rival Korean states, full diplomatic, cultural, and economic ties have existed between Tokyo and Seoul since normalization in 1965. Relations between Tokyo and P'yo'ngyang, however, are limited to economic

ties and informal private contacts. Diplomatic exchange is accomplished through third party embassies such as those of Moscow or Beijing.

One of the most important objectives of Japanese foreign policy in East Asia in the last thirty years has been the maintenance of peace on the Korean peninsula. This is crucial to avoid upsetting the balance of influence amongst the big powers. Peace is also essential to protect Japan's economic interests and to avoid potential security problems. According to James Morley, Japan's economic dependence on foreign markets, and its military weakness, are central to Japan's international life.<sup>72</sup> Both areas are also central to Japanese actions vis-a-vis Korean reunification. For this reason, Japanese economic policies and military status as they relate to the Korean Peninsula will be examined in detail.

Economic policy. Japan's lack of natural resources, much like South Korea's, has made it particularly dependent on outside sources of raw materials for its industries. Over the years, expanding Japanese manufacturers sought world markets for their goods. The greater world economy provided the impetus for Japan to enlarge the scope of its industries, enhancing productivity and efficiency.

Japan's export-oriented economy has experienced phenomenal growth since the 1960s--making it today one

of the great trading nations of the world, ranking third in exports behind the U.S. and West Germany.<sup>73</sup> According to 1984 Gross National Product (GNP) statistics, Japan's total economic output (\$1,215,189,000,000) ranks second only to that of the U.S. (\$3,701,200,000,000).<sup>74</sup> Japan's capability to shape international events in directions more favorable to Japanese interests is derived from this immense economic power.

With the normalization of relations between Japan and South Korea in 1965, interaction between the two picked up considerably. The south eventually became Japan's largest trading partner after the U.S.<sup>75</sup>

Business investment by Japanese in the south's economy has grown markedly over the years and has outstripped U.S. investment (see Figure 5). Nearly half (49.5%) of all foreign business investment in South Korea has come from Japan.



Figure 5

COMPARATIVE U.S.-JAPANESE BUSINESS INVESTMENTS IN S. KOREA

		Approved Investment Totals*	Percent of Major Foreign Investment	Number of Investment Projects
<u>Since 1962</u>	U.S.	\$471.38	27.7	172
	Japan	\$843.42	49.5	663
	Others	\$385.20	22.8	-
<u>In 1983</u>	U.S.	\$53.40	20.7	18
	Japan	\$167.50	65.0	38
	Others	\$36.90	14.3	10

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 Source: Adapted from Yonhap News Agency, Korea Annual 1984  
 (Seoul), June 1984, p. 126.

\*In millions of \$U.S.

Japanese economic aid to South Korea has increased steadily since 1965, the most recent aid agreement being concluded in 1983. At that time the Nakasone government promised to provide a \$4 billion seven-year financing package--\$1,850 million in low-interest, long-term government loans, \$350 million in Export-Import bank funds, and \$1,800 million in syndicated suppliers credits.<sup>76</sup>

South Korea had originally proposed in 1981 that the Japanese provide \$6 billion in development assistance, since Japan owed part of its peace and security to the south's large defense forces. Because Japan refused to make an overt link between development aid and military defense, the Korean proposal was turned down. Although

Japan's aid fell short of the amount requested by Seoul, the money provided a much needed backing for the south's 1982-86 Five Year Economic and Social Development Plan.<sup>77</sup>

Through economic aid to South Korea, Japan provides insurance for continued economic development in the south, thereby protecting Japanese business interests. It also results in indirect contributions to the preservation of peace on the peninsula through allowing Seoul to divert other funds to the maintenance of its armed forces--an exemplification of the use of economic means to military ends.

Until the early 1970s, Japan's relations with the Korean peninsula were mostly with the government in the south. There was, and still is, no official government contact with the North Korean regime. In the 1970s, however, trade with the north began to grow as Tokyo attempted a more even-handed policy toward the two Koreas. This approach offered advantages such as increased flexibility to adjust to changing developments on the peninsula; broadened capabilities to influence developments through contacts with both sides; and increased stability in the region resulting from wider acceptance of the two-Korea situation.<sup>78</sup> In 1972 Japan was pursuing rapprochement with the PRC and was keen on improving contacts with North Korea. Japan was also under increased pressure

at home from pro-P'yo'ngyang Korean groups and pro-north Japanese.

During this same period, North Korea was softening its attitude toward Japan. According to Tai Sung An, North Korea's intentions were:

1. to cause the conservative-controlled Japanese government to change its exclusive involvement with Seoul and to enter into active relations with P'yo'ngyang;
2. to ease Japan's tight restrictions on travel to and from North Korea by Korean residents in Japan;
3. to promote expanded trade and gain access to Japanese industrial machinery and technology needed for rapid development of the north's economy;
4. to seek commercial and cultural ties as a first step toward eventual political recognition of the north and the ultimate diplomatic isolation of South Korea; and
5. to sow seeds of dissent between, as well as within, Japan and South Korea to prevent a Japanese return to the peninsula.<sup>79</sup>

In January 1972 P'yo'ngyang and Tokyo signed an agreement for the promotion of trade in which it was forecast that two-way trade over the next five years would reach \$390 million. By the end of 1976, however, Japan had approximately \$220 million in outstanding trade loans to North Korea, of which \$70 million was overdue for payment.<sup>80</sup> A solution to North Korea's debt problem was sought beginning in late 1977 when P'yo'ngyang's Foreign Trade Bank opened negotiations with the Japanese. A long-term agreement was reached in 1980 when the north agreed to repay the trade debt to Japanese creditors by 1989.<sup>81</sup>

Despite the agreement, P'yo'ngyang has continued to have problems. By June 1982 it was once again in arrears in its semi-annual debt repayment schedule. By February 1983 it became apparent that North Korea would not be able to meet scheduled payments from December 1982 through December 1985. Japanese creditors subsequently agreed to defer repayment of the loan principal until the 1986-1989 period. Through 1985, however, P'yo'ngyang has failed to honor a pledge to pay semi-annual interest payments, amounting to \$5.8-\$7.8 million each.

Although Japanese-North Korean trade decreased during the mid-1970s because of P'yo'ngyang's financial problems, by 1979 North Korean imports from Japan had exceeded the highest previous year (1974). Though not approaching the levels of trade with South Korea, Japanese trade with the north has generally been on the rise (Figure 6).

Figure 6

JAPANESE TRADE WITH NORTH AND SOUTH KOREA\*

<u>Exports to:</u>	<u>1970</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1979</u>	<u>1980</u>
South Korea	818	NA	NA	2,248	NA	6,247	5,368
North Korea	25	111	277	199	106	310	374
 <u>Imports from:</u>							
South Korea	229	NA	NA	1,308	NA	3,359	2,996
North Korea	31	66	99	59	65	137	NA

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 Source: Adapted from Japan, Bank of Japan, Balance of Payments Monthly (Tokyo), February 1981, pp. 15-16; and Frederica M. Bunge, ed., North Korea: A Country Study (Washington: U.S. Government Printing Office, 1981), pp. 255-56.

\*In \$millions; NA = Not Available

Economic ties between North Korea and Japan will continue to grow as Tokyo seeks a closer balance in its relations between the two Koreas. The Japanese have been considering a proposal made in 1983 between P'yo'ngyang and visiting Japanese parliamentarians for the opening of trade missions in P'yo'ngyang and Tokyo and for the exchange of full-time journalists between the two.<sup>83</sup> In January 1984 P'yo'ngyang announced it will seek economic ties with foreign countries, including technical cooperation and joint venture projects. The North Koreans were apparently impressed with the success of a similar program in China. In September 1984 P'yo'ngyang announced adoption of a joint venture law designed to attract foreign investments.<sup>84</sup> Such a law is likely to spur increased efforts by the Japanese to penetrate North Korean markets, providing P'yo'ngyang can improve on its record of paying its foreign debts.

Military relations. The defense of Japan is based on the U.S. nuclear and conventional commitment under the Japan-U.S. Security Treaty of 1960 and on its own indigenous Self Defense Force. In 1980 Japan ranked eighth in the world in terms of defense expenditures,<sup>85</sup> yet this spending was small when compared to Japan's GNP. In 1981 the defense budget was only .91% of GNP, the lowest level spent on defense by any Asian nation or any major industrialized

power.<sup>86</sup> The current European average for defense spending is 3.5%, while the U.S. spends 7% of GNP on defense.<sup>87</sup>

Japan's military budget (.99% of GNP = \$12.4 billion in 1984),<sup>88</sup> while high in absolute terms, is exceedingly low when contrasted with the nation's size and economic capabilities. Because of this, funds are not substantial enough to finance development of an independent military capability.<sup>89</sup> Due to anti-military sentiment and attempts to reduce deficit spending, since 1981 the government has placed a ceiling on defense expenditures amounting to 1% of GNP.

The Japanese value their close relations with the U.S. and consider them important to their political, economic, and military interests. Consequently, Japan has worked to facilitate military contacts and to support the U.S. diplomatically whenever possible. The Japanese believe that national security is as well fostered by promoting international diplomacy and economic aid as by developing military might.<sup>90</sup> This belief is the cornerstone of Tokyo's search for a comprehensive national security strategy. In 1980 a new cabinet committee, the Ministerial Council on Comprehensive Security, was established to facilitate implementation of such a strategy.<sup>91</sup>

Article 9 of Japan's Constitution renounces war as a sovereign right of the nation and eliminates the threat or use of force as a means of settling international disputes.

The Self Defense Forces cannot be deployed outside the nation and are forbidden to possess nuclear weapons or armaments with offensive capability.<sup>92</sup>

In a joint communique issued during the 1983 visit of Prime Minister Nakasone to Korea, it was stated that the maintenance of peace and stability on the Korean peninsula is essential to the peace and stability of East Asia, including Japan.<sup>93</sup> The fact that the statement referred to the "Korean peninsula" rather than the "Republic of Korea" gives it wider coverage and recognizes the importance of North Korea to peace and stability in the region. The 1984 government White Paper "The Defense of Japan" cites the continuance of military tension on the peninsula, but comments that South Korean efforts to build up its defense capabilities, as well as the U.S. commitment to the defense of the south, seem to be contributing to deterrence of an outbreak of full-scale conflict for the moment. It further states that because of the massive military build-up in the north, the situation on the peninsula warrants no optimism.<sup>94</sup>

#### The Reunification Issue

In its quest for peace and stability in the region, and specifically on the Korean Peninsula, Japan must use its most effective resource, its economic prowess, to achieve these ends. Its capabilities, militarily, are limited to

indirect involvement through allowing the U.S. the use of Japanese bases for resupply of forces. Even the use of Japanese bases is not automatic but would face stiff opposition from anti-militarists and socialist factions.

In Japan's view, any attempt by either Seoul or P'yo'ngyang to accomplish reunification by force could have substantial adverse affect on Japanese economic and security policies. Such a conflict could also seriously strain U.S.-Japanese relations. The U.S. would expect Japan to support its military operations in Korea in a renewed war; however, the domestic political climate in Japan would permit only qualified support. There is also apprehension that an all-out conflict might draw Japan into conflict with China or the Soviet Union.

The danger in an outbreak of hostilities lies not in a direct threat to Japan if there were a communist victory in Korea, but in the disruption of substantial Japanese business interests in the south and, to a much smaller but growing extent, in North Korea. Additionally, a P'yo'ngyang victory would cause a spillover of refugees into other Asian nations, most notably Japan because of its currently friendly ties with Seoul.<sup>95</sup> An influx of Korean refugees would swell the numbers of Koreans already in Japan (now 700,000) and cause security and social problems.<sup>96</sup>



Japan publicly supports and actively pursues policies for a reduction of tension on the Korean peninsula. The ultimate goal of Koreans in diffusing tension is the reunification of their homeland; however, even a peaceful union of the rival sides could have its dangers for Tokyo. A united Korea could in fact pose a military and economic threat to Japan. The many years of Japanese domination of the Korean people, ending only in 1945, created an animosity and distrust between the two. Although economic assistance and cooperation have attenuated this to a large extent, such deep-seated emotions are difficult to eradicate. Given the right circumstances, a united Korea located only 100 miles from the Japanese coast and aligned at some future date with another Asian power, such as the PRC or USSR, could prove a formidable adversary in a time of international crisis.

The potential economic threat to Japan of a united Korea must certainly be a consideration for decision-makers in Tokyo. The burgeoning South Korean economy is already making inroads into Asian markets previously dominated by Japan, including shipbuilding, steel production, and textiles.<sup>97</sup> Japanese and U.S. automakers will soon face a new Korean challenge as Seoul introduces its first automobile into U.S. markets in 1986.<sup>98</sup>

With the addition of North Korea's limited mineral resources and hydro-electric facilities, there is a

potential for a reduction in production costs--further increasing Korea's competitiveness in world markets. Combine this with a renewed nationalistic spirit and a reduction in arms expenditures, and the Korean economy would be formidable.

Current Japanese policy toward the Korean peninsula advocates peace and stability and a normalization of relations between the two Koreas. In a statement issued in January 1983 at the close of Japanese Prime Minister Nakasone's visit to Seoul, he and South Korea's President Chun agreed that peace and stability on the peninsula were essential to all Asian nations, including Japan.<sup>99</sup>

Although Tokyo is more heavily involved in the South Korean economy, it actively pursues a "two-Korea" policy by maintaining economic and non-governmental contact with North Korea. Japan has supported the North-South Red Cross, economic, and parliamentary talks underway since November 1984. It has also called for international consultation on Korea by major interested parties, such as its proposal on January 11, 1984 for a six-way conference on the subject, including participation by North and South Korea, Japan, the U.S., the USSR, and China.<sup>100</sup>

In spite of Japan's overt support for peaceful reunification efforts, the uncertain political, economic, and military fallout from such an eventuality poses problems for Tokyo. Given that Japan's national interests require

peace in the region and protection for its economic markets, Tokyo's underlying foreign policy would call for a reduction of tension on the peninsula and not reunification, but a continuation of the status quo, that is, two Koreas. In a divided peninsula Japan could continue to trade with both nations--but neither would be economically strong enough to offer prohibitively dangerous competition to Japanese business.<sup>101</sup> Providing North Korea's debt problems were resolved satisfactorily, Japan would seek to expand its trade and investment in the north. The objective would be to bring more into balance its relations with the two states and create economic dependencies which would make war too economically destructive to be thinkable.

Continuation of the status quo, with a concurrent reduction in tension, would also ensure a stable balance of power distribution in the region. Reunification on other than a strictly neutral basis would shift the balance in favor of the communist or capitalist blocs and cause security problems for the other side. Although it is conceivable that reunification could be accomplished without disturbing the power equilibrium, and Japan would publicly support such action, the uncertainties of a unified Korea would mitigate against a total Japanese commitment.<sup>102</sup>

## Notes

1 The six pillars were: U.S. determination to remain a Pacific power; building an enduring relationship between the U.S. and the PRC; the importance of the U.S. relationship with Japan; the commitment to the stability of the Korean Peninsula; support for the political and economic vitality and self-defense efforts of ASEAN; and the long-standing partnership with Australia and New Zealand. See "Weinberger Notes Importance of Sino-U.S. Ties," Beijing Xinhua, 19 July 1985, in FBIS Daily Report, China i, no. 139 (19 July 1985): B1.

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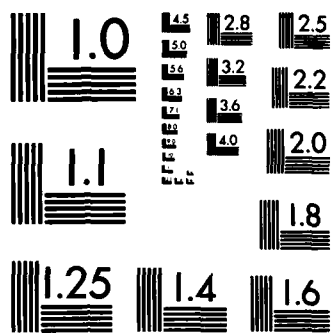
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MICROCOPY RESOLUTION TEST CHART  
NATIONAL BUREAU OF STANDARDS-1963-A

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## CHAPTER 5

## Conclusion

The foregoing pages contained a brief look at the relations of the four major powers toward the two Koreas and assessed their individual attitudes toward reunification. Through all of this, two points continually surface as fundamental objectives of all four powers. In order of priority these are the maintenance of peace and stability on the peninsula and continuation of the status quo, i.e., two Koreas.

While the first of these points is desirable whether supporting reunification or not, the second is inimical to the process. Because of this, over the years major power backing for reunification has consisted of little more than verbal support for their client's programs. Even so, continuation of the present situation is no guarantee that this crisis-prone region will not explode into renewed conflict. While privately advocating the status quo, the four powers must move their respective client states toward reconciliation and a reduction in tension.

The Major Powers as Catalysts

If reunification is to occur without war, then the maintenance of peace and stability on the peninsula must be the first order of business. Peace and stability

are likewise the first objectives of big-power policies toward the peninsula. Those objectives also happen to serve as catalysts to the reunification process.

To achieve stability and a reduction in tensions, the major powers would support a normalization of relations between the two Koreas, including establishment of diplomatic and trade ties, social and cultural exchanges between the two, and a reduction in military forces on both sides. The dilemma for the four powers, however, is that, by supporting normalization, they would be contributing to a possible reunion of the two halves, with all its attendant uncertainties for the balance of power in the region. Nevertheless, such unknowns are preferable to the sure disaster of a renewed Korean conflict.

While each major power has offered verbal support for the reunification goal, there have also been some limited concrete steps by the powers to further the process as a means of reducing tension. The U.S., the PRC, and Japan are most notable in these attempts. In 1976 Secretary of State Henry Kissinger proposed a four-power (North and South Korea, the U.S., and the PRC) conference on the Korean question. This plan, and a call for similar talks (less the PRC) in 1978, were flatly rejected by P'yo'ngyang (see CHAPTER 4, pp. 39-40).

The U.S. has also sought the promotion of "cross-recognition", a concept that has been around since 1969

but which was first publicly endorsed by Henry Kissinger in 1975.<sup>1</sup> With cross-recognition, Japan and the U.S. would provide diplomatic recognition of P'yo'ngyang, while the PRC and USSR would do likewise for Seoul. The concept met with strong opposition from P'yo'ngyang and, by extension, from the PRC and USSR. The North Koreans see it as an attempt to formally recognize and perpetuate the division of the peninsula.

The PRC has actively participated in reunification efforts; the most recent examples were on October 8 and December 3, 1983 when it served as a conduit to the U.S. for the North Korean proposal for "tripartite" (U.S. and North and South Korea) talks on reunification.<sup>2</sup> PRC premier Zhao Ziyang also mentioned the subject when he talked with President Reagan on January 10, 1984--the same date P'yo'ngyang publicly announced the proposal.<sup>3</sup>

Recent efforts by Japan to foster a North-South reconciliation included a call in the spring of 1983 for a phased cross-recognition plan and a proposal in January 1984 for six-way talks on Korea.<sup>4</sup> The phased recognition plan would have provided for establishment of diplomatic relations first by Japan and China with the two Koreas, followed later with recognition by the U.S. and USSR. The six-way talks envisioned participation by Japan, China, the U.S., the USSR, and North and South Korea.



### The Major Powers as Deterrents

There are some areas where major power policies have served as a significant deterrent to the reunification process. The supply of armaments to both sides has been substantial over the years. This has created a situation where belligerency is a way of life and the uneasy tension of a possible war hangs heavy in the air.

To halt the arms race on the peninsula would require unprecedented cooperation between the U.S., China, and the USSR. Such an eventuality is not likely to occur in the near future. Given the remote possibility that in a renewed period of detente, Washington and Moscow could agree to freeze arms supplies to their clients, the agreement would not achieve the desired results without the cooperation of Beijing. Unless the two communist powers could agree to forego their attempts at influencing North Korea through arms sales, P'yo'ng-yang would continue to play one against the other until it got the equipment it required.

There has been little pressure from the major powers on their respective Korean allies to initiate a North-South dialogue. With the failure of U.S. attempts in the 1970s to address the Korean question in international forums, Washington has indeed advocated direct North-South talks. But there is scant evidence of political or economic pressure being brought to bear on Seoul to

initiate the process. The same can be said for China and the USSR in their relations with P'yo'ngyang. The fact that direct North-South talks have been underway since November 1984 is due less to major power coercion than to: (1) a realization on the part of P'yo'ngyang that a different approach is required now that the south appears to be winning the race for world recognition and economic success on the peninsula; and (2) the desire of the Chun regime to lessen tensions and achieve a measure of rapprochement with the north because of the upcoming Asian Games and Olympics, and as a concrete sign of the success of Chun's ruling party.

The sharpening of ideological differences and foreign policy objectives between the PRC, USSR, and North Korea on the one hand, and the U.S., Japan, and South Korea on the other, also does little to move the two Koreas closer to reconciliation. To illustrate, P'yo'ngyang and Seoul were sharply divided on the cause for the Soviet shootdown of South Korea's KAL 007 in September 1983. P'yo'ngyang supported Moscow, maintaining that the aircraft was on a spy mission.<sup>5</sup> In another case, tensions between Seoul and P'yo'ngyang were at a high point during the Vietnamese War when South Korea sent thousands of its soldiers to Vietnam to assist its American ally.<sup>6</sup> Such international adventures of the major powers, and their search for

support among their allies, has added fuel to the fire of North-South rivalry on the peninsula.

#### Closing Remarks

In the final analysis, the roles of the four big powers in the Korean reunification process do not fit nicely into either the catalyst or the deterrent molds. Instead, the weight of evidence comes down heavily in support of the third hypothesis presented in CHAPTER 2, p. 7. The major powers act as catalysts for peace and stability because of their own vested interests, but do not fervently pursue the reunification goal. If the current North-South dialogue results in reduced tensions and a normalization of relations, then this is to the direct benefit of the major powers. If normalization should be followed by eventual reunification, with its effects on balance of power alignments, then some as yet unknown adjustments will be required to major power force dispositions in the area. The major powers, however, must feel that this is an issue which will not face them in the immediate future and probably not in this decade.

In the meantime, the national interests of the U.S., the Soviet Union, China, and Japan argue for a continuation of a two-Koreas policy. The PRC and the Soviet Union retain in North Korea a friendly, though often recalcitrant buffer state on their border; Japan retains in South Korea a friendly and economically beneficial

neighbor facing it across the short distance of the Korean Strait. In South Korea, the U.S. retains a foothold on the Asian mainland, an important trading partner, and a valuable military ally. If tensions on the peninsula can be controlled, all four powers are spared the humanitarian and economic catastrophe of a renewed Korean war.

Regarding the quest for a North-South rapprochement, the current negotiations, including the Red Cross, economic, and parliamentary talks, represent the most extensive contact ever between the two sides. Assuming an atmosphere of commitment to results through good-faith bargaining and a willingness to compromise, there are real chances for the establishment of some type of social, economic, or political ties between north and south.

The most realistic approach to reunification is the step by step method espoused by the south.<sup>7</sup> In this formula, normalization of relations, including establishment of inter-Korean cooperation and exchanges, would precede an eventual reunion. In this way, each side would have the opportunity to adjust, consolidate, and reconsider before the next move. North Korea's call for establishment of a confederal republic as a first step is a much too sudden and all encompassing move to accomplish at the outset. The three avenues of talks

currently underway, however, appear to have taken P'yo'ngyang a little closer to Seoul's reunification formula.

Given the animosity and distrust that have existed between North and South Korea over the years, the reunification dialogue is likely to be faced with continual postponements and charges of bad faith.<sup>8</sup> This will result in a lengthy negotiation process undoubtedly lasting several years and well into the 1990s. Even so, the unprecedented level of North-South dialogue provides renewed hope for peace and stability on the peninsula and for the eventual reunification of the Korean people.

## Notes

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<sup>4</sup> Hong N. Kim, "Japan's Policy Toward North Korea Since 1965," Korea & World Affairs 7, no. 4 (Winter 1983): 670; and "Six-way Meeting on Korea Proposed," Tokyo JIJI, 11 January 1984, in FBIS Daily Report, Asia & Pacific iv, Annex 007 (11 January 1984): 8

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<sup>6</sup> Soong Sung Cho, "American Policy Toward Korean Unification, 1945-1980," in Tae Hwan Kwak, et al, eds., U.S.-Korean Relations 1982-1982 (Seoul: Kyungnam University Press, 1982), pp. 81-82.

<sup>7</sup> For a comprehensive review of the reunification policies of North and South Korea, see Young W. Kihl, Politics and Policies in Divided Korea: Regimes in Contest (Boulder: Westview Press, 1984), pp. 205-230.

<sup>8</sup> Red Cross and economic talks were postponed by North Korea on three occasions in 1984/85 purportedly because of displeasure over South Korean actions. See "N-S Economic Talks to be Held at Panmunjom, 17 May 1985," Seoul Domestic Service, 16 May 1985, in FBIS Daily Report, Asia & Pacific iv, no. 095 (16 May 1985): E1.

## Appendix A

### Other Issues Affecting Reunification

In addition to the attitudes of the major powers regarding reunification, there are a myriad of domestic Korean issues which must be resolved prior to a union of the two halves. Most of these fall into the general categories of social, economic, political, and military issues. This appendix provides a capsulized discussion of these subjects as a background to the general reunification process.

Although Korean traditions and culture date back over 2,000 years, the social customs of both north and south have been affected by their current forms of government. In North Korea, Kim Il-song's Chuch'e ideology espouses self-reliance for the Korean people. Its fundamental tenet is that Koreans should determine their own future and be independent of other nations wherever practicable. The educational system stresses the Korean language, culture, and history. Writings are accomplished using mostly the Korean alphabet (Hangul) rather than, as previously, combining Hangul and Chinese characters (still the custom in the south). Cultural changes in the north are designed to replace traditional Confucian ethics with a new socialist ideal that emphasizes remolding individuals into citizens

who are willing to work enthusiastically and selflessly for collective objectives through collective efforts.<sup>1</sup>

In South Korea, social changes have been less drastic. The social focus is on the family unit and the individual first. The good of the community as a whole comes second. Individual entrepreneuring is encouraged. As in other capitalistic societies, one competes with others in the economy to earn a living and improve one's status through hard work and ingenuity.

The economies of North and South Korea provide the typical contrast in styles between communist and capitalist systems. In any discussion of North-South economics, one is immediately struck by the illogical nature of the division between these two countries. The north comprises 55% of the land area of the peninsula and has 80 to 90% of all known mineral deposits. Some of these deposits, including coal, iron ore, lead, zinc, tungsten, barite, graphite, and magnesite, are significant by world production standards. The north is mostly self-sufficient in energy resources, with abundant supplies of coal and hydro-power.

The south, with more than double the population (40,578,000 vs. 19,630,000), has a much milder climate and is better suited to agriculture. Almost 75% of its energy supplies, however, were generated with imported fuels, mostly oil, in 1983.<sup>2</sup> The south also must import



nearly all of the raw materials upon which its industry is based.<sup>3</sup>

Currently the South Korean economy is growing at a very fast rate. In recent years its exports have increased to where its goods offer stiff competition to previously established markets of Taiwan and Japan. In North Korea, after a period of substantial growth during the 1950s and 1960s, the economy entered a period of reduced growth.<sup>4</sup> North Korea has had problems in attaining objectives in its periodic national economic plans and since the mid-1970s has been in arrears in its international debts.<sup>5</sup>

Under conditions of a united Korea, the natural resources and geography of the two halves would complement one another. With the probable reduction in imports of raw materials that resulted, a united Korea of 60 million people, with a reduced military budget, would experience a new high in economic prosperity.

The economic prosperity of a united Korea, however, is a distant vision. When viewed as they exist today, the two Korean economies have fundamental differences which in themselves would offer a significant challenge to reunification.

It is the contrasting political ideologies of north and south that determine the specific nature and the course of their economies. The communist system in the

north features state control of the means of production. It is a system similar to that of the Soviet Union--a command economy where production and distribution of goods is centrally controlled. In South Korea's capitalist system, the means of production are mostly privately owned. Production and distribution of goods is largely determined by the action of market forces.

The role of the central government in both economies is an active one, although considerably less pervasive in the south. The North Korean government makes all decisions on economic policy and allocation of resources, whereas in the south the government makes key policy decisions but shares the responsibility for resource allocation with the private sector.<sup>6</sup>

The political systems in the two countries are as diverse as their economies. The north has a communist totalitarian system. In the south, the most powerful presidents of the Republic, Park and Chun, came to power via crisis situations, and strong military backing assured their continuing in office. Political parties and hundreds of party loyalists, both north and south, would have considerable interest in maintaining their status and power bases. Could the two Koreas achieve some type of coalition government which would almost certainly have an adverse impact on the goals and aspirations of so many?

The military establishments in North and South Korea are very large, given the relatively small size of the countries. In fact, North Korea's armed forces are the sixth largest in the world (784,000 strong), followed immediately by the south's which are ranked seventh (601,600 strong).<sup>7</sup> P'yo'ngyang's armed forces are dominated and controlled by the communist Korean Workers Party and would abide by Party edicts. In any amalgamation of north and south, what is good for the Party would be good for the military. On the other hand, the willingness of Seoul's military to abide by political decisions is much more a matter of question. The south's military has played a major role in Korean politics over the years, including governmental coups in 1961 and 1980 in which the military seized power. A political settlement with the north must have the support of the south's military establishment to be workable.

## Notes

<sup>1</sup> Tai Sung An, North Korea in Transition - From Dictatorship to Dynasty (Westport: Greenwood Press, 1983), p. 73.

<sup>2</sup> Kwang-Gil Kay, ed. Korea Annual 1984 (Korea: Yonhap News Agency, 1984), p. 153.

<sup>3</sup> Frederica M. Bunge, ed. South Korea: A Country Study (Washington: U.S. Government Printing Office, 1982), pp. 131-132.

<sup>4</sup> Accurate performance figures for the North Korean economy are difficult to obtain because of the closed nature of the society. Those issued by P'yo'ngyang are often suspect, and those published by other sources are rough estimates at best. Even official North Korean figures, however, show a slowdown beginning in the mid-1960s. An annual industrial growth rate of 28% was claimed for the period 1954-1965; 18% was claimed for 1971-1976; and in 1978 a new seven-year plan was implemented which called for a growth rate of 12%. See Tai Sung An, North Korea: A Political Handbook (Washington: Scholarly Resources, 1983), pp. 118-123.

<sup>5</sup> Frederica M. Bunge, ed. North Korea: A Country Study (Washington: U.S. Government Printing Office, 1982), p. 114.

<sup>6</sup> Young W. Kihl, Politics and Policies in Divided Korea (Boulder: Westview Press, 1984), p. 131.

<sup>7</sup> Gregory R. Copley, et al, eds., Defense & Foreign Affairs Handbook (Washington: Defense & Foreign Affairs, 1984), pp. 345-349.

## Appendix B

## Chronology of North-South Dialogue: 1984-1985

<u>1984</u>	<u>EVENT</u>
JAN 10	North Korea issues formal call for tripartite talks among the U.S., North Korea, and South Korea.
JAN 11	Japan call for six-way talks on Korea. Participants would be North and South Korea, Japan, the U.S., China, and the Soviet Union.
APR 9, 30; MAY 25	Inter-Korea talks at Panmunjom on formation of single team for 1984 Los Angeles Olympics.
JUN 2	North Korea announces boycott of Olympics. No further North-South talks held on subject.
AUG 20	South Korean President Chun offers technology and goods, free of charge, to North Korea to improve the north's living standard and as a gesture of reconciliation.
AUG 25	North Korea denounces Chun's offer of aid.
SEP	P'yo'ngyang Red Cross offers food, clothing, medical supplies, and building materials for relief of flood victims in South Korea. The south accepts in an effort to improve North-South relations. <sup>1</sup>
NOV 15	First session of North-South economic talks opens in Panmunjom.
NOV 20	Working-level Red Cross talks held at Panmunjom.
DEC 5	Second session of economic talks originally scheduled for this date but cancelled by North Korea due to Soviet defection on November 23.
<u>1985</u>	
JAN 17	Second session of economic talks scheduled for this date but cancelled by North Korea as a protest over holding of annual U.S.-South Korea military exercise Team Spirit.

- JAN 22 Scheduled opening day for eighth full-dress Red Cross talks. Cancelled by North Korea due to Team Spirit exercises in South Korea.
- APR 9 P'yo'ngyang calls for North-South parliamentary talks to promote national reconciliation; proposes non-aggression pact.
- APR 24 At a meeting in Indonesia commemorating the 30th Anniversary of Bandung Conference, North and South Korean delegations sit side by side amidst an atmosphere of congeniality.
- MAY 15 South Korea again proposes a meeting of the highest authorities in North and South Korea.
- MAY 17 Second session of North-South economic talks opens. North Korea proposes formation of a joint committee for North-South economic cooperation. Deputy prime ministers of each side would act as chairmen.
- MAY 28-29 Eighth session of Red Cross talks opens in Seoul.
- JUN 1 South Korea National Assembly formally accepts North Korean proposal for parliamentary talks. It declines to discuss a non-aggression pact but recommends the parliamentarians formulate a reunification constitution.
- JUN 5 South Korean President Chun reiterates proposal for a meeting between persons of highest authority in north and south.
- JUN 14 A report from Beijing indicates North Korean President Kim has, for the first time, agreed to consider top-level talks with the south if the North-South parliamentary talks are successful.<sup>2</sup>
- JUN 20 Third session of North-South economic talks are held at Panmunjom. South Korea agrees to formation of a joint committee for economic cooperation. First meeting to be held in Sep 1985.
- JUL 15, 19 North and South Korean Red Cross authorities hold business meetings at Panmunjom to discuss details of Aug 15 North-South visits. Delegates are unable to reach an agreement.

- JUL 23 First preparatory meeting of North-South parliamentarians is held at Panmunjom.
- JUL 24 International Olympic Committee announces that North and South Korea have agreed to meet in Switzerland before the end of 1985 to discuss the 1988 Olympics and other sports matters.
- AUG 15 Original scheduled date for mutual visit of homecoming groups and folk art troupes between north and south. Visit delayed until at least Sep 1985.
- AUG 27 Scheduled date for ninth session of Red Cross talks at Panmunjom.
- SEP The Jul 15 meeting of North-South Red Cross delegates agreed in principle to have hometown visits and art troupe exchanges in Sep 1985.
- SEP 18 Scheduled date for fourth round of North-South economic talks at Panmunjom.
- SEP 25 Scheduled date for second preliminary meeting of North-South parliamentarians.

## Notes

<sup>1</sup> Chae-Jin Lee, "South Korea in 1984," Asian Survey xxv, no. 1 (January 1985): 88-89.

<sup>2</sup> "Kim Il-song Cited on North-South High-Level Talks," Tokyo Asahi Shimbun, 15 June 1985, in FBIS Daily Report, Asia & Pacific iv, no. 145 (29 July 1985): E3-E4.



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