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TRENDS ON THE KOREAN PENINSULA AND SOVIET POLICY TOWARD KOREA: IMPLICATIONS FOR U.S.-JAPAN RELATIONS

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INTRODUCTION

Nearly two years ago, Soviet Communist Party General Secretary Mikhail Gorbachev delivered a major address in Vladivostok. In this speech -- the English translation of which ran to twenty single-spaced pages -- there are only three brief references to the Korean Peninsula: a one-sentence allusion to the "militarized Washington-Tokyo-Seoul triangle" allegedly "taking shape"; an equally brief allusion to U.S. deployment of "nuclear-weapons delivery vehicles and nuclear warheads" in Korea and endorsement of North Korea's proposal for the creation of a "nuclear-free zone" on the Korean Peninsula; and a vague, two-sentence reference to the "possibility" of progress toward reducing tension on the Peninsula.[1] Although Gorbachev expressed the USSR's intention "to give more dynamism to its bilateral relations with all countries situated here, without exception," notably missing from his lengthy list of non-Communist Asian/Pacific nations (twelve) with whom the Soviet Union is "ready to expand (its) ties" was any reference to South Korea. Keywords: Foreign policy, International relations.

Last July, on the eve of the Vladivostok speech anniversary, Gorbachev granted an interview to an Indonesian correspondent, which also received international attention. In this interview, the General Secretary announced that the USSR -- "moving in the direction of the Asian countries and taking into account their concern" (with nuclear weapons) -- would destroy all its medium-range missiles in the Soviet Far East as part of a global Intermediate Nuclear Force (INF) agreement. Gorbachev did not speak merely to the nuclear issue, however. Using the interview as an opportunity to underline "the important significance to what was said in Vladivostok" and to reiterate the "new vision of the world" and the "new policy" adopted at the Party Congress, Gorbachev addressed the full range of Asian issues, stressing the USSR's desire for cooperation with the nations of the region. Gorbachev had nothing new to say, however, about Korea. After briefly alluding to the "growing demands to rid the Korean Peninsula of nuclear weapons" and to the "U.S. nuclear presence in Korea," he contented himself with expressing "solidarity" with North

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[1] "There is the possibility of not only getting rid of the dangerous tension on the Korean Peninsula, but of beginning a movement along the path of solving the national problem of the entire Korean people. If one starts from truly Korean interests, there are no rational grounds for rejecting the serious dialogue being proposed by the DPRK [Democratic Peoples Republic of Korea]." FBIS, *Soviet Union*, July 29, 1986, pp. R1-R20.

Korea's policy -- "which is aimed at the peaceful unification of the country and the removal of military tension." [2]

These are the two most authoritative statements of Soviet policy toward Asia in the last several years. What do we make of the paucity of comments on Korea? Does it reflect a low priority given Korean issues by the new Soviet leadership? Or does it suggest inherent difficulties and uncertainties in Soviet policies themselves? This paper analyzes Soviet policies toward Korea against the background of recent developments on the Korean Peninsula and assesses their implications for Japan and the United States.

RECENT DEVELOPMENTS

Among recent developments on the Korean Peninsula, three stand out. The first has been South Korea's successful leadership change and the broader transition from authoritarian rule to a more open, "democratic" government.

After a tumultuous year, South Korea carried out its first election of a president by direct popular vote in over a quarter of a century and the first peaceful transfer of power in Korea's modern history. This accomplishment did not happen smoothly. Former President Chun Doo Hwan originally intended to hand over power to his close confidant and former military academy classmate Roh Tae Woo. His decision in April 1987 to suspend debate on constitutional reform and to conduct an indirect election under the existing, widely unpopular constitution to ratify his selection sparked massive demonstrations and popular unrest. This unrest continued until the end of June when Roh, surprising almost everyone, announced a democratization plan embracing virtually all of the opposition's demands, including the direct election of the president. Between July and December a new constitution embracing this central opposition demand was drafted by ruling and opposition political forces and approved by national referendum. At the same time, media constraints were loosened, a large number of political prisoners were released, and the political rights of long-time opposition leader Kim Dae Jung were reinstated.

The election campaign itself, stimulated by historic regional animosities and pent-up pressures for greater democracy, was bitterly contested. Campaign appearances by

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2 "We also understand," Gorbachev added, "the desire of South Korea's population to rid themselves of foreign troops and military bases together with their nuclear weapons." *Pravda*, July 23, 1987, reported in FBIS, *Soviet Union*, July 23, 1987, p. cc-8.

candidates from rival provinces were often disrupted by violence. Despite this violence, the vote took place on December 16 as scheduled. With the two main opposition candidates, Kim Young Sam and Kim Dae Jung, splitting the vote almost evenly (28 percent and 27 percent, respectively), Roh Tae Woo was elected president with 37 percent of the votes cast (with nearly 90 percent of eligible Koreans voting). Although charges of fraud and voting irregularities were made on all sides, most Koreans see Roh's election as the result primarily of the failure of the political opposition to unite behind a single candidate. This fortuitous development for the ruling party was bolstered by Roh's skillful and in some ways courageous campaign, which successfully exploited the desire of South Korea's growing middle class for change with stability.[3]

Roh's inauguration in February 1988 has already had several consequences. It resolved the immediate question of leadership succession: Chun Doo Hwan will not remain the President of South Korea until his death -- as many people feared he originally intended -- and his successor will not be determined by presidential fiat or military intercession. It went part of the way at least toward solving the problem of legitimacy -- which has plagued South Korean leaders since former President Park Chung Hee promulgated a new constitution in 1972 providing for his indefinite continuation in office -- with most Koreans generally accepting Roh's election as having passed the test of due process. And it bought time for a new leadership to develop that is more familiar and comfortable with democratic processes.

Beyond these immediate consequences, Roh's inauguration may have dealt a fatal blow to authoritarian rule in South Korea. Such an assessment can not be made casually. Clearly, it is unrealistic to expect full-blown, Western-style democracy to be instituted rapidly, if ever. Korea has its own history and political culture and these are not likely to change overnight. At the same time, hardliners with little tolerance for the often messy processes of pluralist democracy will remain a challenge to those seeking to open the political system further. The failure of the ruling party to achieve a majority in the April 1988 National Assembly elections (the ruling party won only 41 percent of the seats, vs. 24 percent for Kim Dae Jung's party, 19 percent for Kim Young Sam's party, and 12 percent for the party of Kim Jong Pil, former President Park's longtime right-hand man) will test South Korean political maturity. Along with the leadership's sense of external threat and its own definition of self-interest, these factors will continue to influence both the

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[3] For further details on the events of last year, see Han Sung-Joo, "South Korea in 1987: The Politics of Democratization," *Asian Survey*, January 1988, pp. 52–61.

scope and speed of democratization, as well as the extent to which the process of depoliticizing the military develops.

Nevertheless, if developments over the past year demonstrated anything, it is the extent to which authoritarianism has outlived its utility. A population as educated, affluent, and politically sophisticated as South Korea's will simply not acquiesce indefinitely to the suppression of its political rights. If there was any single message in the April National Assembly elections, it was that the Korean people want to see the government proceed further in opening the political process and they expect to hold the government's feet to the fire. This sentiment will not fade away. At the same time, the resilience demonstrated in the process of succession will undermine the argument that the country needs strong authoritarian rule to maintain domestic stability. In this sense, it is probably safe to say that the inauguration of Roh marks a political watershed for South Korea.

The second development that stands out among recent developments on the Korean Peninsula has been South Korea's continuing strong economic performance. Fueled by a rapid increase in exports, economic growth exceeded 12 percent in each of the last two years. This has made the Republic of Korea (ROK) the world's fastest growing economy. Underlying the strong growth are some very favorable conditions: a young, highly educated and motivated workforce; a relatively low wage structure; a savings rate (33 percent of GNP) roughly double that of Japan today; and a set of world-class industries able to accommodate a workforce expanding at a 3 percent annual rate without, thus far, any loss in productivity.[4] With a current account surplus of nearly $10 billion, South Korea reduced its foreign debt in 1987 by more than $9 billion (from $44.5 billion to $35.5 billion). At the same time, the government held inflation to less than 5 percent.

This economic performance is impressive in its own right, but it is particularly so if seen in historical terms. Thirty years ago South Korea had a per capita income (in 1987 dollars) of less than $100; today, it is nearly $2,900. This is at least three times the level of North Korea. Indeed, in terms of such things as house size, commuting time, and the cost of entertainment, the average South Korean white-collar worker probably now enjoys a higher standard of living than his Japanese counterpart.[5]

South Korea's strong economic performance is even more impressive if seen against the backdrop of the political turmoil that gripped the country for much of the year.

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[4] *The Economist*, February 20, 1988, p. 19.

[5] *Ibid.*, p. 13.

In the wake of Roh Tae Woo's democratization announcement, labor unrest reached unprecedented proportions. Between June and September alone, more than 3,400 labor disputes occurred -- almost twenty times the number of disputes recorded in all of 1986.[6] Large export industries, such as Hyundai Heavy Industries and Daewoo Shipbuilding and Heavy Industries, were particularly hard hit, with prolonged strikes (Hyundai saw over 20,000 shipyard workers remain on strike for more than two months) and often violent collective actions. Virtually all of these disputes were settled without intervention by the government and with minimal damage to the competitive positions of the respective industries. The continuing upward trend in exports, despite a 9 percent appreciation in the value of the won and a roughly 15 percent increase in labor costs, testifies to the limited effect of the labor disputes on the economy as a whole.

Sustaining such a high rate of growth will probably be difficult. South Korea faces not only heightened demands for a more open market and rising protectionist sentiment abroad but also increasing competition from the other Asian developing countries for foreign markets. Labor costs are certain to rise further, and inflationary pressures are likely to accelerate. Still, the challenges of 1987 were an important test of South Korea's economic resilience. The ability of the ROK to pass this test augurs well for its economic future. Such an assessment presumably underlies the booming foreign investment in South Korea: in 1987 foreign investment exceeded $1 billion, accounting in that one year alone for more than one-fifth of all foreign investment approved over the previous twenty-five years.[7]

In addition to providing a better life for its citizens, South Korea's economic performance has contributed to a string of foreign policy successes -- symbolized most graphically by the decision to award the 1988 Olympics to Seoul -- and a rising foreign profile. A decade ago, the number of states with which the ROK had diplomatic relations was roughly equal to that of North Korea (96 vs. 93). Today, the numbers are 128 and 102, respectively. Number 128, Somalia, was previously North Korea's closest ally in Africa.

This expansion reflects at least in part South Korea's growing economic stature. For certain socialist countries, with whom South Korea has no diplomatic relations, the ROK represents both an attractive trading partner and potential development model. China

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[6] Karl Moskavitz, "Korea's Labor Pains," *Asian Bulletin*, December 1987, p. 4.

[7] *Far Eastern Economic Review*, February 18, 1988, p. 54.

is one such country. Although the Chinese continue to publicly support North Korean positions, in practice they evince a growing, if tacit, acceptance of the ROK. This is reflected in an active policy of "unofficial contacts" and bilateral trade, which in 1987 exceeded $2 billion -- more than double China's trade with North Korea. Hungary, Yugoslavia, and Poland have all recently agreed to set up trade representative offices in Seoul. East Germany is reportedly considering a similar operation. Even Vietnamese experts are reported to have secretly visited South Korea to take notes on Seoul's economic performance. Such developments highlight the extent to which South Korea's economic prowess has begun to produce diplomatic dividends.

The third development -- and one that stands in marked contrast to the two described above -- is North Korea's growing domestic and foreign policy difficulties. Domestically, the North Koreans appear to be encountering serious economic problems. The Third Seven Year Economic Development Plan, finally launched in April 1987 after a two-year delay, attests to the sagging state of the economy: many of the main targets set for 1993, the final year of the plan, were either identical to or smaller than those that had been set for 1989.[8] Major restructuring and personnel replacements were carried out in the economic ministries in November 1985, December 1986, October 1987, and February 1988. Over this period, the top post in the State Planning Committee, which is responsible for administering the economy, changed hands at least five times. Unconfirmed reports of food riots last year have filtered out of Pyongyang. In August 1987, North Korea became the first Communist country to be formally declared in default on international loans.

Over the last few years, the North Koreans have hinted at changes in their economic policies. They have paid lip service to expanding foreign trade, going so far as to formally adopt a joint venture law to encourage foreign investment. They have also stressed efforts to attract foreign tourists. With the possible exception of some "complexes" introduced to enable greater "horizontal" coordination, however, there have been few signs of economic reform.[9] On the contrary, "self-reliance" (*chuch'e*) remains North Korea's paramount national objective, as well as its overarching ideology. Party influence remains dominant at all management levels. And ideological exhortation rather than material or other incentives remains the primary means for motivating workers. Most important, there is no evidence thus far of a willingness to transfer resources away from the military to the civilian sector.

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[8] B. C. Koh, "North Korea in 1987: Launching a New Seven-Year Plan," *Asian Survey*, January 1988, p. 62.

[9] The Economist Intelligence Unit, *Country Report: China, North Korea*, No. 4, 1987, pp. 29-30.

Based on the little information available, North Koreans appear as rigid and doctrinaire in managing their economy as South Koreans are flexible and pragmatic in managing theirs.

In addition to its economic difficulties, North Korea has been preoccupied with its own problem of succession. Kim Il Sung has worked hard over the past several years to install his son, Kim Jong Il, as his successor. These efforts are well advanced, and Jong Il is clearly playing a central role in managing the day-to-day affairs of North Korea. Given the extent to which the personality cult has gone in Pyongyang, it is probably a mistake to dismiss categorically the prospects for success in Kim's endeavor.

There are some signs, however, that this plan as well may be encountering difficulties. A military train filled with munitions was reported recently to have been blown up, allegedly by opponents of Kim Jong Il. Unexpected disappearances and personnel changes in the military have gone unexplained, including the sudden replacement of a key figure close to Jong Il. Although this is even more speculative, the direct, public association of Jong Il with the recent North Korean terrorist bombing of a South Korean civil airliner may have heightened opposition in Pyongyang to his rule. The extent to which there is serious opposition to the succession is at this point unknowable. Given the inherent difficulties in instituting hereditary succession in a Communist country, however, the prospects for lasting stability would not seem strong. North Korean leaders appear to understand this and are devoting considerable efforts to improving the prospects.

At the same time that it has experienced mounting domestic difficulties, North Korea has encountered serious foreign policy setbacks. It failed to achieve its number one foreign policy objective over the past two years: preventing Seoul from hosting the Olympics, which Pyongyang sees as a challenge to its claims of sole authority over matters pertaining to the Korean Peninsula and a major blow to its legitimacy. Persistent North Korean efforts to open ties with the United States and drive a wedge between Washington and Seoul have similarly gone nowhere. A series of propaganda proposals designed to undermine South Korea's position and weaken its ties with its allies has been rejected by the United States and Japan and skillfully countered by South Korea.

Most significantly, North Korea appears to be having increasing difficulties with its own friends and allies. This is particularly true concerning Pyongyang's unwavering commitment to reunification on North Korean terms, to which neither China nor the Soviet Union now accord more than lip service (with the Chinese reportedly going so far as to tell visiting Australian Prime Minister Hawke that "it isn't feasible" to reunify Korea any longer

given the reality of two governments on the peninsula). But it is true in other areas as well. The Chinese have indicated publicly, for example, that they would not extend much additional economic assistance to North Korea, and are reported to have turned down Kim Il Sung's request for crude oil supplies during his last trip to Beijing in May 1987 -- allegedly because North Korea has failed to pay back its existing debt. If true, this report would place the Chinese alongside the Russians in their increasingly hard line toward North Korea's economic management.[10] Neither China nor the Soviet Union has shown much enthusiasm for Kim Il Sung's efforts to install his son as his successor, although each has made some modest gestures. Finally, as alluded to above, North Korea has been unable to prevent an increasing number of socialist states from expanding their dealings with South Korea. The decision of many of these countries -- especially China and the Soviet Union -- to participate in the Seoul Olympics must be particularly galling to North Korean leaders.

The recent bombing of a South Korean civil airliner suggests something of the frustration North Koreans must feel as they grope for ways to reverse the adverse trends, as well as the bankruptcy of their present orientation. Whatever their motivations in carrying out this bizarre attack, the effect was only to further heighten Pyongyang's isolation -- as seen in the condemnation of North Korea's act by the United Nations and the adoption of sanctions against North Korea by several key nations -- while solidifying its status as the pariah of the Pacific.

THE SOVIET FACTOR

Soviet Interests

Soviet interests in Korea, as Don Zagoria has demonstrated, are both historical and geostrategic in nature.[11] These interests date to Tsarist Russia's annexation of the Amur and Ussuri regions of China in 1860, which established a common border between Russia and Korea at the Tumen River and the related perception of Korea as the outpost of the

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[10] It might also account for the renewed emphasis in North Korean propaganda on "self-reliance" and the unprecedented attack by Kim Jong Il on party officials for their "defeatism," their "worship of big powers and dogmatic approach to foreign things," and their tendency to "harbour illusions about big countries or developed nations." "On Some Problems of Education in Juche Idea," *The People's Korea*, July 25, 1987.

[11] Donald Zagoria, "Russian Policy Toward Korea: A Historical and Geopolitical Analysis," Robert Scalapino and Han Sung-Joo, eds., *United States-Korean Relations* (University of California, Berkeley, 1986), pp. 203-216.

Russian empire. Korea's strategic location strongly reinforces this perception. Bordering on Russia's Maritime Province and its main Far Eastern naval base at Vladivostok, Korea represents not only a "dagger pointed at Japan's heart," as Japanese were historically inclined to believe, but a "knife pointed at Russia's back." Historically, these perceptions dictated both minimalist and maximalist policy objectives: at a minimum, the Russians sought to prevent Korea from coming under the control of any hostile foreign power; at a maximum, they tried to bring the peninsula under their own sphere of influence.

Soviet Policies

These objectives have continued to motivate Soviet policies in the postwar period. After installing Kim Il Sung and a few of his Manchurian-Korean followers in important positions when they occupied North Korea at the end of World War II, the Soviets worked hard to establish the north as a satellite state. These efforts included not only attempts to secure political control through an elaborate network of Soviet "advisors" and, until 1948, the presence of Soviet military forces, but also to acquire control over the North Korean economy in an effort to subordinate it to Soviet economic needs and priorities. Kim Il Sung's purge of the Soviet-North Korean and other competing factions in the mid-to-late 1950s increased North Korean independence, but the Soviets continued to seek dominant influence in the north throughout the next decade.

Two features have characterized Soviet interactions with the Korean Peninsula over most of the period since then. First, the Soviets have focused their attention almost exclusively on *North* Korea. Aside from some limited contacts at sports events and occasional international conferences -- most of which were cut back after a Soviet pilot shot down a civilian Korean Airlines plane in September 1983 -- interactions between the USSR and the ROK have been, and remain, extremely minimal. Second, Soviet dealings with North Korea have not been easy. Although the USSR and DPRK are formal allies, the bilateral relationship has for many years been a difficult one, strained by divergent perceptions and -- to a certain degree -- by conflicting national interests.

North Korea's unwavering commitment to reunification on North Korean terms has been particularly important in this latter regard. The North Koreans see the Soviet Union as having given lukewarm support for this paramount national objective, while repeatedly attempting to use its economic and military assistance as a means for exerting political pressure on Pyongyang. For its part, the USSR appears to regard North Korea's preoccupation with gaining control of South Korea as peripheral to Soviet interests at best

and its unpredictable behavior -- given the Soviet-North Korean defense treaty -- as capable of dragging the USSR into direct military conflict with the United States at worst. Other factors combining to impede close Soviet-North Korean relations include the strong Soviet resentment of North Korea's lack of gratitude and support for Soviet policies and the general North Korean image of the Soviet Union, in the words of Ralph Clough, as a "big, threatening neighbor that would like to dominate North Korea as it does Mongolia."[12]

As a result, Soviet policy since the early 1970s has tended to be rather cautious. On the one hand, the USSR has provided sufficient economic -- and to a lesser degree military -- assistance to give North Korea incentives to maintain at least minimally correct relations with the Soviet Union, to limit the extent of North Korean political offenses against Soviet policy interests, and to preserve options for the future. On the other hand, the Soviets have selectively limited their new economic, military, and political commitments to North Korea, while lowering their expectations concerning North Korean concessions in return for Soviet assistance.

In effect, the Soviet Union has pursued a minimalist policy designed to constrain the outflow of Soviet resources to North Korea and minimize Kim Il Sung's ability to drag the USSR into conflict on the peninsula. This policy testifies to Moscow's awareness of Korea's fundamental geostrategic importance -- and hence the need for continuing Soviet assistance -- as well as the difficulty the Soviets have had in their relations with Pyongyang.

Recent Developments

Over the last three or four years, Soviet policies have shown signs of change, and there has been a marked improvement in Soviet-North Korean relations. This is evident in a number of developments. The Soviet Union has provided North Korea MiG-23s and SA-3 missiles, breaking a decade-long Soviet moratorium on the supply of advanced military equipment to Pyongyang. It has routinized intelligence overflights, while instituting highly publicized visits by naval flotillas and air squadrons to North Korea and expanding ceremonial military exchanges. In March 1988 the Soviet Union and North Korea held joint naval exercises for the first time. The Soviets have also resumed referring to a Soviet-North Korean "military alliance," deliberately communicating in the process a greater Soviet involvement in North Korea's defense. Reports that a Soviet long-range

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[12] Ralph Clough, "The Soviet Union and the Two Koreas," Donald Zagoria, ed., *Soviet Policy in East Asia* (Yale University Press, 1982), p. 187.

bomber landed in North Korea recently after violating Japanese airspace -- ostensibly because of equipment problems -- may reflect a further ratcheting up of the military relationship.

Closer Soviet-North Korean ties are also reflected in increased North Korean support for Soviet domestic and foreign policies and greater public Soviet support for key DPRK policy positions. The North Koreans, for example, have effusively praised Gorbachev's economic restructuring and arms control initiatives, while muffling their differences with Soviet policy toward Afghanistan and Indochina and moving farther than ever in acknowledging the Soviet role in Korea's postwar "liberation." The Soviets, for their part, have stepped up their rhetoric condemning the annual U.S.-ROK "Team Spirit" military exercises and -- unlike the Chinese -- denounced the alleged development of a U.S.-Japan-ROK military "alliance." They have endorsed North Korea's call for a nuclear-free zone in Northeast Asia. And they have sided with North Korea on the recent bombing of a South Korean civil airliner.[13] The Soviets also appear to have increased economic assistance to Pyongyang, although they apparently continue to push North Korea hard to improve its economic performance.

At the same time, both sides have increased their high-level political exchanges, including visits by Soviet Politburo member Aliyev to North Korea in August 1985, Premier Kang Son-San to Moscow in December 1985, Soviet Foreign Minister Shevardnadze to Pyongyang in January of 1986, and Kim Il Sung to Moscow in October 1986. Kim's Moscow visit was his second in less than two-and-a-half years, after a twenty-year hiatus, and there remains talk of a possible Gorbachev visit to North Korea in 1988. Moscow's decision to participate in the Seoul Olympics is the principal exception to the greater closeness in Soviet-North Korean ties. Even this "exception," however, must be qualified: the Soviets indicated their support for North Korea's position on "co-hosting" the Olympics in the statement announcing their decision to participate, while they pointedly ignored South Korea in stressing their "acceptance of the *International Olympic Committee's* invitation" (italics added).

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[13] Criticizing the United States for providing a "pretext" for the "allegations of the puppet regime in Seoul" that there was North Korean involvement in the plane's disappearance, the Soviets portrayed Pyongyang as the victim of U.S. pressure simply because it "pursues an independent policy." They went on to denounce the United States for "an attempt to evade responsibility for its deeds" as "the main source and expounder of the policy of state terrorism." FBIS, *Soviet Union*, January 25, 1988, p. 20. Subsequent Soviet statements have cited without comment North Korean propaganda, including a charge that the bombing was a "performance enacted by the South Korean puppets with direct U.S. participation."

A number of factors have contributed to the improvement in bilateral relations. One is a growing convergence of strategic interests between Moscow and Pyongyang. As Soviet relations with the United States deteriorated in the early 1980s and China's opening to the West grew, both the USSR and the DPRK saw renewed interest in repairing their relationship. Efforts by the Reagan Administration to bolster ties with South Korea after a period of strained relations under President Carter -- and the new administration's commitment to rebuilding American strength in Asia and the Pacific more broadly -- strengthened this interest.

Another factor is North Korea's pique at China's de facto opening toward South Korea. Historically, North Korea has tilted toward the USSR as a means for expressing its displeasure with Chinese policies. Pyongyang's unhappiness with Beijing's refusal to cut back on its unofficial dealings with the ROK presented the Soviets with an opportunity to score points at China's expense. In the wake of the KAL 007 shooting incident in 1983, this opportunity came at little cost to the Soviet Union.

A third factor is undoubtedly the adverse trends, from a North Korean perspective, in North-South relations. North Korea has already lost the economic and diplomatic competition, and it is likely to see its military superiority erode as well if recent trends continue. The Soviets see this as both a challenge and opportunity. On the one hand, they do not want to see the North Koreans become so desperate that they take actions that could involve the Soviets in military conflict on the Korean Peninsula. On the other hand, North Korea's objective needs offer the Soviets a chance to expand Soviet influence in Pyongyang while inducing changes in North Korean policies that are offensive to Moscow -- an opportunity the Soviets appear to have long been waiting for. Moscow's long-awaited provision of MiG-23s to North Korea highlights this duality. In providing the MiGs to North Korea, the Soviets met the North Korean need for advanced fighters while improving their own position vis-a-vis the Peoples' Republic of China (PRC). Although the MiGs are not a match for the F-16s the United States is providing South Korea, and hence will not by themselves upset the military balance on the peninsula, they will help North Korea maintain its edge of military superiority -- while increasing North Korean dependence on the Soviet Union.

The policy changes over the past few years may also be related to the political situation in North Korea. Although the USSR and DPRK are formally allies, it is clear that the Soviets do not have much better insight into developments in Pyongyang than do most other countries. By modifying their policies now, the Soviets may be trying to gain

greater understanding of the process of succession, while better positioning themselves for alternative outcomes.

Finally, improved ties with North Korea can be seen as linked to the Soviet Union's desire to be taken seriously, both as a global power and as a major regional actor. The Soviets have long chafed at their exclusion from tactical decisions concerning the Korean Peninsula. They have resented in particular the channel of communications between Washington and Beijing. Underlying all the steps the Soviets have taken so far is a determination to end this situation. If anything is going to happen on the peninsula, they seem to be saying, the Soviet Union will have to be involved.

Problems and Prospects

Despite these recent trends, the future of Soviet policies toward the Korean Peninsula is difficult to foretell. Partly this results from a series of problems with the policies themselves.

One relates to the historical legacy. The Soviets want to improve their relations with Pyongyang, yet they continue to distrust North Korean leaders. Their interest in helping North Korea maintain its edge of military superiority, therefore, runs up against their larger interest in avoiding an unwanted war with the United States. Similarly, any interest in being responsive to North Korea's economic difficulties collides not only with the USSR's own domestic priorities but with its continued unhappiness with North Korea's economic performance, particularly Pyongyang's track record in repaying its debts. Finally, despite the recent adjustments, the Soviets still do not like many North Korean policies, not the least of which is Kim Il Sung's effort to institute hereditary succession. Continuing North Korean adventurism must also give Moscow pause. These contradictions will not be easy to resolve.

Second, at some level, improved Soviet-North Korean ties hinder more important Soviet efforts to improve relations with the PRC. This is particularly true concerning increased Soviet-North Korean military ties, which the Chinese understand are directed at least partly against them. Yet it is precisely in this military area where the greatest common interests between North Korea and the Soviet Union lie.

A third problem is the apparent contradiction between increased Soviet military support to North Korea and the image the Soviets are trying to create of a "new" Soviet leadership committed to tension reduction and "new thinking." Continuing North Korean

belligerence and ongoing terrorist activities distinguish Pyongyang from almost all other East Asian nations. By continuing to support such behavior, the Soviets raise questions among Asian nations about their own intentions. This hinders the USSR's effort to portray itself as a "pacific" power and gain greater acceptance by the countries of the region as an "Asian" nation.

Finally, if the Soviets want to be considered a major regional power they will have to deal with South Korea. There are some signs that the Soviets are beginning to understand this. While they have moved to bolster their relations with Pyongyang, the Soviets have also allowed some modest improvements in South Korea's ties with Soviet East European bloc countries -- notably regarding trade, cultural exchanges, and quiet diplomacy. The Soviets have begun to show incipient interest themselves in increased dealings with South Korea, primarily in the area of sports but in cultural and economic spheres as well. According to one recent report, for example, the two sides have agreed to set up a joint venture in the USSR -- South Korea's first -- for the processing and production of fur garments.[14] This interest presumably induces a further degree of caution in Soviet policies toward North Korea and constrains, to a certain extent, the rapid development of Soviet-North Korean relations.

Having said all this, the Soviets have already taken certain risks in raising the level of their relationship with North Korea. The question is how far they are prepared to go in supporting -- or restraining -- North Korean adventurism. At this point, it is difficult to forecast Soviet policies with any confidence. Several speculations, however, are possible.

At a minimum, we can expect Soviet policy toward the Korean Peninsula to be more active under Gorbachev than under his predecessors. The Soviets will be less inclined than in the past to concede the turf to China and more willing to compete for influence in North Korea. Pyongyang's pending political succession will heighten Moscow's incentives to move toward a more active orientation.

Second, the Korean Peninsula is not likely to be excluded from the spate of Soviet initiatives. We can anticipate further proposals from the Soviets, probably related to their call for a "comprehensive Asian security system," concerning nuclear-free zones, international peace conferences, and confidence-building measures. Moscow's main

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[14] *The Korea Times*, March 19, 1988, p. 6.

objective in proffering these proposals will be to gain entree into the diplomatic process concerning Korea. The longer-term objective will be to improve Moscow's image, while undermining the U.S. position in the region.

Third, the Soviets may well pursue a somewhat more differentiated, skillful approach toward the peninsula that includes modest dealings with South Korea. China's own dealings with the ROK will facilitate increased Soviet interactions. These interactions are likely to be more constrained than those of the PRC, however, by the USSR's desire to bolster its strategic position in North Korea. For this same reason, the extent of Soviet interest in encouraging changes in North Korean policies and accommodation with the ROK remains problematic. Although a reduction of tension on the peninsula would accord with Gorbachev's need for an international respite so as to enable the Soviet Union to concentrate its energies on economic reform, active Soviet support for substantive progress on inter-Korean issues may be minimal, since the almost certain result of any real rapprochement between the north and the south would be diminished Soviet influence.

IMPLICATIONS

The interests of the United States and Japan in Korea remain broadly compatible. Both countries want to maintain stability on the peninsula. Toward this end, we share a desire to maintain an adequate deterrent to possible North Korean aggression, as well as to reduce the high level of tension on the peninsula. We also want to see a continued strengthening of South Korea and further progress toward greater democratization.

The implications of recent developments on the Korean Peninsula are, on balance, positive from an American and Japanese perspective. South Korea's emergence as a strong, capable, and confident actor strengthens the prospects for stability, both in Korea and the region more broadly. The trend toward greater openness within South Korea significantly eases the management of U.S.-ROK and Japan-ROK relations. Even North Korea's growing difficulties can be seen in a positive light: these difficulties are likely to generate new pressures and perspectives in Pyongyang that might, over time, produce new policies. Some indications of debate in North Korea over the country's directions may suggest, in fact, that this process has already begun.

There are also some potentially negative aspects, however, to the recent developments. The chief one is the possibility of increasing North Korean desperation. In the short term, at least, Pyongyang will remain a dangerous and unpredictable actor. This will require continued efforts to maintain an adequate deterrent, in the face of what are likely to be growing pressures in the United States -- particularly after the Olympics -- for U.S. force reductions and greater "burden sharing" efforts by Japan and South Korea. It also will require close consultations among Japan, the United States, and South Korea as we seek to prevent the recurrence of conflict on the peninsula.

Over the longer term, a continuation of recent trends will raise a new set of issues for both Japan and the United States: dealing with rising South Korean nationalism and, in some quarters, anti-Americanism; managing heightened economic tensions in U.S.-ROK and Japan-ROK relations; and adapting to South Korean military superiority over North Korea. At the same time, South Korea's transition to a more open, "democratic" system is not likely to be a smooth, unilinear process. This will require balance and a long-term perspective in Japanese and American approaches. These issues suggest the need to structure a more mature, equal relationship with South Korea, while finding ways to assimilate Pyongyang into the world community. Such issues also suggest that the 1990s will be a time of adjustment for both Japan and the United States in their policies toward the Korean Peninsula.

The implications of recent developments in Soviet policies are more uncertain. To some extent, this is linked to the problems and contradictions in Soviet policies themselves. More fundamentally, however, the uncertainty is linked to domestic developments within the Soviet Union. The striking changes in the Soviet Union over the last two years have produced debate within both Japan and the United States over the direction of Soviet policy toward the Korean Peninsula, as over Soviet policies more broadly. Few analysts subscribe wholly to any single school of thought, and the differences among them are often more of degree than of kind. At least three broad groupings or inclinations, however, can be identified.

One might be called the divergent-pessimists. These analysts believe Soviet policies and interests on the one hand and Chinese/Western interests on the other hand are moving in opposite or divergent directions. Such analysts see a more activist Soviet leadership out to improve its position in North Korea at the PRC's expense through the provision of military equipment, the development of military ties, and the expansion of

political and other support for North Korean objectives. They regard North Korea as willing to concede this position because of its dire situation. Some believe that the basic decisions have, in fact, already been made, and that we can anticipate a growing Soviet political and military presence in North Korea -- and perhaps over time a de facto "Vietnamization" of North Korea.

These analysts tend to be rather pessimistic about the implications of recent developments for Chinese, Japanese, and American interests. Viewing the situation from the perspective of Beijing and stressing the long-term competition between China and the Soviet Union, they often urge Japan and the United States to be more responsive to Chinese entreaties that they "do something" -- such as scale back the annual U.S.-ROK military exercises or initiate more extensive and direct dealings with North Korea -- to prevent the expansion of Soviet influence.

A second grouping might be called the convergent-optimists. These analysts agree that Soviet influence has increased in North Korea, but they tend to see this development in more positive terms. Most understand that, under present conditions, strong Chinese influence in Pyongyang is preferable to strong Soviet influence. But they do not see the evolving interests of the major powers as necessarily divergent. Indeed, they see a growing convergence of interests among these powers stemming from their common, and increasing, desire for stability on the Korean Peninsula. Emphasizing Soviet economic difficulties and the importance of Gorbachev's policies of *glasnost* and *perestroika*, they tend to see an increased Soviet need for an "alleviation of tension" and concomitantly greater interest in various kinds of "confidence-building measures."

For this reason, these analysts tend to be more optimistic about the improvement in Soviet-North Korean relations. On the one hand, they see the potential for greater Soviet efforts to restrain North Korean adventurism and to encourage a renewal of dialogue on the peninsula. At the same time, they see a basis for significantly expanded interactions between the USSR and South Korea, perhaps leading over time to "cross recognition" of the two Koreas by China, the Soviet Union, Japan, and the United States. These analysts thus tend to urge increased discussions with the USSR about Korea and greater Japanese and American efforts to enlist Soviet assistance in maintaining peace on the peninsula.

Straddling both of these groupings are what might be called the divergent-optimists. These analysts are inclined to agree with those in the first group that Western and Soviet

interests are likely to diverge as the USSR seeks more actively to expand its influence on the peninsula. But they are less pessimistic concerning future prospects because they tend to see the long-term trends as favoring South Korea and the West .

Most of these analysts understand the seriousness of Moscow's domestic difficulties. They are skeptical, however, of Gorbachev's ability to successfully carry out his economic reform policies. Even if he does succeed, they are doubtful that the substance, as opposed to the style, of Soviet policies will be materially affected on critical issues like Korea. The Soviets operate on a strategic basis, they emphasize, and their long-term objectives are not likely to change. Korea's historic, geostrategic importance to the Soviet Union ensures heightened efforts under a more activist leadership to expand Soviet influence. In this regard, they see minimal Soviet interest in significantly expanded dealings with the ROK, although they allow for the possibility of modest measures, since any benefits the Soviets might gain from such dealings pale in comparison with their strategic interest in closer relations with Pyongyang. In a word, the Soviets may give up their role as an imperial nation, but they are not likely to stop acting like a superpower.

Unlike the first group, however, these analysts tend to be less alarmed about closer Soviet ties with North Korea, although they watch developments closely. They understand that a strong Chinese influence in Pyongyang is preferable to a strong Soviet influence. But they believe that -- so long as the United States is actively engaged -- Moscow's desire to avoid a war with the United States will limit the extent to which it will actively provoke instability on the peninsula. They also tend to see other natural, and perhaps inherent, limitations to the rapid development of Soviet-North Korean relations, not the least of which is North Korea's fierce commitment to independence.

At the same time, these analysts regard significantly improved ties with North Korea as carrying substantial costs, as well as potential benefits, for the Soviet Union. At a minimum, closer ties will shackle the Soviets with another political and economic liability, at a time when the USSR is already overextended. At a maximum, they will hinder Moscow's efforts to improve relations with the PRC, which is far more important strategically to the Soviet Union, while heightening tension on the Korean Peninsula. The result can only be to reinforce the perception in Asia of a genuine Soviet threat and increase support for an active U.S. presence.

For these reasons, analysts in this third group tend to urge Japan and the United States not to overreact to developments in Soviet-North Korean relations. They recognize both the need and potential opportunity to reduce tension on the Korean Peninsula. Indeed, many advocate continual efforts -- based on South Korea's growing position of strength -- to test Soviet and North Korean intentions. But there should be neither excessive concern, nor undue expectations, regarding evolving Soviet policies toward the Korean Peninsula.

More broadly, these analysts regard improved Soviet-North Korean relations as a poor vehicle for expanding Soviet influence in the region. In any event, they argue, Japanese and American influence is insufficient to affect the course of Soviet-North Korean relations. Instead, they tend to stress the importance of continuity in Japanese and American policies in general and the primacy of South Korea in particular. So long as South Korea remains strong, stable, and successful, they argue, and the U.S. alliances and friendships in Northeast Asia remain vibrant, peace can be maintained on the Korean Peninsula and further Soviet expansion in the region can be prevented.

At the present time, it is difficult to resolve this debate definitively. Indeed, presented in these perhaps somewhat exaggerated terms, it may be impossible to resolve at all. The real situation undoubtedly involves elements of both convergence and divergence, and experience suggests that we should be neither optimistic nor pessimistic but realistic in our assessments. Over time, Soviet actions will speak for themselves.

We ought to begin thinking, however, of ways to test the extent of Gorbachev's "new thinking." Is this a simple tactical adjustment to increasing constraints on Soviet actions? Or does "new thinking" represent a more fundamental change in Moscow's strategic goals and the expansionist components of Soviet policy? In the case of the Korean Peninsula, the following kinds of criteria might be used as a basis for evaluating Soviet intentions: Soviet willingness to make clear their desire for stability on the peninsula and their opposition to the use of violence to change the status quo; encouragement of the process of North-South dialogue; encouragement of broader changes in North Korean policies that moderate Pyongyang's behavior; limitations on the growth of Soviet-North Korean military ties; expansion of Soviet interactions with South Korea; support for the simultaneous admission of both Koreas into the United Nations; and support for broader tension reduction measures on the peninsula. The *ultimate* implications of Soviet policies toward Korea will hinge on how the Soviets behave regarding these kinds of issues.

In the meantime, the inherent uncertainties dictate caution in Japanese and American policies. Nothing that is known about regional talks with the Soviets inspires confidence in Moscow's willingness to significantly modify its policies on critical Asian security issues such as Korea. Whether a Soviet withdrawal from Afghanistan and the pending U.S.-Soviet summit in Moscow change this situation remains to be seen. For now, North Korea's ongoing military buildup and continuing participation in terrorist activities -- neither of which current Soviet policies do anything to discourage -- make vigilance the paramount policy priority. Should the Soviets, and ultimately the North Koreans, change their policies in a more constructive direction, we will have ample opportunity to respond.

While continuing to probe Soviet intentions, therefore, we should further solidify our ties with South Korea. Close relations not only bolster South Korean confidence and encourage greater flexibility in dealing with North Korea. They also underpin the ROK's broader efforts to engage the USSR and PRC in meaningful interactions. We also should coordinate closely our responses to possible Soviet or North Korean initiatives. A failure to develop our policies in tandem will provide opportunities for Soviet wedge-driving in the region. Today, as in the past, a strong South Korea and close U.S.-ROK, U.S.-Japan, and Japan-ROK relationships remain critical to lowering tensions on the Korean Peninsula and preventing Communist expansion in Northeast Asia.