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FORGING A PATH TO PEACE AND STABILITY ON THE KOREAN PENINSULA: IMPLICATIONS AND RECOMMENDATION FOR U.S. FOREIGN POLICY

by

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A collapse of North Korea poses the single greatest threat to peace and stability in East Asia. A violent collapse, known as a "hard landing" would be a costly disaster. A more benign collapse, or "soft landing," while less disruptive, requires a level of sustained North Korean economic growth and South Korean investment not possible under current economic conditions. Even if North Korea were somehow able to execute a soft landing and reunify with the South, huge societal differences exist between the two Koreas that would make the process more costly and difficult than that experienced by other divided nations. In response, this thesis states that a primary aim of U.S. foreign policy in East Asia should be to prevent a collapse of North Korea, and proposes a combination of confidence building measures, economic aid and diplomatic engagement calculated to drive North Korea towards reengagement with the outside world and increased interdependence with South Korea. The primary goal of these policies is to promote peace and stability in the region, while paving the way for reconciliation. Reunification is treated as a domestic issue to be resolved by the two Koreas at some future date.

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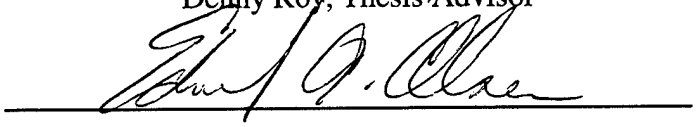

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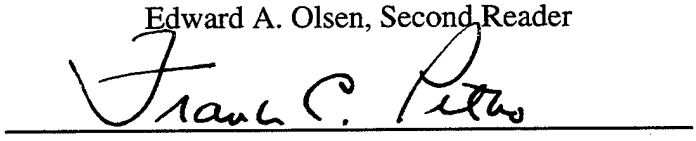

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ABSTRACT

A collapse of North Korea poses the single greatest threat to peace and stability in East Asia. A violent collapse, known as a "hard landing" would be a costly disaster. A more benign collapse, or "soft landing," while less disruptive, requires a level of sustained North Korean economic growth and South Korean investment not possible under current economic conditions. Even if North Korea were somehow able to execute a soft landing and reunify with the South, huge societal differences exist between the two Koreas that would make the process more costly and difficult than that experienced by other divided nations.

In response, this thesis states that the primary goal of U.S. foreign policy in East Asia should be to prevent a collapse of North Korea, and proposes a combination of confidence building measures, economic aid and diplomatic engagement calculated to drive North Korea towards reengagement with the outside world and increased interdependence with South Korea. The primary aim of these policies is to promote peace and stability in the region, while paving the way for reconciliation. Reunification is treated as a domestic issue to be resolved by the two Koreas at some future date.

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I. INTRODUCTION

A. INTRODUCTION

Nearly ten years have passed since the fall of the Berlin Wall signaled the beginning of the end of the Cold War. Once the dominant theme of world security discourse, it is now just a memory, although signs remain of its influence in shaping the world's current political structure. The pending admission of Poland, Hungary and the Czech Republic into NATO is a clear sign that European security alliances are moving far beyond the confined construct of East-versus-West thinking that once dominated the immediate post-war era. It is only when turning toward Asia that one finds scars of the Cold War still fresh and unhealed. Indeed, on the cusp of the Asian landmass, a microcosm of the Cold War persists. On the Korean Peninsula, two armies, armed to the teeth and numbering nearly two million strong, stand ready to renew a fight grudgingly suspended forty-five years ago.

At the same time that North Korea remains poised to burst anew across the DMZ (demilitarized zone), its internal stability, weakened by persistent famine, economic decline and crop destroying floods, may hasten its collapse before the peninsular conflict is re-ignited. Although one may at first view this as a positive development for Asia's most unstable region, the consequences of such a collapse may have far-reaching and highly negative ramifications. If a North Korean collapse is a cure for what ails Asia, the cure may be worse than the disease.

Tension on the Korean Peninsula remains the single greatest threat to peace and stability in the Asia-Pacific region. Even if an outbreak of hostilities can be prevented, the current precarious economic state of the Democratic People's Republic of Korea (D.P.R.K.) makes a collapse of its reclusive Stalinist regime a very real possibility. A near-term collapse of North Korea would be an unmitigated disaster for both the Republic of Korea (R.O.K.) and Asia as a whole. Such a collapse could seriously magnify the impact of current economic conditions. The region has been plagued for the past year with a persistent economic slump, recovery from which is not expected anytime soon. If the People's Republic of China (P.R.C.) is forced to devalue its currency or Japan fails to aggressively address the vulnerabilities in its ailing banking sector, the worst may be yet to come.

With that in mind, it is absolutely crucial that the United States act boldly and decisively to reduce the immediate threat of a North Korean collapse. Toward that end, this thesis suggests that economic support and diplomatic engagement of North Korea, with the goal of preventing a collapse of the North Korean regime, should be a primary aim of U.S. foreign policy in East Asia. The United States is capable of acting now to prevent a North Korean collapse and must take the lead in doing so, whether South Korea or other East Asian nations are financially able to assist in the effort or not.

Not only will decisive action prevent aggravating the current Asian economic crisis, but policies can be designed that are consistent with South Korea's preferred process for eventual reunification, the Korean National Community Reunification

Formula (KNCRF). However, the primary objective of U.S. foreign policy toward the Korean peninsula should not be reunification, but the decrease of political tension.

B. PLAN OF THE THESIS

In support of this thesis, Chapter II will examine the two most well known reunification scenarios, the "hard landing" and the "soft landing," with their attendant pros and cons. It will advance the argument that the former is an undesirable near-term outcome for both Korea and East Asia in general, while the latter is not possible in the near term due to current political and economic conditions on both sides of the DMZ. Therefore, the United States should cease policies that could encourage a Hard Landing while fostering conditions that would support a Soft Landing in the future by actively supporting the near-term viability of the North Korean State. By refraining from activities that isolate North Korea and contribute to the paranoia of the regime's leadership, the United States can foster an environment that encourages North Korean engagement with both its regional neighbors and the United States. This, in turn, will foster an atmosphere of decreased tension on the peninsula.

Chapter III will examine the many obstacles to Korean reunification with particular lessons drawn from both German and Yemeni reunification efforts. The purpose is to show that in light of the difficulty involved, the focus of U.S. policy should be on decreasing tension, while allowing the two Koreas to progress toward reunification at a time well in the future. Although the reduction of tension may encourage and eventually lead to reunification, the reduction of tension, from a U.S. viewpoint, should

be an end in itself, not a means to reunification. This chapter also demonstrates that policies designed to mitigate tensions on the peninsula are consistent with both the KNCRF and R.O.K. President Kim Dae Jung's "Sunshine Policy." Pursuit of these policies should therefore strengthen U.S. and R.O.K. ties, and allay R.O.K. fears of unilateral U.S. action on peninsula security issues.

Chapter IV offers a broad range of policy recommendations designed to decrease tensions on the Korean Peninsula while fostering an atmosphere that is conducive to the normalization of relations between North Korea and its former adversaries, particularly the Republic of Korea and the United States. The overall aims of these policy options are first, to prevent a premature collapse of North Korea, and second, to assist in bridging the economic, social, demographic and ideological gaps between North and South Korea. The ultimate goal is to ease tensions by reducing North Korean isolation and increasing its diplomatic and economic interdependence both regionally and globally.

This combination of confidence-building measures, economic aid and diplomatic engagement is designed to drive North Korea toward reengagement with the outside world and increased interdependence with the South. The primary goal is to promote peace and stability in the region. If reunification of the peninsula eventually occurs under peaceful circumstances, so much the better. While that is not the primary aim of these policies, the United States certainly supports the desire of the Korean people to one day achieve reunification by peaceful means. These policies are in no way designed to prevent that, and may in fact smooth the path toward reunification in the long run. However, the United States should be careful to treat reunification as a domestic issue for

the two Koreas to resolve. U.S. support for nothing other than reunification by peaceful means should be made clear. Obstacles to implementation of these policies and the opposing view that a North Korean collapse should be encouraged will be discussed as well.

Chapter IV will also advance the notion that these policies should continue regardless of periodic North Korean intransigence, demonstrating a clear U.S. commitment to the goals they promote. Starting and stopping in response to non-productive rhetoric and actions on the part of North Korea would lessen their impact and increase the likelihood of continued North Korean isolation, which is clearly counter to U.S. regional interests.

These policies may be difficult to sell to a majority in the United States Congress, particularly those who, like Senator John McCain (R-AZ), equate positive overtures toward a weakened but hard-line foe to the appeasement at Munich.[1] It is a stretch, however, to draw parallels between Hitler's pre-war Germany and present-day North Korea under Kim Jong-il. North Korea is a waning rather than a waxing power and while Nazi Germany was bent on eventual world domination, North Korea is struggling merely to survive. Germany posed a formidable threat to the free world, while the actions and policies of the North Korea regime inflict more harm on the North Korean people than anyone else.

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[1] Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton, NJ: Princeton University Press 1998) pp. 192-193.

The North Korean people are starving to death, its economy is crumbling and while its ability to stave off collapse is astonishing, the potential for such a collapse looms large. The United States and its allies are clearly in a position of strength, with the means, although not the desire to withstand and decisively defeat the military threat posed by the North. By reaching out to North Korea we neither abandon that position of strength nor weaken our resolve to oppose North Korea's threat to regional stability.

North Korea does not currently pose a direct threat to the United States. However, the threat it does pose to our allies and U.S. troops stationed in the region cannot be ignored. It remains in the best interests of the United States to minimize that threat. Nevertheless, the fact that the United States possesses the means to destroy North Korea does not mean that it should pursue that option. The United States should choose engagement over containment as a means both to preserve and to expand the peace and stability of East Asia. As the region's pre-eminent military power and the long time guarantor of that peace, we must convince North Korea to make the same choice. Other options exist but none are as generous and constructive and none hold as much promise for the future of the Korean people and East Asia in general.

II. DYNAMICS OF KOREAN REUNIFICATION

A. INTRODUCTION

Since the time of Korea's initial division in the immediate post-World War Two era, most Koreans have looked longingly toward a future in which the North and South would once again be reunited. The severe economic decline that North Korea has experienced since the late 1980s, combined with the July 1994 death of its founding leader, Kim Il Sung, have served only to strengthen the belief that reunification, if not imminent, is indeed inevitable.

Reunification is not possible under current political conditions. The two nations are still officially at war, making the conduct of normal diplomatic relations difficult, if not impossible. Although a confederation may be possible to construct at some time in the future, as an interim step to reunification, the present lack of reconciliation and formal diplomatic relations between the two Koreas should prevent that from occurring for some time.[2] The economic and political systems of the two nations are so diametrically opposed that a joint system, combining aspects of both, would be impossible to construct and unacceptable to either party. For reunification to succeed, one nation must be submit

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[2] Kim Il Sung first proposed the idea of a "confederation" in 1960. He renewed his proposal in 1980 with a call for a "Koryo Democratic Confederated Republic." It was not until 1989 that South Korea responded in the form of then-President Roh Tae Woo's Korean National Reunification Formula which included the formation of a commonwealth as an interim step to reunification. See Martin-Hart-Landsberg, *Korea: Division, Reunification and U.S. Foreign Policy* (New York: Monthly Review Press 1998) pp. 220-222.

to absorption by the other, accepting its political and economic systems with few, if any, concessions.

For either country it would be difficult, perhaps impossible, to admit that their chosen political and economic system is a complete failure. The South is currently suffering from a troubling economic contraction. Its current per capita GDP has fallen to a level that has effectively erased eight years of growth and dropped it from 11th among the worlds economies to 42nd.[3] With a negative growth rate of one percent projected for 1999[4], South Korea may not see its economy expand again in the current millennium. Meanwhile, inflation continues to hover above four percent, increasing downward pressure on per capita GDP. The projected 1999 level of just above $6100 represents a significant drop from pre-crisis levels that exceeded $10,000.[5]

Current economic problems notwithstanding, the South Korean system overall has been more successful than that of the North, which for some time has been unable even to provide adequate food supplies for its people. Even while heading toward complete economic collapse,[6] the North Korean regime does not dare to admit the failure of its system, nor can it rationally address its glaring inadequacies. After all, it is the

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[3] "Per Capita GNP Estimated at $6462 for 42nd in the World," *The Korea Times*, October 6, 1998. Available at: http://www.korealink/co.kr/14_home/9810/t401G2.htm; Internet.

[4] Ibid.

[5] Ibid.

[6] Nicholas Eberstadt, "North Korea's Economy Under Multiple Severe Stresses," available at http://www.worldbank.org/html/prddr/trans/MARAPR97/art8.htm; Internet.

preservation of that system, with all its faults intact, that provides the sole justification for the unending hardship the regime has imposed upon the North Korean people.

For reunification to occur then, one of two things must transpire. Either North Korea must reform its economic system to permit realistic integration with the South, or it must completely collapse under the crushing weight of its own inefficiency and political illegitimacy, allowing the South to then step in and absorb what remains of a once formidable foe.

Currently there are no indications that even a nascent reform movement exists in the North, making this an unlikely option.[7] Although North Korea has made some superficial attempts at reform, most notably the opening of the Rajin-Sonbong free economic and trade zone,[8] substantial economic reform does not appear to be a goal of the current regime. Indeed, the Rajin-Sonbong zone is more likely an attempt by the North Korean regime to increase its access to hard foreign currency, rather than the beginning of a comprehensive economic reform movement.[9] In fact, a recent announcement by the North Korean government that it was willing to introduce some limited market reforms was accompanied by a demand for $300 million to implement the

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[7] "Isolation Policy to Stay for North Korea," *Birmingham Evening Mail*, September 19, 1998, p. 15.

[8] For a detailed overview of the zone's prospects for success see Marcus Noland and L. Gordon Flake, "Opening Attempt: North Korea and the Rajin-Sonbong Free Economic and Trade Zone," Journal of Asian Business, Vol. 13, No. 2, 1997. The authors' conclusions are that the zone requires a significant investment in infrastructure. Failing that, the North Korean's probable inability to effectively run a market economy will be moot.

[9] Don Oberdorfer, *The Two Koreas: A Contemporary History*, Addison-Wesley (Reading 1997) pp. 298-99.

plan.[10] Curiously the North demanded an equivalent amount in December of 1998 in exchange for allowing U.S. inspectors access to an underground construction site that the United States suspects is related to a North Korean nuclear weapons program.[11]

At the present time, the North Korean regime's grip on power is so complete that it can easily withstand and discourage any nominal domestic pressure to institute reform. Barring any reversal of its persistent economic decline and continued disappointing harvests, a collapse of North Korea remains the most likely outcome in the near term. Although collapse does not appear imminent, it appears inevitable if current conditions persist.[12] Only foreign aid can slow the pace of decline and thus determine the timing of such an event. Domestic actors appear neither capable nor inclined to play an influential role in determining the outcome.

The pertinent question then is not whether the North will collapse but when. How much longer can its beleaguered system survive on the inconsistent and meager handouts of disinterested foreign parties? Peace and security on the peninsula are of great concern to the United States[13] and its allies. According to Dr. Ahn Byung Joon of Seoul's Yonsei

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[10] Robert H. Reid, "North Koreans Agree to First Tentative Steps Toward Market Economy," *The Associated Press*, June 3, 1998.

[11] "U.S. envoy Perry to meet S. Korea Kim on N. Korea," *Reuters wire service*, available from http://www.mercurycenter.com/premium/codes/N/docs/N826.htm; Internet.

[12] "North Korea: Country Update," *The Economist Intelligence Unit*, February 9, 1999.

[13] The latest iteration of the U.S. National Security Strategy, "A National Security Strategy for a New Century," (U.S. National Security Council, October 1998) reaffirms the danger that tensions on the Korean Peninsula pose to peace and stability in East Asia, as well as the importance of U.S. support for South Korea and efforts to reach a peaceful resolution to its conflict with North Korea.

University, "Keeping stability and accomplishing peaceful unification is crucial to peace and stability, not only in the peninsula, but also throughout the Asia-Pacific region as a whole."[14]

U.S. domestic politics and North Korean intransigence have played key roles in subverting attempts to cushion or reverse the North Korean decline. In contrast, however, the Japanese government remains committed to providing aid to North Korea, even in the wake of a surprise August 31, 1998 satellite launch that Japan initially mistook for a long-range ballistic missile test.[15] Although the North's ability to muddle through seemingly unendurable catastrophe is astounding, eventually its society will reach a breaking point. A well-coordinated, comprehensive, persistent, humanitarian and economic assistance plan is the only thing that can arrest the North's continued slide toward disaster and prevent its collapse. Current stop-and-go relief efforts by Western nations may be sufficient to postpone collapse, but will be unable to prevent it in the long run. In the absence of a sincere commitment to the viability of its regime by outside forces, North Korea's days are numbered.

Due to the many economic and political variables that influence the security balance on the Korean peninsula, it is no surprise that potential scenarios for the collapse of the North Korean regime abound, forming a continuum from catastrophic collapse to

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[14] "Economic Woes force North Korea to Talks," *The Irish Times*, September 15, 1997.

[15] "Japan Signs for Funding Reactors," *Reuters World Service*, October 21, 1998. See also

benign capitulation.[16] Each would require varied responses by the United States. It is important then to examine these scenarios in order to judge both the potential likelihood of their occurrence as well as their potential impact on East Asia in general and South Korea in particular. For simplicity, I will describe only the two most well-known scenarios. These are the "hard landing" and the "soft landing." The hard landing can be further divided into two sub-scenarios known as an "explosion" and "implosion."

B. HARD LANDING

A hard landing refers to a complete collapse of the North Korean regime, possibly precipitated by a final desperate military attack that would wreak havoc on the South's economy. Even without a military attack, any benign collapse, or implosion, of North Korea that left it without a functioning governmental structure, accompanied or precipitated by widespread famine and/or riots, would be considered a hard landing.

As North Korea's economic and agricultural woes persist, this scenario appears increasingly. Such a complete collapse of the North Korean regime could take two distinct forms. Either the North Korean regime could explode in a final desperate attack against the South, or it could passively implode, allowing the South to move in and begin a process of reconstruction and reunification.

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[16] For background information on factors influencing the Korean reunification process as well as brief overviews of potential reunification scenarios see Don Oberdorfer, *The Two Koreas: A Contemporary History*, Addison-Wesley (Reading 1997), Ch. 14, 15; Martin Hart-Landsberg, *Korea: Division, Reunification and US Foreign Policy*, Monthly Review Press, (1998), CH. 8; Nicholas Eberstadt, *Korea Approaches Reunification*, M.E. Sharpe (New York: 1995), CH. 3, 4; and Bryan M. Ahern, U.S. Security Policy in Asia After Korean Unification, MA Thesis, Naval Postgraduate School, December 1997.

1. Explosion

An "explosion" is certainly the most frightening, destructive, costly, and least preferred conclusion to the North Korean regime. Such a scenario could unfold in the following manner.

After years of persistent economic decline and weather-induced famine, the social fabric of North Korea, now held together primarily by brute force and propaganda, begins to disintegrate. The ruling elite see their dream of reuniting the peninsula into a single socialist state begin to slip away. Facing the very real prospect of losing their control over the North as well, they seize the opportunity to launch a desperate attack on the South, hoping to unify the peninsula by force before their military strength and political legitimacy erode even further.

Although the health, proficiency, and readiness of North Korean forces have been in decline in recent years,[17] the North Korean People's Army has increased the capability of its arsenal of weapons of mass destruction (WMD), especially in the arena of ballistic missiles.[18] Improving on the 1960s-era SCUD missile, a Soviet design, the North Koreans have developed successive generations of increasingly sophisticated medium-range ballistic missiles. The latest of these, the Taepo Dong-2 has a probable range of

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[17] John Omicinski, "North Korea's Armed Forces Declining, but Still Powerful," *Gannett News Service*, October 24, 1998.

[18] "North Korean Missile Range Longer than Initially Estimated," *The Korea Herald*, September 16, 1998.

4,000km, long enough to reach the western edge of the U.S. mainland.[19] According to a Russian intelligence report provided to South Korea, the missile could eventually have a range more than double that if certain technical problems were solved. Even with the shorter range the missiles are a threat to Japan and U.S. forces stationed there.

Even without the missiles, D.P.R.K. forces still possess sufficient conventional firepower and ideological fervor to inflict considerable losses on R.O.K. and U.S. troops massed south of the DMZ, prior to suffering ultimate defeat. South Korea, with a population, infrastructure and economic development far beyond what it possessed before the last war, stands to lose dearly in economic terms. Seoul itself, well within range of existing North Korean heavy artillery batteries, would probably be reduced to rubble in the initial stages of the war.

The North's economy would suffer damage as well, but its economic assets are only a fraction of the South's. Pyongyang, however, because of its location well north of the DMZ, would be initially safe from attack by allied conventional ground forces. Meanwhile, the North's long-suffering population, already contracting due to starvation, could be decimated by the additional privation caused by even a brief conflict.

Although they vary, cost estimates of war on the peninsula in both human and economic terms are staggering. Civilian and military casualties could total one million persons and American lives lost could reach 100,000.[20] Complicating things further is

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[19] Ibid.

[20] Leon V. Sigal, *Disarming Strangers,* p. 10.

the fact that the rough terrain of Korea would limit the effectiveness of many of the high-tech weapons and sensors that the U.S. military relies upon. This would not be another Gulf War with an exposed and isolated foe easily attrited by a full spectrum of precision-guided munitions.

The economic impact would be large as well. A second Korean War could potentially deflate regional East Asian economies by as much as $1 trillion.[21] The military cost to the United States and R.O.K. alone could reach $100 billion.[22] Surely with a price so high, victory, no matter how complete, would be small consolation to the victors, left to rebuild one nation from the rubble of two.

The price for reunification under these terms is unquestionably too high. After nearly fifty years of cease-fire, the animosity between the citizens of the North and South has cooled a great deal, northern rhetoric notwithstanding. Renewed conflict on a grand scale would make reconciliation and reunification extremely difficult. At this time citizens of the South look upon their northern counterparts with pity more than anything else.[23] It is doubtful that their feelings would be as compassionate or charitable following a second peninsular war, especially one initiated by the North.

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[21] Security Implications of the Nuclear Non-proliferation Agreement with North Korea, 104th Congress, 1st Session, January 26th 1995, pp. 22, 32.

[22] Ibid.

[23] Laura King, "In South Korea, Unification is Something to Wish for – and Fear," *The Associated Press*, May 30, 1994.

2. Implosion

It is not impossible that the North Korean regime could simply crumble under the weight of its own ineffectiveness. In this scenario, persistent economic decline and famine undermine the capacity of the North Korean regime to continue to govern. Although it is difficult to anticipate what specific factors could trigger an unraveling of the communist regime's grip on power, the political transformation of Eastern Europe shows that once authoritarian socialist regimes begin to crumble, the pace at which they collapse can be dizzying. The former East Germany is a perfect example.

The reform movement in East Germany began as a limited movement for freedom of travel in September 1989. It soon expanded, however, to a larger movement seeking general political reform. A month after the movement began, a million-person march in October triggered the beginning of the end for the East German regime. Forced to call general elections and institute a program of reunification the following spring, it was absorbed by the West within a year. The legitimacy of the government had evaporated to the point that it was unable to negotiate with the West on terms for reunification, but instead had to accede to the West's terms.

It is important to note, however, that East Germany was much less isolated and more interdependent than North Korea is today. In any event, East Germans had much more contact with both Western nations and more progressive socialist countries, like Hungary, that had already commenced political and economic reform efforts. Although North Koreans share a border with one of the more democratic societies in East Asia, any

calls for reform would be made within the vacuum of the current regime's self-imposed isolation. If given the opportunity to call for reform, would they know how?

If the Pyongyang regime's grip on power begins to slip, dissident action could increase. North Koreans, weary of persistent deprivation, could seize the opportunity to exploit a period of regime instability in order to press for reform. Such instability could be precipitated by a power struggle between top leaders or rival factions. Each would feed off the other until a new leader or ruling faction emerged.

At this time, Kim Jong Il's grip on power appears secure. He holds the senior leadership positions in both the Korean Workers Party and the Korean People's Army, the two most powerful government institutions in the North.[24] The ability of North Korean dissidents to capitalize on any perceived regime weakness may be limited at a time when most North Koreans are preoccupied with concerns about where their next meal is coming from and how they are going to survive the coming winter. In addition, the lack of even a nascent civil society in North Korea deprives it of the social networks upon which an effective dissident movement can be built.

However, there are chinks in Kim Jong Il's armor. First, he has strengthened his power by courting support from the military in exchange for increasing its influence in

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[24] Nicholas D. Kristoff, "North Koreans Officially Inherit Another 'Great Leader,'" *The New York Times*, September 6, 1998.

the government.[25] While the influence of the military has increased, Kim appears to still be able to hold it in check, at least for now.[26]

The rise in the military's influence, however, has come at the expense of the Korean Workers' Party, the backbone of his father's regime and a potential source of high-level discontent.[27] There are signs that this conflict is weakening the historic ties between the two institutions, especially when it comes to political matters.[28] It is not inconceivable, therefore, for a rival faction to rise up and challenge his leadership, especially if collapse appears imminent. Were a power struggle to erupt, coupled with outbreaks of civil disorder, the priorities of law enforcement, party elements and military units could be torn between preserving order and taking sides in a factional struggle, a potential source of weakness for the current regime.

Kim has also clearly neglected the economic well-being of his country and done so intentionally. "If I got involved in economic work," he has reportedly said, "I would not be able to handle party and army work properly. If I handle even practical economic work, it will have irreparable consequences on the revolution and construction."[29] It is doubtful that such statements will protect him from criticism and blame for North Korea's troubles in the end.

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[25] Shim Jae Hoon, "Taming the Tiger," *Far East Economic Review*, August 27, 1998.

[26] Don Oberdorpher, *The Two Koreas*, p. 375.

[27] Shim Jae Hoon, *Far East Economic Review*, August 27, 1998.

[28] Don Oberdorfer, *The Two Koreas*, p. 360.

If a coup were executed rapidly and successfully, the new regime would still have to enact some reforms quickly in order to curtail general public dissent. If the transformations of the former Soviet Union and Eastern Europe provide any lessons at all, it is that reform regimes are transitory in nature. Whether they are brought to power by popular movements or turn to them for legitimacy, they are soon cast aside for newer regimes with weaker ties to the past. Any regime experiences its most precarious moments when it begins to institute reform or is weakened. As Alexis de Toqueville said, "The most perilous moment for a bad government is when it seeks to mend its ways."[30] This is especially true of repressive regimes for two reasons. First, repressive states lack a buffer between the state and society and second, they provide a centralized target for dissidents.[31] North Korea will be no different. Whether reform is voluntary or stems from the demands of a disaffected populace makes no difference. The act of reform allows the regime's legitimacy to be questioned.

Were North Korea to suffer an implosive collapse,[32] it would be left without a functioning governmental structure, perhaps suffering from anarchy and widespread famine. Although not as devastating as an outbreak of total war, the humanitarian response required of South Korea, presumably with some U.S. assistance, would be

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[29] Don Oberdorfer, *The Two Koreas*, p. 395.

[30] Sidney Tarrow, *Power in Movement: Social Movements, Collective Action and Politics*, Cambridge University Press (Cambridge 1994), p. 81.

[31] Tarrow, *Power in Movement*, Cambridge University Press (Cambridge 1994) pp. 63, 93.

[32] Richard D. Newman, "Girding for Implosion," *U.S. News and World Report*, October 27, 1997.

considerable. The economic consequences would reverberate throughout East Asia. South Korea would be forced to concentrate on distributing food and medical supplies, restoring basic government services, and preserving law and order while at the same time preventing a mass exodus of North Koreans across the border. Planning and execution of any reunification options would have to wait until the initial crisis response was complete. Although preferable to a violent explosion, from the perspectives of both North and South Korea, an implosion would still be considered a hard landing.

Regardless of the manner in which it collapsed, the expense of rebuilding a shattered North Korea would be enormous. It is no surprise then that South Koreans prefer maintaining the status quo to the expense and domestic disruption posed by a hard landing. In fact, many in the R.O.K. government refuse to even consider the prospect. "It is true that North Korea is currently facing economic difficulties such as extreme shortages of food, in particular," said a key official in South Korea's Ministry of Nation Reunification, "but as bad as the situation may be, it is all yet too early to decide North Korea's immediate collapse."[33]

Jonathan Dutton, a Seoul-based analyst with SBC Warburg says, "There's a flat earth mentality. There's no blueprint to rationally consider collapse."[34] However, not all South Korean agencies are as prone to ignore the potential for post-collapse calamity. Since at least 1993 some departments of the R.O.K. government have been preparing

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[33] "Concern Looms Over the Condition of North Korean Stability," *Korea Economic Daily*, September 6, 1998.

[34] Andrew Browne, "The Frightening Costs of Korean Unification," *Reuters World Service*, July 10, 1996.

plans in the event of a North Korean collapse. Plans include provision of food and emergency electrical power to the North as well as measures to control the potentially massive flow of refugees across the border.[35]

At a time when most East Asian economies are struggling to pull out of a prolonged economic contraction, the shock of a North Korean collapse could extend South Korea's recession and delay its recovery. Japan, whose weakened banks are heavily exposed in the R.O.K., could be pulled down along with it. The near term preservation of North Korea appears preferable to the uncertainty and economic strain of any alternative outcome. For this reason alone the prevention of a North Korean collapse, at a time when South Korea and the rest of East Asia are least able to endure or respond to one, is in the region's best interests.

3. A Dissenting View

Some Korea watchers disagree. Among them is Nicholas Eberstadt of the American Enterprise Institute. Writing in the March 1997 issue of *Foreign Affairs,* he proposes pushing the teetering North Korean regime over the edge. Holding out little hope for North Korean economic reform, he instead advocates U.S. action to accelerate its inevitable collapse. His view is that the longer one waits for North Korea to collapse, the more expensive will be the rebuilding process. While this view certainly had at least some merit prior to the onset of East Asia's economic troubles, in the current context such a policy would be contrary to the region's best interests if not downright reckless.

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[35] "South Korea Prepares for Eventual Collapse of North," *Reuters World Service*, August 19, 1994.

Eberstadt also fails to give adequate credence to the potential danger of military action by North Korea if it anticipates any attempts to destroy it. The only real threat to peace in Korea is the North Korean People's Army. Giving Pyongyang any excuse to use it against the South is something to be avoided at all costs.

However, any overt U.S. action perceived by North Korea as a calculated effort to destabilize its regime would only serve to reinforce the paranoia and distrust with which North Korea views the West, perhaps precipitating a dangerous response. It takes patience, restraint, and commitment, attributes that should characterize a mature democracy like the United States, to deal effectively with a paranoid, dangerous and habitually intransigent foe like North Korea. While the United States may be excused if it were to exercise less restraint in its dealings with North Korea, its stature as the preeminent superpower and leading proponent of expanded democracy and free trade requires it to exercise even more.

North Korea views most attempts at engagement with suspicion. With this in mind, South Korean President Kim Dae Jung has resisted the temptation to bully his northern neighbor at a time when North Korea is most vulnerable. Instead he has sought to overlook political differences and expand economic engagement through his "Sunshine Policy."[36] Progress under this policy, which removes linkages between politics and economics, has been slow. Any progress, however, in relations between two countries

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[36] Thomas W. Lippman, "Kim Pushes Cooperation for North Korea," *The Washington Post*, June 12, 1998. See also Nicholas D. Kristoff, "South Korea President Urges Closer Ties With North," *The New York Times*, June 2, 1998.

that are officially still at war and have not maintained formal diplomatic relations for the past five decades, should be a welcome development. The United States should assist and support its ally in this bold attempt at détente.

If the United States and South Korea refrain from capitalizing on opportunities that exist when North Korea is at its most vulnerable, they stand a chance at making real progress in building bridges of trust and understanding across the DMZ. An atmosphere of mutual trust and reconciliation can best be fostered when the North sees that the United States and South Korea have other, more antagonistic options, yet refrain from exercising them.

C. SOFT LANDING

A soft landing refers to a peaceful collapse of North Korea, similar to that experienced by East Germany in 1990. For a soft landing to be possible, North Korea would have to embark on an ambitious program of economic reform, initiate a transition to a mixed or market economy, increase engagement with the West and perhaps even institute moderate political reform, all prior to absorption by the South.

In the past, many South Koreans had hopes that the North would follow the lead of other socialist states and embark on a program of reform, leading to a more mixed if not completely market-oriented economy.[37] With both the P.R.C. and the Soviet Union curtailing aid to the North in the late-1980s, that option seemed an obvious choice. It was hoped that market reforms would create a North Korean economic system more tightly

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[37] "Korea Counts the Cost of Friendship," *The Economist*, July 4, 1992.

integrated into the world economy, with greater ties to the South and greater self-interest in maintaining peace on the Peninsula. The benefits of interdependence in the new, increasingly global, economy would override North Korea's historical tendency toward isolation. Increased economic ties between North and South would create a foundation for future political integration. Reconciliation, federation, and full reunification would progress in that order. Even if the North Korean economy failed to reach a level of development equal to that of the South, an extended period of reform would at least raise it nearer to relative parity with the South, making a soft landing a possibility.

Any collapse, no matter how benign, could still exact a heavy toll on South Korea, the farther the North traveled on a path of reform, the lighter the burden would be for the South. The economic costs of reunification under these circumstances could range anywhere from the hundreds of billions to a few trillion dollars, depending on the relative pessimism or optimism with which the analyst viewed the North Korean economy. At any rate, South Koreans probably prefer to avoid reuniting with an economic basket case at a time when their own economy stands on shaky ground.

Prospects for this rosy picture becoming reality have declined along with North Korea's GNP. The rapid and tragic decline in all sectors of the North Korean economy have made a soft landing in the near future impossible. North Korea's foreign trade declined a further thirty percent in 1998, indicating that recovery is nowhere in sight.[38] Even if North Korea had executed such an economic transition, the current Asian

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[38] "North Korea's Trade to Contract by 30 Percent This Year," *The Korea Herald*, October 21, 1998.

economic crisis has severely curtailed South Korea's ability to complete or even initiate an economic rescue of any kind. With rising unemployment and failing businesses, the South is facing a domestic social crisis that will take some time to arrest and overcome.

D. CONCLUSION

There are several broad scenarios within which North Korea could approach reconciliation and reunification with the South. Unfortunately they are either undesirable outcomes for South Korea or completely unrealistic under current economic conditions. A hard landing, be it an explosion or an implosion, is not a prospect South Korea would ever welcome. Although an implosion is preferable compared to the carnage and destruction an explosion would inflict on the South, both would be unbearably costly. At a time when most of the world is suffering from an economic contraction, few nations would be willing or able to render assistance.

A soft landing, while a preferable outcome, is now an unrealistic possibility and will remain so until long after North Korea embarks upon an ambitious economic reform plan. With no sign that even a nascent reform effort is in the works and no indication that Kim Jong Il is receptive to one, a soft landing is years, perhaps decades away.

As a result, U.S. decision-makers face two clear-cut choices. Either the United States can take the lead in buttressing the failing regime North Korean regime, attempting to nudge it gently toward reform, or it can abandon all assistance efforts and encourage a collapse. South Korea, and East Asia in general, are unprepared to handle the social and economic disruption that such a collapse would precipitate. In addition a North Korean

response to threats to its very existence is likely to be violent, destructive, and prohibitively expensive in both economic and human terms. It is clear that the latter option is both ill-advised and dangerous.

What remains then is the option of adopting a persistent engagement policy, the purpose of which is to arrest the North Korean decline and encourage its reengagement with the world economy. Short-term North Korean intransigence and counter-productive rhetoric must be ignored in the interest of pursuing a consistent, constructive dialogue and engagement policy. It is not enough to refrain from encouraging a North Korean collapse. A concerted effort, characterized by the provision of substantial supplies of fuel and food to the North, must be made to prevent such a catastrophe. The alternative is not only contrary to the stated goals and national interests of one of our staunchest allies, but is in direct opposition to the stated national security strategy and policy of the United States.

III. OBSTACLES TO KOREAN REUNIFICATION

A. INTRODUCTION

The North Korean regime has demonstrated an unexpected ability to "muddle through" in spite of the current economic crisis that is plaguing Asia. This miracle of survival may have diminished the sense of urgency once felt by those contemplating the "what ifs?" of a North Korean collapse, but a sober examination of the obstacles to reconciliation and reunification is still required. The current state of inter-Korean relations poses a long-term threat to peace and stability in East Asia, as well as a near term threat to the region's recovery from economic crisis. If these differences are addressed effectively, this threat can be reduced.

This chapter will examine the economic, societal-cultural, and political-ideological obstacles that divide the two Korean states, making reconciliation difficult and reunification by peaceful means impossible in the near-term. A clear understanding of the problem is crucial before any attempt at designing effective solutions can be undertaken.

B. BACKGROUND

The death of the D.P.R.K.'s founding leader, Kim Il Sung, in July of 1994 was thought by some to signal the beginning of the end of the Pyongyang regime.[39] The most

[39] "Kim the Father, Kim the Son ..." *The Economist*, June 3, 1995.

visible relic of the decades long Cold War in Asia, the North Korean regime appeared unlikely to survive far beyond the demise of its deified founder.[40] But like a battered prizefighter grasping at the ropes for balance, North Korea stumbles onward. Under the leadership of Kim's son, Kim Jong-il, North Korea maintains its role as the final holdout in world socialism's lost war against capitalism. Whether it is for regime self-preservation or a sincere stubborn adherence to Kim Il Sung thought is unclear. More likely the latter is used to justify the former. In any event, North Korea refuses to give up on a cause that most of its former allies long ago acknowledged as lost.

This delay in the manifestation of a long awaited North Korean collapse has in turn postponed the D.P.R.K.'s long-awaited reunification with its more prosperous southern neighbor. While many Korea watchers think reunification stemming from a Korean collapse is inevitable, few now view it as imminent.[41] Indeed, North Korea's ability to withstand enduring hardship is remarkable, making precise predictions of a collapse problematic.[42] The death of Kim Il Sung notwithstanding, it is becoming quite clear that there are few visible signs of a weakening in the demonstrated resolve of North Korea to continue its isolationist policies and reliance on the elder Kim's autarchic "Juche" philosophy. Even the defections of several top government officials,[43] each

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[40] Ibid.

[41] "North Korea: Country Update," *The Economist Intelligence Unit*, February 9, 1999.

[42] Ibid.

[43] For further info on top North Korean defectors see "Defectors' Defects," *The Economist*, July 30th 1994; Steven Lee Myers, "Defecting Envoy from North Korea to Get U.S. Asylum," *The New York Times*, August 27,

portending the imminent collapse of the current regime, have failed to tip the scales in that direction.[44]

In fact, if recent developments are any indication, the younger Kim's grip on power is strengthening daily. In July of 1998, Kim Jong-il was elected to the People's Assembly from District 666, a Pyongyang district largely populated by D.P.R.K. army officers.[45] In September, he was appointed Chairman of the Defense Commission. This last post, separate from his position as Chief of the Korean People's Army, was described as "the highest post of the State" in an official D.P.R.K. announcement made on September 5, 1998.[46] This indicates that the title of "President," previously held only by the elder Kim, is no longer in use. However, Kim's hold on the reins of the central government, the Korean Workers' Party (K.W.P.) and the armed forces, appears secure.[47] The only difference in the nature of the two regimes is that under the younger Kim, the military may have replaced the K.W.P. as the most influential government institution.[48]

This pause in the progress toward reunification should be viewed not with dismay but rather with a sigh of relief. Huge differences currently exist between the societies of

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1997; and Olaf Jahn, "Running Against History: Defector Sees Kim's Regime as Increasingly Brittle," *Far East Economic Review*, October 15, 1998.

[44] Olaf Jahn, "Running Against History," *Far East Economic Review*, October 15, 1998.

[45] Shim Jae Hoon, "Taming the Tiger," *Far East Economic Review*, August 27, 1998.

[46] Nicholas D. Kristoff, *The New York Times*, August 6, 1998.

[47] Nicholas D. Kristoff, *The New York Times*, September 6, 1998.

[48] Shim Jae Hoon, "Taming the Tiger," *Far East Economic Review*, August 27, 1998.

North and South Korea. Any attempt at hasty reunification in the wake of a North Korean collapse would rapidly bog down in a morass that has been fifty years in the making. The initial euphoria that would accompany a long-awaited peace (assuming that reunification occurs peacefully) would be quickly extinguished by the sheer magnitude of the effort and expense required to forge a single nation from two distinct societies. Even if the United States is able to prevent a collapse of North Korea in the short run, these societal differences will remain a significant contributor to tensions and misunderstandings between the two nations for years to come, hindering any earnest attempts at reunification.

C. ECONOMIC OBSTACLES

Perhaps the most glaring obstacles that lie between the two Koreas are those that result from their differing economic systems. Differences in both the structure and performance of their respective economies have created inequities in income and wealth that promise to persist long after reunification occurs. Together they constitute one of the major stumbling blocks to the feasibility and desirability of reunification itself.

1. Two Economies

The large disparity in the two Koreas' respective levels of gross national product (GNP) is among the key factors contributing to steep cost estimates of reunification. The

disparity is startlingly clear when per capita GNP levels are considered. In 1995 North Korean per capita GNP was ten percent that of South Korea ($1,000 vs. $10,000).[49]

Although the R.O.K.'s economy has contracted somewhat in response to the current economic crisis, its foreign currency reserves are rebounding, its trade surplus is growing and it could experience moderate economic growth in 1999. The North meanwhile is experiencing its tenth straight year of economic decline and has been ravaged by enormously destructive floods for the fourth year in a row.[50]

Reunification any time in the next twenty years will require a significant level of investment in the North. The cost estimates are staggering. Marcus Nowland of the Institute for International Economics estimates that the cost of Korean reunification could reach one trillion dollars, twice South Korea's pre-crisis annual economic output.[51] Even with outside assistance, Nowland feels that South Koreans would have to be burdened with severe taxes to meet the cost. Most of these estimates are based on the experience of German reunification. Although Korean reunification will certainly differ from that of Germany for a variety of reasons, the German case does provide some lessons for Korea to heed.

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[49] Putting Korea Together Again, *The Economist*, May 10, 1997, p. 78.

[50] "Bad Weather Diminishing Crops in Hunger Stricken North Korea," *Associated Press*, July 9, 1998.

[51] Richard D. Newman, *U.S. News and World Report*, October 27, 1997.

2. Lessons from Germany

The first lesson from German reunification involves the enormous cost of the process. In the first six years following German reunification, its government poured $600 billion of public money into developing the East. That figure exceeds five percent of German GDP for that same period. Even if Korea's tab is smaller, it could represent a greater share of its GDP.[52]

One optimistic estimate pegs the cost at only $240 billion. That figure, however, is based on the assumption that North Korean per capita income will rise to 60 percent that of the South's prior to reunification. The near-term prospects for this are slim in light of the North's recent economic track record. Other estimates range as high as $3 trillion. As North Korea's economy continues to shrink, the costs to bring it to parity with the South continue to rise.[53]

Fortunately for the Koreans, the German reunification effort was hampered by two glaring errors that need not be repeated in Korea. Avoiding these pitfalls could save the Koreans both trouble and money. One mistake that drastically increased the expense of German reunification was the decision to permit a generous 1:1 exchange of East German Ostmarks for West German Deutschmarks. Ostmarks had traded at a 4:1 ratio prior to reunification.

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[52] Ibid.

[53] Ibid.

A generous exchange rate could have provided some short term benefits by spurring consumption in the East and fostering eastern goodwill toward the new central government. If East German wages had remained lower in real terms, the eastern economy would still have remained competitive. Unfortunately, that was not the case.

After reunification, West German trade unions fought successfully to raise the pay of East German workers to a level closer to that of West German workers. This raise occurred despite the glaring productivity gap between workers in the two regions. The impact on German industry in the East was decidedly negative. The increase in labor costs made unemployment soar and discouraged foreign investment at a time when Germany needed it most to meet the costs of reunification.[54]

The Republic of Korea could offer a generous but not ridiculously high conversion rate for the North Korean won. Currently the North Korean won is pegged to the U.S. dollar at about 2:1. However, it is not an convertible currency — i.e., it is not traded in world currency markets. It is highly unlikely that it would trade at anywhere near that rate on the open market. One exchange option is to use the black market rate as a guideline when one emerges in the immediate wake of reunification.[55] In any event, the impact on the South Korean won will be minimal because North Koreans probably hold

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[54] The Economist, May 10, 1997, p. 78.

[55] Brian J. Barna, "An Economic Roadmap to Korean Reunification: Pitfalls and Prospects," *Asian Survey*, March 1998, pp. 274-275.

little hard currency as a result of periodic official currency swaps conducted to flush out illegally earned cash.[56]

In determining a rate of exchange, both the state of the North Korean economy and the level of inflationary pressure in the South would have to be considered. A generous rate could have the desired effects of both spurring consumption in the North and fostering goodwill toward the R.O.K. government and the South in general. It could also alleviate Northerners' fear of being "absorbed" by the South. In the short term, it could ease the transition of Northerners into an economy where the quantity, quality and cost of goods are significantly higher than those to which they are accustomed.

That action taken alone, while keeping wages in the North at levels commensurate with productivity, could ease the pain of economic restructuring and keep reunification costs at more moderate levels compared to Germany, while at the same time encouraging much needed foreign investment.

Another expensive policy of German reunification was the effort to return property expropriated by the former Communist government to its rightful owners or heirs. This raised the price tag on reunification both directly and indirectly. The bureaucracy necessary for researching and documenting title to seized or transferred properties was considerable. Those cases where title was in dispute resulted in a drain on a court system already burdened by the difficulties of reunification. In addition, the

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[56] Brian J. Barna, "An Economic Roadmap to Korean Reunification," p. 276.

specter of questionable property titles delayed the privatization of East German government property, slowing the pace of investment.

According to Marcus Noland of the Institute for International Economics, by following a policy of compensation without restitution, Korean reunification and the integration of the two economies will be both faster and cheaper.[57] In that case, claimants would simply be awarded compensation based on the property's current market value, leaving the government free to privatize government property. Regardless of the method chosen, the problem of repatriation of property will be much smaller than that in Germany due to the length of division and the lack of documentation to support private property claims.

Most cost estimates of reunification assume that the South would be required to raise per capita income in the North to parity with that of the South. But even in developed countries, it is not unusual to have levels of economic development that differ from region to region. However, the extent of the disparity in economic development that currently exists between North and South would have to be ameliorated to some extent in order to ease the pain of reunification. It is possible that economic growth in the North, spurred by foreign (to include the R.O.K.) investment, could offset some of the expense of reunification.

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[57] The Economist, May 10, 1997, p. 78.

If that investment must be taken eventually, it is far better to attempt to begin that effort now, when reunification is still well into the future, than to be faced with rebuilding a North Korean economy that has experienced several more years of contraction.

Some may doubt whether trade and investment in North Korea should be undertaken at a time when the regime's behavior is characterized more by its intransigence than by its cooperation. However, it is those engagement practices that are credited with moving the P.R.C. toward increased engagement with the West. Why wouldn't the same types of policies work with Korea? Surely the two nations are different in many respects, but the true effectiveness of engagement policies toward North Korea cannot be judged until they are undertaken in full measure, without regard to quid pro quo responses. If the policy of the U.S. government is "engagement and enlargement," that policy needs to be applied consistently.

The greatest challenge will be in encouraging U.S. businesses to invest in North Korea. North Korea's starving, impoverished and significantly smaller populace forms a much less promising consumer base than China. The United States would have to provide incentives and loan credits to even hope to jump start U.S. investment in the North. However, a lifting of trade sanctions could ease the barriers to humanitarian assistance efforts, paving the way for more profit driven endeavors in the future.

Even R.O.K. President Kim Dae Jung with his "Sunshine Policy" has advanced the need to separate politics and economics with respect to the North. Kim's goal is to decrease North Korea's isolation and relieve its grinding poverty and famine. On a visit to the United States in June of 1998, Kim urged President Clinton to follow the R.O.K.

lead and ease trade and investment sanctions that the United States has imposed on the North.[58] Although Kim seeks a separation of political and economic issues, it is clear that he feels the best chance for making political inroads is to pave the way economically.

D. CULTURAL-SOCIETAL BARRIERS

In addition to an economic divide between the two Koreas, there are cultural obstacles as well. In spite of nearly thirteen centuries of unification prior to Korea's division in 1948, the subsequent five decades have created a cultural imprint on the northern population that will be difficult to overlook.[59] In fact, it is highly likely that those cultural differences visible in the North Korean population will not only persist beyond reunification, but will characterize, to some extent, unified Korean society as well. These differences are both social and demographic in nature.

1. Self-reliance

One difference results from the pervasive influence of the socialist government structure in the North. South Koreans, in general, are more independent in the conduct of their daily lives than are North Koreans. South Koreans are long accustomed to self-reliance when seeking housing, employment and health care. Most North Koreans, however, have lived their entire lives under a system of state-provided medical care and guaranteed employment. Although both North Korean systems provide inadequate

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[58] BBC News, Sept 8, 1998. Available at http://news.bbc.co.uk/hi/english/special_report/1998/09/98/korea_at_50/newsid_166000/166604.stm; Internet.

[59] For a detailed statistical analysis of North Korean society see Nicholas Eberstadt, *Korea Approaches Reunification*, M.E. Sharpe (New York: 1995) pp. 78-101.

service by South Korean standards, their existence has eliminated an entire lifetime of choice and consideration for most North Koreans. Having spent their lives under a system in which most important decisions, such as where to live, work and go to school, are made by the government, many will have a hard time adjusting both to the increase in personal freedom and the myriad of decisions and choices that entails. The absence of an extensive, if somewhat tattered, social welfare safety net will also be alarming.

2. Role of Women in Society

North Korean women in particular will be effected by a transition to a southern-dominated society. Under the current communist regime, women occupy roles that are much more equal, in relation to their male counterparts, than those occupied by females in the south. More than sixty percent of females in the North work outside the home. The state has assumed the role of primary childcare provider, a role that in the South is traditionally performed by stay-at-home mothers.[60]

It is unlikely that northern females will be willing to abandon social equality, especially when transferring to a socio-political system that claims to allow greater personal liberty. Whether they will make accommodations or serve as a catalyst for expansion of women's rights in the South remains to be seen.

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[60] Nicholas Eberstadt, *Korea Approaches Reunification*, M.E. Sharpe (New York: 1995) p. 115

3. Demographics

Several demographic differences exist between the North and South, the most significant of which is the sex ratio, or the number of males per 100 females. The North's ratio as of 1990 was 97.5 males per 100 females. The South's ratio was 100.8, more than four points higher. Nicholas Eberstadt, in his book *Korea Approaches Unification*, attributes this disparity to higher North Korean male losses, both in battle and emigration, during the Korean War.[61]

However, a close examination of the South Korean population distribution graph he provides shows significant, male-favoring disparities for the 0-4, 5-9 and 10-14 age groups, distributions that in most societies are either equal or favor females.[62] This indicates that another factor, such as sex selection by expectant parents, is perpetuating the male numerical advantage in the South. A shortage of females in the South when this population reaches marriageable age could have interesting demographic consequences for a unified Korea.

Although the R.O.K. government hopes to prevent a southward migration of North Koreans seeking jobs, will this effort also restrict the ability of South Korean men to return home with Northern wives? If not, how will northern men of marriageable age react to an exodus of prospective brides to the South? On a small scale, a migration of this type would have little impact. However, if a large economic disparity between the

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[61] Nicholas Eberstadt, *Korea Approaches Reunification,* p. 103.

[62] Nicholas Eberstadt, *Korea Approaches Reunification,* pp. 103-5.

two regions were to encourage a larger migration, it could significantly increase trans-regional tensions and provide support for northern fears of absorption by the South. On the other hand, it could strengthen trans-regional bonds by building ties between Northern and Southern families, creating conduits for the movement of capital to the north.

4. Health and Education

Two additional factors that could impede the reunification process are health and education. If reunification is preceded by an even more prolonged decline in the state of the North Korean economy, the state of the population's health could be precarious and expensive to rectify. If famine is indeed as widespread and as severe as some claim,[63] it could have an irreparable effect on the intellectual development of a generation of North Koreans. Instead of forming a third of a unified Korean workforce, they could instead create a heavy social welfare burden on a state already buckling from the expense of reunification.

The difference in the educational systems of the two countries will also have a great effect on unifying the populations. For many years the North Korean educational system has placed a great emphasis on ideological training at the expense of core academic subjects. Although education through the eleventh grade is compulsory, a good part of the day is spent in ideological training. In the 1970s elementary schools dedicated

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[63] In an Associated Press article entitled "Famine May Persist in North Korea," (January 30, 1999) David Morton, UN Humanitarian Coordinator for North Korea reported that as many as two million North Koreans may have died from famine in the past three years. Two-thirds of all children under the age of seven are severely malnourished with millions more suffering stunted growth as a result of famine. He estimated it would take three to five years to rebuild North Korea's agricultural industry at an annual cost of $100 million.

half the school day to ideological training. Kim Il Sung mandated even greater emphasis in the upper grades.[64] To what extent these policies persist to this day is unclear, but at least part of every school day is probably spent in ideological training. Over the course of a student's academic career, the loss of time spent on core curriculum instruction is quite large, putting North Korean students' academic preparation well behind that of their counterparts in the South. This disparity will not only hinder the ability of North Korean workers to assimilate into a greater Korean workforce, but will also limit the ability of current North Korean students to compete academically with their South Korean counterparts.

5. North Korean Isolation

For five decades the North Korean population has had almost no access to the outside world, and that which has been permitted has been filtered extensively by the D.P.R.K. government. This concerns Yu In Teak, who, while director of analysis at the National Unification Board, said, "The difference in attitudes between North and South is immense."[65] Those differences could make those between the much-maligned Cholla province and the rest of Korea pale in comparison.

These differences, aggravated by the isolation of North Korean society, promise not only to make the reunification process difficult, but also could portend an instability that could lead to violence after reunification.

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[64] Don Oberdorfer, *The Two Koreas*, p. 97.

[65] John Burton, *Financial Times*, May 27, 1992, p. 3.

6. Fears of Yemeni-like "Divorce"

Although German reunification has been more difficult and expensive than initially anticipated, it has at least been relatively peaceful. One Middle East nation, Yemen, was less fortunate in its first attempt at reunification. When North and South Yemen reunited in 1990, there was hope that the process would be a smooth one. Democratic North Yemen had gained its independence from the Ottoman Empire in the aftermath of World War One while Communist South Yemen was granted independence from the United Kingdom in 1967. Like North Korea, South Yemen experienced a marked decline in Soviet economic support during the waning months of the Cold War. In the face of a worldwide retreat of communism, South Yemen agreed to reunification with the North in 1990.[66]

Less than four years later, civil war broke out, as leaders from the previously separate nations failed to reach a compromise on a governing philosophy and the sharing of political power. Northern-based leaders prevailed and the country is now a unified republic and at peace. Although the strategic setting in Yemen is far different, Yemen's reunification process provides a grim example of the potential violence that can result from an attempt to prematurely merge two nations whose political systems are diametrically opposed. In light of Yemen's experience, Kim Dae Jung's "Sunshine

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[66] CIA World Fact Book on the internet. Available at http://www.odci.gov/cia/publications/nsolo/factbook.ym.htm; Internet.

Policy" and the slow approach of the Korean National Reunification Formula seem prudent choices.

Some South Koreans viewed the violence in Yemen as a disappointment. In the words of one Seoul resident, "I think the whole thing with Yemen was a big letdown."[67] Others viewed it as a window into a possible outcome for Korean reunification. Kil Jeong Woo of the Research Institute for National Unification, a R.O.K. government supported think tank, thinks that the case of Yemen shows that two nations with radically different systems cannot simply negotiate their way to an enduring unification. "The only successful method is unification by absorption, one party should clearly be dominant," he says.[68]

Some fear this kind of talk, especially coming from a quasi-government official, may alarm those North Koreans who are concerned about being absorbed by rather than unified with the South. However, if the Yemeni case tells us anything, it is that if two diametrically opposed political/economic systems persist into reunification, the friction that exists between them will at best severely hamper the effort, or worse, lead to violence. Germany may have successfully avoided such an outcome because the East German population clearly saw communism for the economic failure it was. It behooves South Korea to delay reunification until such time as the North Koreans have reached the same conclusion.

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[67] Cameron Barr, "South Korea's Preoccupation," *The Christian Science Monitor,* June 1, 1994.

[68] Cameron Barr, *The Christian Science Monitor,* June 1, 1994.

E. UNIQUE ASPECTS OF KOREAN SITUATION

Although much can be learned from both German and Yemeni reunification there are some characteristics unique to Korea that will have an impact on its ability to execute a smooth reunification, although not all will do so in a negative manner. These include limitations on foreign investment, relatively large military forces (both in size and level of expenditure), and the relative difference between the size of the North and South's populations and economies.

1. A. Foreign Investment Limits

In the past, South Korea restricted foreign ownership to 10 percent of a company's outstanding shares. This number was raised to 12 percent in 1994 and 15 percent in 1995.[69] It was expected to remain at that level, however, South Korea eliminated these limits completely in May of 1998. The move was part of a broad economic restructuring plan designed to ease the rate of capital flight from the country and stabilize the nation's currency.[70]

Prior to lifting foreign investment restrictions, reunification would have created an increased demand for investment that the existing chaebol (South Korean conglomerates) would be unable to meet. Currently South Korean domestic investment in fixed capital amounts to a third of GDP. If as much as 25 percent of that sum were shifted to

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[69] The Economist (UK Edition), July 16, 1994, p. 19.

[70] Jae-Joon Park, "Causes and Solutions to the Economic Crisis," *Business Korea*, October 1998, pp.54-58

investment in North Korea, it would take more than a decade to reach $360 billion,[71] which is the estimated amount required to bring northern productivity to a level equal to just 40 percent of the South's.[72]

Korean nationalism has also limited foreign investment. In the past, Korean firms were reluctant to accept foreign direct investment. In 1990 foreign direct investment was $800 million compared to $6.5 billion in Malaysia.[73] Loosening these restrictions, both de jure and de facto, promises to bring a surge of foreign investment that could significantly ease the strain of the current economic crisis. However, had the South been able to delay lifting investment restrictions until after reunification, it would have been able to benefit from a surge in investment that is now no longer possible.

In the long run this may benefit the processes of reconciliation and reunification. South Korean companies should be in better shape to invest in the North prior to and after reunification if they have greater access to foreign capital. In addition, if reunification had preceded the lifting of investment restrictions, South Korean companies would have been competing with investment opportunities in the North for scarce foreign capital. Regardless of the level of investment restrictions, it is crucial that reunification takes place at a time when not only are other Asian investors once again looking to buy, but they are looking to buy Korean. Right now, most East Asian countries are having enough

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[71] The Economist (UK Edition), July 16, 1994, p. 19.

[72] The Economist (UK Edition), July 16, 1994, p. 19.

[73] The Economist (UK Edition), July 16, 1994, p. 19.

trouble trying to stem the tide of their own economic contractions and boosting their own trade surpluses.

2. Military Force Structure

The size of the armed forces on both sides of the Korean DMZ will also impact the reunification process. One assumes that both militaries will decrease in size after reunification, with the North's disbanded altogether in order to free its 1.1 million members for an expanded northern workforce. Failure to do so would leave a unified Korea with armed forces numbering 1.8 million members, accounting for almost three percent of the total population. In comparison, the armed forces of the United States comprised 0.9 percent of its population in 1990, prior to commencement of a drawdown that reduced its numbers by forty percent.[74]

3. Population and Economic Disparity

Compared to Germany prior to its reunification, North and South Korea do not possess as great a disparity in population size. Whereas West Germany's population was five times that of East Germany, South Korea's is only twice that of North Korea.[75] Thus there will be fewer South Koreans to financially support a potentially destitute northern population. Assimilating a population half its size into its rather limited social security framework will be a difficult task for the South. Furthermore, South Korea's social

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[74] Nicholas Eberstadt, *Korea Approaches Reunification*, p. 123.

[75] The Economist, May 10, 1997, p. 78.

welfare system is far less extensive than Germany's characteristically generous Western European model so the overall expenditure requirements could be less.

F. CONCLUSION

Before a realistic effort at Korean reunification is even attempted, there are huge obstacles on a variety of fronts that must be overcome. Undue haste to reunify could create a Korea that is a far cry from the utopian visions of reunification proponents. If it does reunify, Korea has the potential to play a much more influential role in the region than either of the two halves does now. The process by which it approaches reunification will be the key factor in determining the nature and extent of that influence. Korea will either be poised to engage the world and the region as a larger more powerful player or it will turn inward, overwhelmed by domestic concerns.

The economic, societal-cultural, and political-ideological obstacles that separate North from South are as formidable and difficult to overcome as the military firepower of the 1.7 million troops that face each other across the DMZ. These obstacles, most of which were experienced to some extent in both Germany and Yemen, can be more easily overcome by drawing on lessons provided by those historic reunifications, the processes of which are still underway. Germany provides primarily economic lessons while Yemen's lessons are primarily socio-political.

Just as peace should lead to a thoughtful, controlled process of disarmament, the road to peace requires a process for ameliorating the conditions that contribute to instability and tension. Those additional factors that are unique to Korea are likely to

make the process more complex and difficult than that experienced by either Germany or Yemen. While ideological differences may give rise to fears of a Yemeni-like "divorce" following a hasty reunification, strategic impediments and major power support for a peaceful process are likely to overcome any such tendencies. The stakes are too high to allow Korea to spiral into another civil war.

A slow, careful approach to reducing tension and increasing ties between the two nations is needed to provide time for a more complete integration of the two societies; similar to that experienced between Hong Kong and the P.R.C., prior to full reunification. Such an approach could mitigate the impact of some of the more disruptive and costly aspects of the reunification process, decreasing the expense in both economic and social terms.

The United States, as the world's only superpower and one with extensive economic and security interests in the region, should take the lead in addressing and ameliorating these potentially disruptive obstacles. A coherent policy toward North Korea must first arrest its potential for collapse and then mitigate the differences between the two Korean societies. A combination of confidence building measures, trade and investment initiatives, and diplomatic engagement should endeavor to lure North Korea toward reengagement with the outside world and increased interdependence with the South.

In any event, the primary goal of U.S. policy should be to promote peace and stability in the region. If Korean reunification eventually occurs under peaceful circumstances, so much the better, but that should be a secondary goal. Reducing tension

while preserving and strengthening a fragile peace should come first. Reunification, while important to the United States, is a domestic issue for the two Koreas to resolve. However, U.S. opposition to reunification by other than peaceful means must be made clear.

The threat to peace and stability in East Asia posed by both a North Korean collapse and societal tensions between North and South are clear. What remains then is the design and undertaking of a comprehensive array of initiatives to prevent a North Korean collapse, reduce inter-Korean tensions and put the peninsula on a path to peace, stability and, perhaps, reunification.

IV. RECOMENDATIONS FOR U.S. FOREIGN POLICY TOWARD NORTH KOREA

A. INTRODUCTION

A North Korean collapse and the existing obstacles to Korean reunification are two of the primary sources of tension on the Korean peninsula. With an examination of those factors complete, two questions remain. First, what role, if any, should the United States play in helping to ease tensions on the peninsula? Second, is it in America's self-interest to do so? The answers are quite simple. The United States should, with the assistance of regional allies, take a leading role in reducing tensions on the peninsula, both by preventing a North Korean collapse and by working to reduce the societal differences that exist between North and South Korea. While this may, in turn, smooth the path to reunification, that should be a secondary aim of U.S. foreign policy. The urgent needs to prevent a North Korean collapse and reduce tensions on the Peninsula should receive top priority.

The welfare of the 35,000 U.S. troops stationed on the Korean peninsula is reason enough for the United States to play a leading role in this endeavor. In addition, if the United States is to remain relevant to Asia in the post Cold War era, it must play an active role in reducing tensions and encouraging the stability that has anchored the region's economic success. Without stability and the hope of real peace on the peninsula, the prospects for a lasting economic recovery are dim. A breakout of hostilities in Korea

would stop recovery dead in its tracks and make the panic that flashed across the region in December 1997 appear mild in comparison.

There are several specific, constructive actions that that United States can and should take in the interest of both decreasing tensions on the peninsula and decreasing the breadth of the separation between the two Korean cultures. Although these can be undertaken unilaterally, their prospects for success would be greatly enhanced if they were part of a broad initiative undertaken by South Korea, Japan and the P.R.C., in addition to the United States.

B. RECOMMENDATIONS

1. Humanitarian Assistance

First, the United States should take immediate action to provide critical humanitarian and economic assistance, especially food aid, medical aid and agricultural assistance, to North Korea. The goal of this effort would be to prevent a dangerous destabilization of the North Korean regime, the collapse of which could precipitate armed conflict on the peninsula with disastrous implications for the entire region. There are economic, political and moral reasons to provide this assistance.

The economic justification is clear. With the bulk of East Asia still stumbling through an economic crisis, few nations, particularly South Korea, are capable of providing the level of humanitarian assistance required to arrest North Korea's slide toward collapse. Failure to prevent a collapse would not only arrest South Korea's

recovery but perhaps that of the entire region. By acting decisively, the United States can demonstrate its commitment to regional stability and, in turn, shore up investor confidence, perhaps hastening recovery and expansion of the region's economies in the process.

There are also political considerations. By the sheer scope of the effort, the United States could make it absolutely clear to the North Koreans, and the region as a whole, that it opposes any action that would bring about the near-term demise of the North Korean State. The United States must demonstrate by its actions that it perceives a collapse of North Korea to be neither in its own nor the region's best interests. By providing crucial humanitarian assistance to a nation in dire straits, the United States can signal that despite political differences, the two nations can work together for the welfare, indeed the very survival, of the North Korean people. There is no political gain to be made from prolonging the suffering of a captive population.

The moral implications are also clear. The situation in North Korea is dire. A recent UNICEF study found that three fourths of North Korean children under the age of five are malnourished, with one in six acutely so.[76] At a time when their future physical and mental development is most dependent on good nutrition, a third of all one- and two-year olds suffer from acute malnourishment. These statistics mean that the health of

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[76] Data on the dire state of children's' health in North Korea is available at two locations on the UNICEF web site: http://www.unicef.org/cap/dprk.pdf and http:/www.unicef.org//sowc/sum01.htm

North Korean children is no better than that of children in the poorest nations of Africa.[77] The need for decisive action could not be greater at a time when enthusiasm for such a policy, or any policy for that matter, could not be weaker. "I think the problem is that there's really no constituency in Washington for a sustained serious policy toward North Korea," says former U.S. ambassador to South Korea, Donald Gregg.[78]

Representative Tony P. Hall (D-Ohio) clearly expressed the logic behind a comprehensive U.S. humanitarian aid effort in North Korea when he wrote "...withholding humanitarian aid will effect neither North Korea's government nor its military; and as we have often seen in Africa this famine's victims won't forget who helped them in their time of need."[79] This is not a time to ponder the relative gains of U.S. policy options, but rather a time to simply do what is right. The United States is a nation of plenty that must reach out to a nation that is not only in need, but severely so.

Countless times in the past the United States has provided humanitarian aid to the people of nations whose governments were neither U.S. allies or friends. We acted so because moral considerations demanded that we put political differences aside in the interests of pursuing a greater good. In Somalia, where the security situation had deteriorated far below that of North Korea, the United States used military force to

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[77] Rep. Tony P. Hall, "New Studies Reveal Depth of Nation's Suffering," *San Jose Mercury News*, November 30, 1998.

[78] Philip Shenon, "U.S. – North Korea Nuclear Pact Close to Collapse," *The New York Times*, December 6, 1998.

[79] Rep. Tony P. Hall, "New Studies Reveal Depth of Nation's Suffering," *San Jose Mercury News*, November 30, 1998.

guarantee food shipments to those in need. The United States can provide similar assistance to North Korea through existing relief organizations, without putting U.S. troops at risk.

2. Confidence-Building Measures

Second, the United States should promote continued reciprocal confidence building measures (CBMs) that would include, but not be limited to, exchange of war remains and prisoners, family reunions, student exchanges and reciprocal visits by members of non-governmental organizations (NGOs). Every effort should be made to increase the number and scope of contacts between the United States and North Korean people with the purpose of creating new ties based on trust and respect.

A reduction in tensions on the peninsula is clearly in the interests of both nations. Continued contacts at all levels are crucial to building the depth of rapport that can lead to successful reduction in tensions in the long term. The contribution of "Ping Pong Diplomacy" to the successful development of relations between the United States and the P.R.C. cannot be underestimated. Perhaps similar benign contacts are called for in the infancy of U.S.-North Korean diplomatic relations.

3. Diplomatic Engagement

Third, the United States should foster increased diplomatic engagement with North Korea. This policy should utilize North Korea's desire for increased bilateral ties with the United States as a carrot in order to encourage the North to engage in more robust, substantive, direct talks with South Korea. The long-term goal should be to

achieve normalized D.P.R.K.-U.S. and D.P.R.K.-R.O.K. relations. At the present time, R.O.K. President Kim Dae Jung, with his "Sunshine Policy," seems to be leading the way.[80] It is time for the United States to follow suit.

The United States should also encourage North Korea to increase contact and enhance relations with other nations, especially those with which it currently has little or no ties, with the hope of drawing it further from its self-imposed isolation. Although engagement by the United States and South Korea may be met with initial resistance, efforts by third party nations may meet with greater success, especially those of the former Warsaw Pact.

4. Trade and Investment

Fourth, the United States should encourage expanded North Korean participation in world trade. It should begin by promoting bilateral trade and investment with the United States and R.O.K., perhaps by initially utilizing the existing Rajin-Sonbong free economic and trade zone before expanding trade to other regions. This initiative should include a schedule for reduction of U.S. trade sanctions, leading to most favored nation status at some time in the future. Under the terms of the 1994 Agreed Framework, the United States promised to lift economic sanctions as soon as possible. Failure by the United States to take any action on this issue has perhaps provided North Korea with

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[80] For President Kim's personal views on his policy see Alvin Toffler, "Let the Sun Shine in North Korea: an Interview with new South Korean President Kim Dae Jung," *New Perspectives Quarterly*, January 1, 1998.

sufficient justification to resume development of its nuclear capability, jeopardizing the future of the pact.

According to Ambassador Gregg, "The Agreed Framework said we would lift sanctions as soon as feasible and we haven't. If we don't get our act together...Congress is going to take apart the Agreed Framework and that will remove any inhibition the North Koreans have from going full bore to develop a nuclear capability."[81] South Korea has already lifted its trade sanctions against North Korea; it is time for the United States to do the same.

Although U.S. firms may not be ready or willing to seek investment opportunities in the North at this time, the United States needs to remove the barriers that prevent U.S. firms from even exploring investment opportunities. As recently as last year, National Basketball Association teams were prohibited from signing seven-foot, nine-inch North Korean basketball star Ri Myong Hun (now known as Michael Ri) because to do so was considered "consorting with the enemy."[82] While few opportunities may exist today, U.S. firms need to have a green light to explore those that present themselves, especially after Asia's economic crisis subsides. In addition, lifting travel restrictions would speed up the provision of desperately needed humanitarian assistance.

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[81] Philip Shenon, *The New York Times*, December 6, 1998.

[82] Wayne Kondro, "NBA Tall Order?" *The Ottowa Citizen*, January 3, 1998.

5. Support for the Agreed Framework

Finally, the United States should provide the necessary financial support to ensure that construction of two 2,000-megawatt light water reactors (LWRs) under the direction of the Korean Peninsula Economic Development Organization (KEDO) proceeds as scheduled. The interim shipments of fuel oil as agreed to under the Agreed Framework should also continue as scheduled. The U.S. Congress recently established additional preconditions for continued U.S. aid to North Korea.[83] At a time when the United States itself is not in full compliance with the Agreed Framework it is not constructive to be placing further demands on the North. In contrast, both South Korea and Japan have chosen to overlook short-term North Korean intransigence in order to reaffirm their support for the pact.

The United States should not be following the lead of junior regional partners in relations with North Korea. While it may defer to South Korea on reunification issues, when it comes to supporting an agreement it helped to broker, its leadership role should be undeniable. The United States should make it crystal clear to the North Koreans that it will uphold its obligations under the Agreed Framework with the same commitment as its regional allies. Even if economic trouble delays payments by South Korea and Japan, the United States should press on. The stakes are too high to allow a persistent yet

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[83] Park Doo-sik, "U.S. Congress Preconditions Aid to North Korea," *Digital Chosun Ilbo*. Available at http:/www.chosun.com/w21data/html/news/199810/199810200379.html; Internet.

temporary regional economic crisis to delay fulfillment of a contract to which the United States has affixed its signature, especially one so critical to regional security.

The lack of commitment among U.S. legislators to the Agreed Framework has been used as an excuse by North Korea to make continued threats of withdrawal from inspection and non-proliferation regimes. The United States needs to make an effort to ignore the political rhetoric coming out of Pyongyang and convince North Korea that U.S. commitment to the Agreed Framework is not subject to the day to day shift in domestic political winds. At the very least, some effort must be made to analyze the "signal to noise ratio"[84] of North Korean rhetoric, and separate those pronouncements that are self-serving and designed for North Korean domestic political consumption from those which are designed for U.S. ears. That is no easy task. Regardless of who controls the Congress or the White House, it is in the United States' best interests to remain committed to reducing tensions on the peninsula. Providing North Korea with some measure of energy independence is an effective means to accomplish that goal.

The only thing that should hold up final completion of the LWRs would be if North Korea balked at handing over the spent plutonium rods as agreed. The scheduled timeline for plant construction places that several years in the future. By that time it is possible that the measures above, combined with the R.O.K.'s Sunshine Policy, will have gone a long way toward reducing tensions on the peninsula, decreasing North Korean

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[84] "Signal to noise ratio" is a term used within the U.S. intelligence community to describe the ratio between those discrete signals that reveal a potential foe's intentions and the ambient background "noise," created by a host of non-pertinent emitters, that hide and distort them.

fears of absorption, and convincing it of the benefits of engagement and cooperation with the outside world. At the very least, South Korea, the rest of Asia and the world economy will be much better prepared to deal with either a collapsing North Korea or a persistently belligerent one. For the price of some grain, some oil and two small reactors, the United States will have prevented chaos on the peninsula, possibly even war, at a time when South Korea, Asia and the rest of the world were least prepared to deal with it.

C. IMPLICATIONS OF U.S. DOMESTIC POLITICS

U.S. domestic politics will exert a great deal of influence on the overtures any administration makes toward North Korea. Pyongyang clearly has no friends in Washington and the commitment to crafting and implementing a comprehensive and constructive foreign policy toward North Korea is limited. That, however, may be changing. Recently the Clinton administration lured former Defense Secretary William Perry out of retirement to serve as the administration's policy coordinator for North Korea. Although there are probably many Foreign Service professionals and political appointees in the State Department capable of formulating policies toward North Korea that are both comprehensive in scope and consistent in application, perhaps none are as well-known or well-respected on Capitol Hill as Dr. Perry. That latter attribute may be what is required to raise the importance of North Korea policy issues in comparison to a host of competing legislative and diplomatic priorities.

Stability in East Asia is clearly in the best interests of U.S. national security, but raising it to the top of legislative agendas may be a job only Secretary Perry can perform.

The fact that the policies outlined above promote not only U.S. interests, but also the interests of other regional players as well, will perhaps increase their level of support, and in turn, their chances of success.

D. IMPLICATIONS OF R.O.K. POLICY

In addition to promoting U.S. interests in the region, those actions calculated to increase North Korean interdependence and decrease peninsular tensions would also be consistent with both the Korean National Community Reunification Formula (KNCRF) and R.O.K. President Kim Dae Jung's "Sunshine Policy."

The KNCRF is the R.O.K. Unification Ministry's preferred process of reunification, first officially proposed during the administration of former R.O.K. President Roh Tae Woo. The formula is a conservatively paced three-stage process. It ensures that reunification is preceded by complete reconciliation and extensive economic engagement.[85]

President Kim's "Sunshine Policy" is to promote economic engagement with the North, regardless of its political intransigence. Kim believes that the dire straits of the North Korean populace demand that humanitarian and economic aid continue regardless of whether or not diplomatic progress is made with Pyongyang.

The "Sunshine Policy" represents an about face in R.O.K. policy and provides the United States with an opportunity to pursue policies more in tune with its own long-term

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[85] Described in detail on R.O.K. Ministry of Unification Homepage: http://www.unikorea.go.kr/eg/m33.htm

interests without acting in a way that harms U.S. – R.O.K. relations. By following the lead of South Korea's conciliatory gestures, the United States can allay its persistent fear of independent U.S. overtures to North Korea that could result in a separate peace.

E. ROLE OF THE P.R.C.

The United States should welcome and coordinate with P.R.C. assistance in this effort. Joining the United States in a cooperative effort to reduce tensions on the peninsula will allow the P.R.C. to enhance its role as a leader in shaping regional security issues, a move that Beijing desires. As charges of espionage and interference in domestic politics are exchanged between Washington and Beijing, it is also crucial for the two major powers to seize upon an issue, the substantive points of which they both agree upon. The P.R.C., by taking a cooperative lead with the United States, could go a long way toward strengthening ties between the two powers, while the United States gains by reaching out to the P.R.C. as a regional partner. In addition, the effort could serve as a gradual introduction to limited multi-lateral policy making in the region. The United States, by encouraging Chinese participation, could allay Chinese fears of U.S. attempts to contain its growing influence in the region and signals that Chinese participation is crucial to achieving real and lasting stability on the peninsula and in the region as a whole.[86]

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[86] L. Gordon Flake, "U.S. Perspectives on the Four-Part Talks," *The Korean Journal of National Unification* Vol. 6, Korea Institute for National Unification 1997, p. 51.

While some may fear the rising influence of the P.R.C. over Korea, the historic military and economic ties between the United States and South Korea should preserve the United States' place as its premier ally. South Korea won't soon forget whose side the P.R.C. took in the Korean War. While trade and diplomatic contact with the P.R.C. will increase, those growing ties will not soon eclipse those long established with the United States. In fact, by leading humanitarian efforts in the North, the U.S. can begin to build ties with the North prior to reconciliation and reunification, balancing P.R.C. inroads with the South.

F. ROLE OF JAPAN

Japan's role in this endeavor should be limited to that of behind-the-scenes support. The division of Korea and the lasting animosity between North and South is arguably a by-product of Japanese imperialist aggression in the first half of the 20th Century. Any Japanese attempts to play a leading role in reconciling the two side would probably be viewed with suspicion. Japan would do best to offer investment capital and humanitarian assistance. The supporting role they are playing under the terms of the Agreed Framework[87] is a good model to follow in this endeavor as well.

G. CONCLUSION

The danger of a North Korean collapse is undeniable and poses a grave threat to stability in a region that continues to suffer from a prolonged economic crisis. The

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[87] "Japan Signs for Funding Reactors," Reuters World Service, October 21, 1998.

United States needs to act swiftly to enact a range of policy options that will not only prevent a collapse, but also pave the way for eventual reconciliation between the two Koreas and possibly reunification as well. As the world's undisputed superpower and one that is clearly committed to peace and stability in East Asia, the United States must lead the way to changing the persistent and potentially destructive political dynamic that has dominated the Korean peninsula for far too long.

While domestic political considerations cannot be ignored, the atmosphere may be right for a sea change in U.S. policy and renewed commitment to Korean issues by U.S. decision-makers. Bringing the P.R.C. in as a partner in this endeavor will not only improve the chances for success, but also pave the way for improved U.S. relations with the P.R.C. as well.

It is absolutely crucial that humanitarian assistance and economic and diplomatic engagement of North Korea continue, even in light of its recurring intransigence and counter-productive rhetoric. The United States must focus on the long-term goal of achieving stability and reconciliation on the Korean peninsula. Overreacting to the conduct of North Korea's mercurial leadership not only punishes the North Korean people, but impedes the United State's progress in reaching its own foreign policy goals. A policy of containment toward North Korea, while effective in maintaining the status quo within the political construct of the Cold War, is now more likely to accelerate the region's tendencies toward destabilization and is clearly counter to U.S. regional interests. As distasteful as it may be to U.S. legislators and decision-makers, only a persistent U.S. policy of engagement and humanitarian assistance is likely to overcome

North Korea's counterproductive tendencies and allow the United States to achieve its long-term regional goals.

The threat that North Korea poses to East Asian stability is not likely to be curtailed any time soon. The factors that contribute to instability have persisted for far too long to be swept away over night. There are no advantages, however, to delay in addressing them with a range of engagement policies that are both comprehensive in scope and generous in nature. As the leader of the world economic and political system, the United States can do no more but should do no less.

As the world's only superpower and one with extensive economic and security interests in the region, the United States should take the lead in addressing and ameliorating these significant threats to regional peace and stability in East Asia. Failure to do so is to abandon a leadership role we have maintained for over five decades.

V. CONCLUSION

A. INTRODUCTION

Tensions on the Korean Peninsula pose the single greatest threat to peace and stability in East Asia. These tensions stem from two sources. The first is the very real potential for a collapse of North Korea, possibly precipitated by a preemptive military attack on the South. The second is the enduring societal differences between the two nations that not only make reunification impossible under current conditions, but also impede constructive efforts to reach an interim stage of reconciliation. The first condition can be addressed and alleviated in the near term. The second, a result of five decades of division, may take nearly as long to overcome.

In the latest version of its national security strategy, "A National Security Strategy for a New Century,"[88] the United States reaffirms its commitment both to South Korea and a peaceful resolution to its enduring conflict with North Korea. Although the United States, with 35,000 troops stationed south of the DMZ, stands ready to help defend South Korea from North Korean aggression, its commitment to a peaceful resolution to conflict is just as important, perhaps more so in the long run.

The United States, as the world's only superpower and one with extensive economic and security interests in the region, should take the lead in addressing and

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[88] "A National Security Strategy for a New Century," U.S. National Security Council, October 1998. Available at http://www.dtic.mil/doctrine/jel/other_pubs/nssr.pdf; Internet.

ameliorating these potentially disruptive obstacles. At a minimum the United States should:

1. Provide immediate necessary humanitarian and economic assistance, especially food aid, medical aid and agricultural assistance, to reduce human suffering and prevent a dangerous destabilization of the North Korean regime.

2. Promote the continuation and expansion of a full spectrum of reciprocal confidence building measures including exchange of war remains and prisoners, family reunions, student exchanges and reciprocal visits by members of non-governmental organizations (NGOs).

3. Foster increased diplomatic engagement with North Korea, using the promise of increased bilateral ties with the United States to encourage the North's engagement in more robust, substantive, direct talks with South Korea.

4. Encourage increased participation by North Korea in world trade by lifting trade sanctions and promoting bilateral trade and investment.

5. Ensure that construction of the two 2,000-megawatt light water reactors (LWRs), as detailed in the Geneva Agreed Framework, continues as scheduled.

This overall policy of confidence building measures, economic aid and diplomatic engagement is calculated to lure North Korea towards reengagement with the outside world and increased interdependence with the South, while reducing tensions on the peninsula.

B. CONCLUSION

The United States' commitment to enhancing peace and stability in East Asia is clearly stated in our national security strategy. The potential impact of a unified Korea on

East Asia's security balance cannot be ignored. A unified Korea's relatively large population, economic strength, mineral resources and large military could allow it to play a much more influential future role in the region than it has at any time in the past. This assumes of course that it is not been overwhelmed with the difficulties of overcoming the obstacles to reconciliation that prevent any chance for peaceful reunification.

If reunification were to occur too rapidly, as in the case of a North Korean collapse, such difficulties could lead to a crippling preoccupation with domestic affairs, one not unprecedented in Korean history. This would hinder any effort by Korea to play a more influential role in the East Asian geopolitical dynamic.

The path Korea takes toward reconciliation and reunification can have a huge impact on the nature and stability of the state that emerges. The United States is currently in the best position to promote closer ties between the two Koreas and to help reduce the societal differences that currently exist. The entire region would benefit from a reduction in tensions on the peninsula. The United States should be proactive in engaging North Korea and providing appropriate incentives for a successful end to a disastrous five decades of division. At a time when Asian economic stability is fragile at best, the United States must take an even more assertive role in continuing the process, although U.S. domestic political realities may make that difficult. The United States must decisively lead the way in drawing North Korea out of its chosen isolation and reducing obstacles to reconciliation and reunification built up during fifty years of division. The assistance and cooperation of US allies and regional partners is crucial to the success of this effort.

By encouraging normalized North-South relations, increased trade and investment, and engaging all levels of North Korean society, the United States can promote an atmosphere of reconciliation while leaving the two nations to approach reunification at some time in the future. The United States remains committed to eventual reunification, but that goal is clearly secondary to alleviating the tensions that have plagued the peninsula for decades. Instead, reunification should be treated as a domestic issue for the two Koreas to resolve. However, U.S. support for nothing other than a peaceful solution should be made clear.

If reunification does occur, the United States will be viewed favorably by Koreans as that nation most responsible for creating the context within which peaceful reunification became possible. If the two nations instead decide to remain sovereign and independent of one another, the United States can still benefit from its leadership role in promoting stability and decreasing tension in the region, a role that even in the Post-Cold War era is still necessary and one that the United States, as a relatively benign superpower, is ideally suited to perform. Welcoming the P.R.C. as an equal partner in this endeavor could go a long way toward smoothing future relations between two powers whose interests are likely to clash more frequently in the century to come. In seeking to rebuild those strategic ties made irrelevant by the demise of the Soviet Union, the United States could allay Chinese fears of a U.S. attempt to contain its influence in the region.

The threat that a collapse of North Korea poses to East Asian stability is clear. The stated U.S. commitment to peace and stability in the region is just as clear. What is less distinct is the construct of U.S. foreign policy calculated to address these issues. The

policies proposed above are designed to eliminate the contradictions between U.S. foreign policy in its design and execution while returning Korean peninsula security issues to the level of attention and importance they require.

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