

# THE KOREAN PENINSULA: PEACEFUL ENGAGEMENT FOR HUMANITARIAN CONCERNS

Hamid-ur-Rehman



## Abstract

This paper reviews the prospects for Korean reunification in view of the policies and actions of the governments of the two Koreas. It also looks at the roles played by the major global powers, that is, the US, China, Japan and Russia, as their policies directly affect any long-term political solution and ongoing humanitarian concerns on the Korean peninsula. It discusses President Kim Dae-jung's 'sunshine policy' in the late 1990s, a policy of engagement which revived hopes for Korean reunification. Those hopes suffered serious setbacks following North Korea's nuclear tests in 2006 and 2009. Also, in 1998, there was a radical shift in South Korea's policy toward North Korea with the election of Lee Myung-bak's conservative administration which tied aid to denuclearisation. The renewed talk of 'contingencies' and 'succession struggle' in North Korea in the wake of Kim Jong-il's reported stroke in August 2008 has also been vitiating inter-Korean relations. Conflicting US and China policies on North Korea is another factor that has bedevilled reunification. This paper argues that Korean reunification can best take place through sustained engagement and peaceful means. An important facet is the creation of the right environment for achieving the goal of reunification and denuclearisation, a daunting task, particularly before the implementation of at least one of the international commitments made, such as the 2000 and 2007 South-North Summit Declarations or the 1994 Agreed Framework between the US and North Korea; or the lifting of international sanctions on North Korea.

## Notes on methodology and limitations

This paper is based on research and study conducted in 2009. Sources for this paper include interviews with South Korean experts on inter-Korean issues, library research as well as policy reports, news items and internet sources. Difficulty in gaining access to experts from the US, China, Japan and especially North Korea was a major limitation. In addition, there were no significant books, newspaper articles or other documents written by experts from North Korea.

### **About This Paper:**

*This paper is the result of research conducted during the author's NTS-Asia (Consortium of Non-Traditional Security Studies in Asia) Research Fellowship with the Ilmin International Relations Institute (IIRI) in Seoul, South Korea in 2009. Organised by the RSIS Centre for Non-Traditional Security (NTS) Studies (the Secretariat of NTS-Asia), the annual NTS-Asia Research Fellowship allows young scholars to conduct research on non-traditional security issues in any of the 20 member-institutes in the Consortium of NTS-Asia. Find out more about NTS-Asia at <http://www.rsis-ntsasia.org/>. More information about the RSIS Centre for NTS Studies can be found at <http://www.rsis.edu.sg/nts/>.*

### **Recommended Citation:**

Ur-Rehman, Hamid, 2010, Prospects of Korean Reunification, NTS-Asia Research Paper No. 3, Singapore: RSIS Centre for Non-Traditional Security (NTS) Studies for NTS-Asia.

## Biography

Mr Hamid-ur-Rehman holds a master's degree in Journalism and Mass Communication and has 18 years of journalistic experience with three English dailies in Pakistan. He has held diverse editorial portfolios at *The Frontier Post*, Lahore (1992–1994) and *The Nation*, Islamabad (1994–2006). Mr. Rehman also served as news editor with the *Daily Times*, Islamabad (2006–2010).

In 2006, Mr Rehman was selected for the South Asia Journalists Fellowship in Seoul, South Korea. During his six-month stay there, he took up Korean language classes at Korea University, and visited various places such as the demilitarised zone (DMZ), Paju English Village, Samsung, Hyundai and other companies as well as cultural and recreation sites — museums, parks, etc. — to gain a more holistic understanding of Korea.

In June 2006, he participated in the one-month Korea Press Foundation Fellowship programme, during which he developed an interest in North-South Korea unification and related security and other issues. During his stay in Korea, Mr Rehman also interviewed former South Korean President and Nobel Peace Prize 2000 laureate Kim Dae-jung. In addition to reports on social issues in Korea, he wrote an article on 'Korea's Security and Unification' for *The Nation*, Islamabad. Mr Rehman's news articles on Korea can be found at the Korea Press Foundation website.

## Summary of Recommendations

- To revive the reunification process the two Koreas should move for the swift implementation of the two inter-Korean summit declarations of 2000 and 2007. Issues between the two Koreas can be resolved through constant engagement, that is, through following a policy similar to the one proposed and implemented in the late 1990s by former President and Nobel Peace Prize 2000 laureate Kim Dae-jung. A sustained inter-Korean dialogue would certainly attract responses from regional powers that would help shape the future strategy of the two Koreas.
- Stabilising consumption could be the first major task in the rebuilding of the North, and this could be dealt with through large transfers of humanitarian aid from international sources including the US, Japan, the European Union and the United Nations. Ensuring that the North Korean population is properly housed, clothed and fed should be a major priority, to prevent the mass migration of refugees to South Korea.
- If a unified Korea is to move quickly from being a potential refugee area and become a dynamic economic entity, South Korea must immediately begin the process of planning and restructuring. The South could provide urgent technical support to the North in the fields of agriculture and basic industry, a move which could show results within a year or two in the form of the availability of various food and daily-use items throughout the North. The process of developing communication networks to facilitate industrial growth in the North could be launched and completed within four to five years.
- The two Koreas could collaborate on the development of one major province of the North on a fast-track basis to provide the North Korean populace with a tangible demonstration of the new possibilities and opportunities, and motivate them to replicate the same throughout the country. The desire to migrate in search of better jobs could thus be accommodated within the boundaries of North Korea. The Kaeseong Industrial Zone (KIZ) project could be expanded and replicated in other parts of North Korea.
- Border controls could be relaxed to allow exchanges among factory workers. Early frequent exchanges in all fields – sports, culture, education, parliament, etc. – would trigger enthusiasm for reunification.
- On the political front, any talk of US-South Korean plans in the event of regime collapse or change in North Korea (i.e., CONPLAN/OPLAN) should cease immediately because such talk could breed mistrust and effectively stall efforts at reunification.

- The process of unification could be overseen and managed by a joint political commission comprising members from both North and South. It would be ideal if the commission were to include members from across the political divide and stakeholders from both countries so that a consensus can develop.
- As a humanitarian move, divided families should be allowed to join each other in the first phase of unification.
- To oversee peaceful unification, the Koreas could demand peacekeeping troops from countries of their choice instead of the traditional US-dominated forces.
- China and Korea, which share a border, could launch a new era of regional cooperation and prosperity. It is also conceivable that a unified Korea could balance its relations with Japan better. If China and Japan make sincere efforts at reconciliation with the unified Korea, this will not only ensure peace and economic progress in the region, but also lessen the reliance of Korea and Japan on foreign forces for their security.

## Reunification as a Regional Challenge

The Korean peninsula has historically been a focus for the political and economic ambitions of the neighbouring powers of China, Mongolia, Japan, the former Soviet Union and the US. In the 20th century, these ambitions ultimately led to the division of Korea. In 1910, Japan colonised Korea, occupying the peninsula through to the end of World War II. After the Korean liberation from Japanese occupation on 5 August 1945, the US established hegemony over the southern half of the peninsula and the Soviet Union the north (the dividing line was the 38th parallel). Though opposed by Koreans in the North and South, the two powers agreed to 'temporarily' occupy their respective zones with the purpose of establishing a provisional Korean government.

In November 1947, the United Nations General Assembly adopted a resolution calling for general elections in Korea under the supervision of a UN commission, but the Soviet Union denied the UN access to the northern half under its control. The UN then adopted another resolution for elections in areas accessible to its commission; thus, the first elections in Korea were held on 10 May 1948 in the areas south of the 38th parallel. That same year, communist leader Kim Il-sung became the first prime minister of North Korea, remaining head of state until his death in 1994.<sup>1</sup> He had fought against Japanese occupation in 1930s and then received military and political training in Soviet Union. After the division of Korea, Kim had returned to North Korea to form a communist provisional government under Soviet auspices.

In the post-World War II period, instead of pressing for the establishment of one government in Korea, the former Soviet Union and the US stuck to their respective positions to prolong their influence on the Korean peninsula. The Korean War of 1950–1953 solidified the North-South divide. After over two years of UN-mediated talks, a ceasefire came into effect in 1953 that is still intact. However, a peace treaty was never signed by the two Koreas.<sup>2</sup>

### Developments in North Korea

Developments since the Korean War such as the defensive stance taken by North Korea, its trade links with and sole dependence on China, and its nuclear programme have made the path to reunification more difficult. The subsequent isolation of North Korea is not a good omen for future reunification, which would need the support of almost all the world powers. The growing economic disparity between the two Koreas is another significant hurdle to have emerged in the decades since the war.

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<sup>1</sup> *Encyclopædia Britannica*, 2010, 'Kim Il-sung', *Encyclopædia Britannica Online*.  
<http://www.britannica.com/EBchecked/topic/317881/Kim-Il-sung>

<sup>2</sup> Interview with Hun Chang Lee, Professor of Korean History, May 2006.

Since the Korean War, North Korea has been defensive. A 'permanent siege mentality'<sup>3</sup> has been systematically kept alive first by the North Korean leader Kim Il-sung and later by his successor Kim Jong-il in order to fortify their domestic position. This mentality is also born of North Korean fears that the US and Japan are just waiting in the wings for some upheaval to cause its collapse and thus its absorption by the South. Recent leadership developments have also presented further challenges to reunification efforts; Gary Samore, an expert on North Korea, says that currently, in the wake of the weak health of Kim Jong-il, the entire North Korean leadership is focused on one thing – survival.<sup>4</sup>

North Korea's increasing trade links with China represent another area of concern. Until the 1970s North Korea was the wealthier half of the peninsula, supplying gold to the international bullion market. The country had enough resources to feed its population as aid from communist countries was easily available. However, the non-replacement of outdated industrial machinery over the years and the severe food shortages starting in early 1990s left the country's state-controlled economy in bad shape and thousands of people dead due to hunger. Of late, isolated by the US and South Korea over its nuclear programme, North Korean trade with its only partner China is growing, reaching US\$2.8 billion in 2008 from about US\$2 billion in 2007.<sup>5</sup> In the long run, North Korea's growing dependence on China could prove to be a potential hindrance to reunification efforts, although Beijing keeps such economic contacts to help stabilise its immediate neighbours. If North Korea really wants reunification, it has to end its isolation by adapting to the world economic system through international cooperation, as reunification would most likely take place only when North Korea achieves a certain level of economic stability and parity with South Korea.

Since the war, the economic gap between North and South has only widened. In the 1950s, South Korea set itself the task of reconstruction and recovery from the ravages of the Korean War. By the 1960s and 1970s, it was focused on alleviating acute poverty and laying the foundations for economic development. In the 1980s and 1990s, South Korea was nurturing the seeds of democracy.<sup>6</sup> Today, South Korea has a vibrant economy and continues to work towards joining the ranks of developed nations. North Korea, on the other hand, faces huge economic problems and its people are stuck in the poverty trap. This income gap between North and South has created fears that swift unification could result in the relegation of the much poorer North Korean people to second-class citizens and a massive migration of people which would be beyond Seoul's ability to handle. To address these issues, there have been efforts by Seoul to engage in economic cooperation with Pyongyang – notably in the period between 1998 and 2007 –to try to transform the

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<sup>3</sup> Selig S. Harrison, *Korean Endgame: A Strategy for Reunification and U.S. Disengagement*, Princeton and Oxford: Princeton University Press, 2002, p. 10.

<sup>4</sup> Jayshree Bajoria, 'North Korea after Kim', Council on Foreign Relations (CFR), 28 January 2009. [http://www.cfr.org/publication/17322/north\\_korea\\_after\\_kim.html](http://www.cfr.org/publication/17322/north_korea_after_kim.html)

<sup>5</sup> Christian Oliver, 'China Eyes North Korea's Mineral Wealth', *Financial Times*, 6 October 2009.

<sup>6</sup> Sung-Yoon Lee, 'Bush, Lee and that North Korea Problem', *Asia Times Online*, 15 April 2008. <http://www.atimes.com/atimes/Korea/JD15Dg01.html> (accessed 5 November 2009)

North gradually so that unification may be less costly economically and politically for the South.<sup>7</sup>

However, perhaps one of the most significant issues standing in the way of reunification is North Korea's nuclear programme. Feeling threatened in the wake of the continued presence of US troops in the peninsula, the Kim Jong-il regime developed its own nuclear programme. This has not only raised security concerns in South Korea and Japan, but has also had negative repercussions on North Korea itself. The programme diverted the North Korean regime from building its own economy, with the result that the people of North Korea face numerous problems, most notably food insecurity.<sup>8</sup>

Adding to the people's difficulties, the standoff over Pyongyang's nuclear programme started impacting international humanitarian assistance from 2000 when it fell to US\$107 million (such assistance amounted to US\$359 million in 1999). The situation deteriorated further following nuclear tests in October 2006 and May 2009 by the reclusive state. South Korea, which used to provide 500,000 tonnes of rice and 300,000 tonnes of fertiliser to the North each year, stopped that aid when Lee Myung-bak, who became president in 2008, started linking aid to denuclearisation. These developments have put a virtual stop to the ongoing struggle for Korean reunification.

## **Developments in South Korea**

Hopes for Korean reunification were revived in 1998 when Kim Dae-jung became President of South Korea. President Kim inherited a history of failed diplomacy between the South and the North when he came into office. Contact had remained largely superficial from 1953 up till 1998. In 1972 and 1991, the two sides did come together to issue joint statements of intent, but these failed to displace the underlying enmity.<sup>9</sup> However, under the tenure of Presidents Kim Dae-jung (1998–2003) and Roh Moo-hyun (2003–2008), South-North relations witnessed the most positive change in its 60-year history. This was most notably demonstrated through Kim's 13–15 June 2000 and Roh's 2–4 October 2007 summit meetings with North Korean leader Kim Jong-il.

The 15 June 2000 summit between Kim Dae-jung and Kim Jong-il focused mainly on launching efforts for the peaceful reunification of Korea. Towards this end, they underlined the need to promote mutual understanding and frequent exchanges in different fields to boost inter-Korean relations. The summit also focused on humanitarian issues such as the reunion of separated families. The two leaders agreed that North and South Korea would work together to solve the question of reunification independently. In this regard, they also set the direction for future deliberations on the issue by noting the similarity between the North's proposal of low-level federation and South Korea's proposal of a commonwealth system for reunification.<sup>10</sup> At the October 2007 summit between Roh Moo-hyun and Kim

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<sup>7</sup> Jayshree Bajoria, 'North Korea after Kim'.

<sup>8</sup> Hamid-ur-Rehman, 'Korea's Unification and Security', *The Nation*, Sunday Plus, 9 July 2006.



Jong-il in Pyongyang, the two leaders vowed to implement the 15 June 2000 joint declaration. They resolved that North and South Korea would discuss ways to enhance inter-Korean economic cooperation and ease military tension on the peninsula. The two sides also agreed to work at establishing a permanent peace regime.<sup>11</sup>

The summit in 2000, which eliminated the threat of war, was part of an overall approach by Kim Dae-jung referred to as the 'sunshine policy'. The policy emphasised the strengthening of North-South economic and political engagement. The Roh government continued this policy of engagement. However, Roh received sharp criticism from conservatives for offering extravagant aid to North Korea and demanding little in return.

The Kim and Roh liberal governments developed good South-North relations, but during their terms, relations between South Korea and the US suffered. The US wanted South Korea to use aid as a leverage to press North Korea for denuclearisation but the Kim and Roh governments insisted that the stoppage of assistance would damage the engagement process and worsen the security situation on the peninsula. In addition, the growing relationship of the Kim and Roh governments with China also annoyed the US. The resulting strain in the relations between the US and South Korea had a negative impact on the overall unification process.

South Korean policy underwent a change when President Lee Myung-bak was elected President of South Korea on 25 February 2008. Under President Lee, South Korea adopted a tougher policy, linking progress on the two inter-Korean summit declarations to denuclearisation. The North has accused the Lee administration of reneging on the summit declarations, calling him a 'traitor'.<sup>12</sup>

### **The six-party talks**

From 2003 to 2009, North Korea engaged in several rounds of multilateral talks with the US, China, Russia, Japan and South Korea. Each of the countries involved in these six-party talks had (and continue to have) varied interests as regards North Korea. Strained relations over various issues were not uncommon, and often resulted in stoppage of aid and slowed progress on humanitarian issues. For example, Japan and North Korea looked set to move forward on normalisation when in September 2002, during Prime Minister Junichiro Koizumi's visit to Pyongyang, Kim Jong-il apologised for the abductions of Japanese citizens and Koizumi apologised for Japanese colonialism, but the Japanese

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<sup>9</sup> Hazel Smith, *Hungry for Peace: International Security, Humanitarian Assistance, and Social Change in North Korea*, Washington: United States Institute of Peace Press, 2005, p. 173.

<sup>10</sup> 'North-South Joint Declaration', *BBC News*, 15 June 2000.

<http://news.bbc.co.uk/2/hi/asia-pacific/791691.stm>

<sup>11</sup> 'Full Text of Joint Declaration', *The Korea Times*, 4 October 2007.

[http://www.koreatimes.co.kr/www/news/nation/2009/05/113\\_11347.html](http://www.koreatimes.co.kr/www/news/nation/2009/05/113_11347.html)

<sup>12</sup> Interview with Sang-Yoon Eom, Research Professor at Ilmin International Relations Institute (IIRI), Korea University, 20 October 2009.

right-wing unleashed a wave of hysteria over the abduction issue that refused to subside.<sup>13</sup>

The first round of six-party talks<sup>14</sup> began in Beijing in August 2003 with the aim of reaching a multilateral solution to the North Korean nuclear problem. However, no progress could be achieved due to the deep-seated distrust between the US and North Korea. The second and third rounds held in February and June 2004 respectively also met the same fate. The US wanted 'complete, verifiable, irreversible dismantlement' (CVID) of North Korean nuclear weapons first and resumption of aid and diplomatic normalisation later, while North Korea wanted a simultaneous action-for-action approach.

A breakthrough came in the fourth round of talks in the shape of a September 2005 basic agreement on how to resolve the North Korean nuclear issue through diplomatic means. However, this success was short-lived as under US pressure a bank in Macau froze North Korean bank accounts for alleged money laundering. Subsequently, in the fifth round in November 2005, Pyongyang refused to participate in further talks when the US rejected its request to unfreeze its accounts. The October 2006 nuclear tests by North Korea further aggravated the situation.

However, on 13 February 2007, an agreement was reached whereby North Korea agreed to close down its nuclear facility at Yongbyon. This agreement was based on the 'Initial actions for the implementation of joint statement' formulated in the fourth round of talks in September 2005. The other five members of the talks agreed to provide 50,000 tonnes of heavy fuel oil to North Korea on an emergency basis. After the sixth round of talks in March 2007, North Korea shut down its Yongbyon facility and the International Atomic Energy Agency (IAEA) officials arrived to seal the facility.

Under the 13 February 2007 agreement, North Korea was bound to provide a complete declaration of all its nuclear programmes by 31 December 2007. However, it only provided the declaration to China, the chair of the talks, on 26 June 2008, and only after that did it implode the Yongbyon facility cooling tower. Later in 2008 the agreement broke down when the US insisted on its teams probing North Korea at will, and Japan refused to provide the agreed heavy fuel oil in addition to trying to raise the abductees issue at the six-party forum. North Korea disengaged from the talks in April 2009, and restarted its Yongbyon nuclear facilities.

All through the six-party talks, the situation on the Korean peninsula had remained volatile, punctuated by events such as the North Korean nuclear tests, a change of government in South Korea in 2008 leading to President Lee's linking of aid to denuclearisation and the North's refusal to cooperate, and the frequent stop-and-start relations between the US and North Korea. It was clear that in any talks regarding the Korean peninsula, the US – which

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<sup>13</sup> Tim Beal, *North Korea – The Struggle against American Power*, London: Pluto Press, 2005, p. 109.

<sup>14</sup> Chung-in Moon, 'The North Korean Nuclear Problem: Motives, Impacts and Management Strategies', lecture delivered at the Korea Press Foundation in June 2006.

has about 28,500 troops in South Korea – has the centrestage. The North continued to insist on bilateral talks with the US in the wake of stalled six-party talks on the communist state's denuclearisation. To break the stalemate, Stephen Bosworth, President Barack Obama's Special Representative for North Korea Policy, visited Pyongyang from 8 to 10 December 2009. After his trip, Bosworth said in Seoul that it 'remains to be seen when and how Pyongyang will return to the six-party talks.'<sup>15</sup> Although it is not easy to say when the atmosphere of mistrust between North Korea and other six-party members, particularly the US, will end now, it is likely that they will acknowledge their common interests and eventually agree to work together on multiple levels to secure a lasting cooperation.<sup>16</sup>

From the North Korean standpoint, the US has to sign a peace treaty and establish diplomatic relations with it, remove its name from the list of state sponsors of international terrorism, and support its accession to international financial institutions by lifting sanctions on it.<sup>17</sup> The US and South Korea, on the other hand, say that talks on these issues could only be addressed after progress on the denuclearisation process. South Korean officials say that it would not be possible to conclude a peace treaty with North Korea in possession of nuclear weapons. The two could, however, be tackled simultaneously – if North Korea were to make considerable progress on denuclearisation, then South Korea may be able to sign a peace treaty with it.<sup>18</sup>

To understand the 'great game' on the Korean peninsula it would be of help to quote two noted South Korean scholars, Moon Chung-in and Kim Min Ung, who expressed their views on issues related to the peninsula during a June 2006 Korea Press Foundation (KPF) Fellowship workshop.<sup>19</sup>

Moon Chung-in said that although Pyongyang had been treating Seoul as an enemy, South Korea should continue to take steps toward reunification, as in terms of multilateral security, China's overall stance on peace and security was positive and Japan had become very much pacified under US influence. He noted that South Korea-China relations are thus far good, and Beijing wants a peaceful Korean reunification and less US interference. Moon noted, 'The US takes the rise of China as a challenge and the hardliners in Washington wanted to encircle China. Still there is a tension and we need to have the US forces.' He suggested that Korean unification could be modelled on systems like the commonwealth, a union of states, or confederation or federation with two local government systems, before finally turning into one nation state. He added that before the final unification the North Korean economy should level up with that of the South.<sup>20</sup>

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<sup>15</sup> 'U.S., DPRK Agree on Need to Resume Six-party Talks: Bosworth', *Xinhua*, 10 December 2009. [http://news.xinhuanet.com/english/2009-12/10/content\\_12625186.htm](http://news.xinhuanet.com/english/2009-12/10/content_12625186.htm) (accessed 15 December 2009)

<sup>16</sup> Debin Zhan, 'Beyond the Hostility: An Analysis on the U.S.-North Korean Relations by Game Theory', *The Journal of Peace Studies*, Vol. 4, 2008, p. 29.

<sup>17</sup> *Ibid.*, p. 34.

<sup>18</sup> Yang Jung A., 'Peace Treaty Impossible in Nuclear Shadow', *DailyNK*, 26 January 2010. <http://www.dailynk.com/english/read.php?cataId=nk00100&num=5947>

<sup>19</sup> Hamid-ur-Rehman, 'Korea's Unification and Security'.

<sup>20</sup> *Ibid.*

Kim Min Ung commented that the situation could change if the US normalised its relations with North Korea. Korea's division was made by the US and the former Soviet Union. He also said, 'It was beyond our control as Korea was international conflict [sic] and that's why we want to resolve it through six-party talks. If South Korea raises human rights issues in the North, it could lead to a situation where no inter-Korean talks could be possible.'<sup>21</sup>

It is clear from the views of the experts articulated here that the major powers had been prioritising their own strategic interests in the region, and there has not been much interest in actively supporting unification in order to correct the wrongs they committed in dividing Korea. When the Koreans were discussing strategies for unification following the historic North-South summit in 2000, the US, China and Japan failed to substantially support Kim Dae-Jung's policy of engagement.

Of late the North Korean nuclear programme has been regarded as the most dangerous security threat South Korea has faced since the Korean War and a stumbling block in the way of reunification efforts. There is a dominant view that the Korea-US Security Alliance should be maintained with great caution to keep stability in the region and at least until the North Korean nuclear crisis is resolved. Any disturbance in the alliance could also hamper the much-needed long-term political and economic support of the US for Korean reunification.

## **Various Reunification Scenarios**

Views of South Koreans on reunification and on aid to North Korea fluctuate with change in political environment. They hold contradictory views on North Korea. One group argues that North Korea is part of their nation – they share the same bloodlines and heritage – and thus should be helped to overcome its economic problems, while the second group says that North Korea is an enemy threatening Seoul with war.<sup>22</sup> In a 2006 Gallup poll, 56 per cent of South Koreans said they had more to lose than gain from reunification. Thus South Koreans prefer some sort of division between the two halves even after unification.<sup>23</sup>

## **Collapse and succession scenarios**

In the wake of German reunification, the disintegration of the Soviet Union and then Kim Il-sung's death in 1994, many experts in Seoul and Washington predicted that North Korea would collapse within six months to three years and be absorbed by the South. Even South Korean President Kim Young Sam's (1993–1997) administration viewed a gradual,

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<sup>21</sup> Ibid.

<sup>22</sup> Thomas T. Park, Bernhard Seliger and Hyung Suk Kim, 'Economic Sanctions, North Korean Famine, and Humanitarian Assistance', in Suk Hi Kim and Semoon Chang (eds) *Economic Sanctions against a Nuclear North Korea: An Analysis of United States and United Nations Actions since 1950*, North Carolina: McFarland, 2007, p. 133.

<sup>23</sup> Jayshree Bajoria, 'North Korea After Kim'.

'managed' collapse and absorption of the North to be less costly than the sudden absorption of East Germany by West Germany.<sup>24</sup>

In a regional context, there is significant disagreement over how to address issues on the Korean peninsula. Some advocate bringing an end to the North Korean regime by applying economic, political and military pressure to hasten its collapse. However, a sudden collapse would result in an influx of refugees, estimated at up to 2 million by the German Economic Institute, which would be a challenge to South Korea's absorptive capacity.<sup>25</sup> The refugees are expected to head mainly for China and South Korea and this could create regional instability that would drag all the six-party countries into conflict. Moreover, a sudden collapse could create an unstable, nuclear-armed regime, which would raise questions on the safety of the nuclear weapons in the North.<sup>26</sup>

Following reports of Kim Jong-il suffering a stroke in August 2008, various scenarios have been discussed for coping with the instability and dangers emanating from leadership succession. A 'managed succession' would entail a seamless transfer of power from Kim Jong-il to one of his sons or it could come in the shape of a collective leadership drawing its strength from the National Defense Commission (NDC) as the supreme governing body. The NDC, comprising seven generals and three civilians appointed by its chairman Kim Jong-il, could ensure smooth military and civilian support to a new leader.<sup>27</sup> However, the new regime as a result of such a process may not be successful in stabilising its ties with the US as such a leadership would continue Kim Jong-il's policies.

In a 'contested succession', there might emerge a new regime not drawing its legitimacy from the Kim dynasty, and therefore more likely to shape a new foreign policy. Alternatively, the succession could fail and after a breakdown into factionalism, the North Korean government could disintegrate. Contested succession could begin with different rival factions, if any, in the North Korean regime vying for power. The outcome of such a succession struggle would be decided by the level of backing each of the factions would be able to obtain from the strong institutions, military, etc., of the regime. However, the exact mode of the power struggle and how destabilising it would be is unpredictable.

Since the late 1990s there has been mention of 'planning' for coping with instability in North Korea. In November 2006, outgoing US senate majority leader Bill Frist introduced a bill for a 'North Korea Relief and Reconstruction Fund', appropriating US\$10 billion for North Korean refugees and people in the event of the 'emergence in North Korea of a new

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<sup>24</sup> Michael McDevitt, 'The Post-Korean Unification Security Landscape and US Security Policy in Northeast Asia' in Nicholas Eberstadt and Richard J. Ellings (eds) *Korea's Future and the Great Powers*, University of Washington Press, 2001, p. 256; and Selig S. Harrison, *Korean Endgame*, p. 71.

<sup>25</sup> 'North Korea's Halfway Reform Goes Awry', The World Bank Group.

<http://www.worldbank.org/html/prddr/trans/janfebmar03/pgs1-6.htm>

<sup>26</sup> Terence Roehrig, 'Creating the Conditions for Peace in Korea: Promoting Incremental Change in North Korea', *Korea Observer*, Vol. 40, No. 1 (Spring 2009), p. 203.

<sup>27</sup> Joel Wit, 'How to Deal with North Korean Contingency – An American Perspective', presented at the Imin forum held at Korea University, Seoul on 12 November 2009.

national government committed to respect for human rights, non-proliferation, and peaceful relations with the US and other countries of the region'.<sup>28</sup>

However, North Korea is likely to survive until the differences between the economic systems in the North and South are narrowed through sustained interchange and until the emergence of a unification formula that minimises the damage of vested interests on both sides alike. If North Korea were to have collapsed, it would have happened in the 1990s when it was facing its worst food shortages (the shortages reportedly killed 600,000 to 1 million people) and there were predictions that the regime would crumble within months or a few years. Contrary to the predictions, the Kim Jong-il regime remains firmly in authority. Moreover, North Korea could use its military power to avert absorption by the South. It commands 'the tyranny of proximity', the capability to launch massive forward deployments along the so-called demilitarised zone (DMZ).

Not only is a collapse unlikely, it is also undesirable; a system collapse would probably trigger internal civil violence rather than peaceful unification, as the uncontrolled movement southward of refugees and efforts to achieve unification through absorption could magnify the worst elements in the two societies with separate systems.<sup>29</sup> President Kim Dae-Jung repudiated the managed collapse approach in 1998 and pursued stepped-up cultural, economic and political relations with the North.<sup>30</sup>

### **Contingency scenarios**

For South Korea, the most difficult challenge in the years to come would be to navigate carefully between China and the US, who may place a disproportionate amount of emphasis on big power relationships at the expense of small and medium powers, including South Korea.<sup>31</sup> A 'Strategic Companion Relationship' between Seoul and Beijing is the official slogan in South Korea these days, a relationship quite different from the more obligatory Korea-US Security Alliance.

A new triangular relationship involving Korea, China and the US in Northeast Asia would offer hope and opportunity to Korea and enable it to distance itself from any competition between China and Japan; it can move away from the traditional 'Korean Triangle' relationship with China to the west and Japan to the east.<sup>32</sup> Korea cannot stand against these regional powers – the Japanese navy is number two in the world and the Chinese have huge military capabilities, with advanced ground and air forces. The strategies of

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<sup>28</sup> Sung-Yoon Lee, 'Bush, Lee and that North Korea Problem', *Asia Times Online*, 15 April 2008. <http://www.atimes.com/atimes/Korea/JD15Dg01.html> (accessed 5 November 2009)

<sup>29</sup> Samuel S. Kim, 'The Mirage of a United Korea'. *Far Eastern Economic Review*, November 2006. [http://www.tomcoyner.com/mirage\\_of\\_a\\_united\\_korea.htm](http://www.tomcoyner.com/mirage_of_a_united_korea.htm) (accessed 5 November 2009).

<sup>30</sup> Selig S. Harrison, *Korean Endgame*, pp. 7 & 71.

<sup>31</sup> Han Sung-Joo, 'A Tale of Two Triangles', *Daily Times*, 12 April 2009.

<sup>32</sup> Sung-han Kim, 'North Korean Nukes and the ROK-U.S. Alliance', in In-Taek Hyun, Kyudok Hong and Sung-han Kim (eds), *Asia-Pacific Alliances in the 21st Century: Waxing or Waning?*, Seoul: ORUEM Publishing House, 2007, pp. 218–9

China and the US and their reactions to each other's policies would play a decisive role in the unification process.

Within South Korea, there is an urgent need for the liberal and conservative parties to harmonise their views and come up with a truly national policy on unification.<sup>33</sup> The need for such a unification policy was felt following President Lee's discontinuation in 2008 of the 10-year-long engagement policy of successive South Korean liberal governments. Though evolving such a policy would involve a lot of discussions at home and with key regional powers, it would give a clear direction to any government, liberal or conservative, in terms of engaging with North Korea over a longer period of time. Changing vital national policies, such as stopping implementation on the 2000 and 2007 North-South summit declarations, every five years (that is, every time a new government is elected) could make achieving larger goals such as reunification very difficult.

Under the 1953 US-Korea Mutual Defense Treaty, Washington agreed to help Seoul defend itself against external aggression, while China still maintains its 1961 treaty under which it will intervene militarily in case of an attack on North Korea.<sup>34</sup> After the end of the Cold War, Russia no longer has a security commitment with North Korea and China has in reality moved closer to Seoul, fearing that involvement in another Korean war would divert resources from its economic priorities. Both Moscow and Beijing are increasingly attempting to play the role of honest broker between the North and South. That is what Russia and China want the US to do, and that is also what the North wants the US to do.<sup>35</sup>

The situation remains tense as US Defense Secretary Robert Gates on 22 October 2009 stipulated for the first time that his country would continue to provide extended deterrence using the full range of military capabilities, including the nuclear umbrella, to ensure South Korea's security.<sup>36</sup> The US and South Korea have also reportedly completed Operational Plan (OPLAN) 5029, a contingency plan to respond to such emergencies in North Korea as a civil war, an outflow of weapons of mass destruction (WMDs), a mass influx of refugees or a natural disaster. Under the reported plan, the US assumes the role of eliminating North Korea's nuclear weapons.<sup>37</sup> Before that, Washington and Seoul had created the Concept Plan (CONPLAN) 5029 in 1997 which outlined non-military steps to cope with refugees, WMD risks and other problems if the North fell into chaos. During the term of the Roh government, the USA sought to add military measures to the deal, but Seoul declined such

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<sup>33</sup> Interview with Professor Chung Sung-yoon, Imin International Relations Institute (IIRI), Korea University, 2 November 2009.

<sup>34</sup> 'U.S.-Korean Relations' in *Background Note: South Korea*, U.S. Department of State. <http://www.state.gov/r/pa/ei/bgn/2800.htm> (accessed 17 December 2009); and Selig S. Harrison, *Korean Endgame*, p. 322

<sup>35</sup> Selig S. Harrison, *Korean Endgame*, p. 110

<sup>36</sup> Seo Ji-eun, 'U.S. Spells Out Specifics of Its Military Backing', *JoongAng Daily*, 23 October 2009. <http://joongangdaily.joins.com/article/view.asp?aid=2911656> (accessed 23 October 2009)

<sup>37</sup> 'US, S. Korea Plan for N. Korea Collapse: Report', *Agence France-Presse*, 31 October 2009. <http://www.google.com/hostednews/afp/article/ALeqM5hvV-EUOVBSxtnUbI0m8INRpyHGQ>

moves.<sup>38</sup>

Walter Sharp, commander of US Combined Forces Command, was reported to have said in a lecture on 30 October 2009 that even after wartime operational control is handed over to South Korea in April 2012, the US army will lead naval landing operations and elimination of North Korea's WMDs.<sup>39</sup> The details of OPLAN 5029 are classified, so it is not known what role China is expected to play. However, China does not want North Korea absorbed into South Korea and is believed to have its own plan that might involve Chinese troops going in to save the communist government in the event of chaos.<sup>40</sup>

The US has, since the early 1990s, been waiting for the breakup of North Korea (to reunify it with South Korea) and Pyongyang has used the hostile environment to its own advantage, gaining time to build nuclear weapons. In recent years, the frequent talk of 'sudden collapse/succession' and CONPLAN/OPLAN continue to overshadow any policy of engagement; such a long-term US policy encourages North Korea to prolong the nuclear stalemate, which is a potential impediment to reunification efforts and guarantees US troops' presence in South Korea. The US-generated expectations of the North Korean regime's collapse have paralysed Seoul's diplomacy and engagement with Pyongyang.

It should be noted that during the last two decades, it was through an engagement policy that the US and South Korea developed their economic and other relations with China. Today, the US is China's leading trade partner, and South Korea has developed a policy of accommodation in its relations with Japan. Thus it is clear that through engagement, countries can establish robust economic relations even if they have conflicting political goals and regional interests. The 'stop-and-start' and 'sometimes carrot and sometimes stick' policy has failed to work with North Korea. In the event that the collapse and contingency scenarios come into play, 'tyranny of proximity' could turn into reality, wreaking havoc on both sides. In short, the viable course of action is the establishment of long-term peace and a serious struggle for peaceful reunification, for which both Koreas would need the sincere support of the regional powers.

## Changes in US and South Korea Policies

Northeast Asia geopolitics is very specific – there is a cobweb of issues involved in reunification ranging from security to politics, economics and culture. Korean unification could materialise if all the regional powers are assured that the unified Korea's policy

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<sup>38</sup> 'The Plan Post-Kim: No Plan', *Newsweek*, 13 September 2008. <http://www.newsweek.com/id/158736> (accessed 21 October 2009).

<sup>39</sup> Kim So-hyun, 'Allies Complete N.K. Contingency Plan', *The Korea Herald*, 2 November 2009. [http://www.koreaherald.co.kr/NEWKHSITE/data/html\\_dir/2009/11/02/200911020041.asp](http://www.koreaherald.co.kr/NEWKHSITE/data/html_dir/2009/11/02/200911020041.asp) (accessed 2 November 2009).

<sup>40</sup> 'South Korea has a Plan', Strategy Page, 5 November 2009. <http://www.strategypage.com/htmlw/htun/articles/20091105.aspx> (accessed 6 November 2009)



would not damage their stakes in the region.<sup>41</sup> A three-pronged approach by South Korea, the US and others in the region may be the best way to create the foundation for peace: (1) diplomatic engagement that begins to reduce North Korea's security concerns; (2) economic engagement to open up the North Korean economy; and (3) continued military preparedness as a hedge to ensure stability.<sup>42</sup>

Kim Sung-han, a prominent South Korean expert on inter-Korean issues, thinks the US would support unification even before North Korean denuclearisation, but other big powers would have strong reservations. From Seoul's viewpoint, resolving the nuclear problem would remove a stumbling block to Korean reunification.<sup>43</sup> Against this view, it could be noted that peaceful reunification could lead to denuclearisation – a unified Korea would likely give up the North's nuclear weapons like Ukraine and Kazakhstan did after the disintegration of Soviet Union. Once the merger occurs, Korea and its people will recognise that the price of choosing otherwise, in the shape of economic and political isolation, would be too high.<sup>44</sup>

## **Containment policy**

US sanctions have imposed tremendous economic costs on North Korea. Three days after the start of Korean War, the US Congress banned all exports to Pyongyang and since 1953 economic linkages between the US and the North have been non-existent. By the early 1990s, economic contacts between the two countries were proscribed by at least 10 separate laws.<sup>45</sup> Pyongyang's ability to borrow from international sources was severely limited after the 20 January 1998 US sanction that placed North Korea on the list of countries supporting terrorism. This made it impossible for North Korea to borrow funds from the World Bank, the International Monetary Fund and other such institutions.<sup>46</sup>

However, these sanctions have mostly failed to change the behaviour of the North Korean leaders. Victor Cha says that it does not make much sense to continue with half a century of economic embargo, and expect North Korea to change its behaviour. He suggests that it would be more effective to lift some of the sanctions, let North Korea experience gains from

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<sup>41</sup> Interview with Sang-Yoon Eom, Research Professor at Ilmin International Relations Institute (IIRI), Korea University, 20 October 2009.

<sup>42</sup> Terence Roehrig, 'Creating the Conditions for Peace in Korea: Promoting Incremental Change in North Korea', *Korea Observer*, Vol. 40, No. 1 (Spring 2009), p. 202.

<sup>43</sup> Interview with Professor Kim Sung-han, Director of the Ilmin International Relations Institute (IIRI), Korea University, December 2009

<sup>44</sup> Damien J. LaVera, "'De-Nuking" North Korea', Global Beat Syndicate, 10 February 2002. <http://www.bu.edu/globalbeat/syndicate/lavera021003.html> (accessed 30 October 2009)

<sup>45</sup> Suk Hi Kim, 'New Economic Sanctions against a Nuclear North Korea and Policy Options' in Suk Hi Kim and Semoon Chang (eds) *Economic Sanctions against a Nuclear North Korea*, pp.106 & 109.

<sup>46</sup> Semoon Chang and Kepeng Lu, 'Economic Sanctions and North Korea's Trade Deficit' in Suk Hi Kim and Semoon Chang (eds) *Economic Sanctions against a Nuclear North Korea*, p.170.

that, and then use the 'stick' of the possibility of those sanctions being reinstated.<sup>47</sup> Kim Wook points out that the containment policy had not resulted in any progress over the past 40 years, while Kim Dae-jung's engagement policy resulted in reduced military tension on the peninsula, which helped South Korea to overcome its financial crisis. Seoul attracted US\$52 billion of foreign investment during his term compared to a total of US\$24 billion up to that point.<sup>48</sup>

The Obama administration needs to adopt the same engagement approach that the Clinton administration eventually adopted. North Korea's abandonment of the six-party talks was in part due to the fact that it had not received the economic benefit it was looking for from the process. Also, North Korea remains surrounded by countries that are still strengthening their military containment postures.<sup>49</sup> With so many actions directed against it – US economic sanctions, the Korea-US Security Alliance and joint military exercises, Seoul joining the Proliferation Security Initiative (PSI)<sup>50</sup> and the US-Japan military alliance – North Korea will not give up its only major bargaining chip unless it gets something of comparable value such as a peace treaty and normalisation of relations with the US.

### **US security interests**

It may be that Washington neither wants Pyongyang to take radical actions to undermine the US-led strategic pattern in Northeast Asia nor does it want the Korean peninsula to be too stable.<sup>51</sup> In other words, it is beneficial for the US to maintain a controllable tension on the peninsula to justify the continuing presence of its troops. There is also the factor of the 'security (arms) market'. To capture this market, the US may also remain lukewarm to security threats as long as its own mainland is safe. This was quite clear from its slow response to the nuclear and missile tests by North Korea while focusing on Afghanistan and Iraq, thus encouraging Seoul to pay for more weapons and join the PSI.

Throughout the Cold War, the US brandished its nuclear weapons programme in Korea, strengthening the position of nuclear advocates in Pyongyang. From 1958 to 1991, massive US-South Korea military exercises were regularly conducted in which scenarios involving the use of nuclear weapons were largely advertised. Pyongyang has responded with nuclear and missile programmes designed both to deter any US use of nuclear weapons in Korea and to neutralise the superiority of South Korean air power over its MiG

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<sup>47</sup> CFR discussion on 'Inter-Korean Relations: Past, Present and Future (Panel 1)', Transcript, Council on Foreign Relations, 12 June 2002.

[http://www.cfr.org/publication/12498/interkorean\\_relations.html%20for%20reference](http://www.cfr.org/publication/12498/interkorean_relations.html%20for%20reference) (accessed 3 November 2009)

<sup>48</sup> Ibid.

<sup>49</sup> John Feffer, 'North Korea and Malign Neglect', *Foreign Policy in Focus*, 22 May 2009.

<http://www.fpiif.org/fpiftxt/6137> (accessed 24 November 2009)

<sup>50</sup> The Proliferation Security Initiative (PSI), proposed by President Bush in May 2003, is designed to investigate and disrupt weapons of mass destruction (WMDs) trafficking at sea, on land and in the air. Under the PSI, the US and participating countries are supposed to check WMD-related transfers.

<sup>51</sup> Debin Zhan, 'Beyond the Hostility', p. 37.

force.<sup>52</sup> It has been argued that each crisis since the Korean War was not, as is often portrayed, a result of the North's brinkmanship, but a feint created by US administrations to corner Pyongyang into submission.<sup>53</sup>

In 1994, the US signed the Agreed Framework agreement with North Korea to provide it with light water reactors to meet its energy needs in return for it stopping its nuclear activity. For the next seven years until 2001, there was no evidence that North Korea violated the agreement, yet it did not receive the promised reactors.<sup>54</sup> The Bush administration that took office in 2001 effectively stopped work on the Agreed Framework. Under the agreement, North Korea was not required to dismantle its frozen nuclear facilities until the US had fulfilled its own obligations to complete the light water reactors (which had been scheduled for completion in 2003).<sup>55</sup>

While the stalemate over the North's denuclearisation continues, reunification seems to be a distant dream. Unless the nuclear issue is resolved, the US will not allow Korean reunification, even if conditions are favourable. For North Korea, on the other hand, its first priority is its survival, thus its demands for a peace treaty to replace the 1953 armistice. It knows that if there is an emergency in the North, then reunification will be on South Korea's terms, which will ensure the long-term presence of US troops in Korea.<sup>56</sup>

## Political moves

The administrations of US President Obama and South Korean President Lee in their 16 June 2009 Washington communiqué announced that any unification of the Korean peninsula would be based on the 'principles of free democracy and a market economy'.<sup>57</sup> The phrase 'free democracy and a market economy' was considered by North Korea to be a direct assault on the fundamental principle of the 'coexistence of differing systems, leading to reunification through confederation' enshrined in the 2000 and 2007 North-South summit declarations.<sup>58</sup> It is felt that if Korea-wide elections were held in a reunified peninsula based on the 'principles of free democracy', the South with its population of 48.3 million in 2009 would dominate North Korea with its population of 23.4 million.<sup>59</sup> Thus, instead of bridging differences, such assertions only widen the inter-Korean trust gap. It would be best if world powers were to limit themselves to providing advice and leave the Koreans to decide between themselves the formula for reunification.

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<sup>52</sup> Selig S. Harrison, *Korean Endgame*, pp. 198–200.

<sup>53</sup> Kim Myong Chol, 'Rich Lessons in North Korea's Playbook', Asia Times Online, 16 July 2009. <http://www.atimes.com/atimes/Korea/KG16Dg01.html>

<sup>54</sup> Kristen Eichensehr, 'Broken Promises: North Korea's Waiting Game', *Diaspora*, Vol. 23, No. 3 (Fall), 2001.

<sup>55</sup> Selig S. Harrison, *Korean Endgame*, pp. 258–9.

<sup>56</sup> Interview with B. J. Lee, *Newsweek* Seoul Correspondent, 12 October 2009.

<sup>57</sup> Interview with Professor Chung Sung-yoon, Ilimin International Relations Institute (IIRI), Korea University, 2 November 2009.

<sup>58</sup> Selig S. Harrison, 'Does S. Korea Want Renewed Military Tension with North Korea?', *The Hankyoreh*, 27 July 2009. [http://english.hani.co.kr/arti/english\\_edition/e\\_opinion/367976.html](http://english.hani.co.kr/arti/english_edition/e_opinion/367976.html)

<sup>59</sup> Ibid.

Protesting against this reversal, Pyongyang's *Tongil Sinbo* described the communiqué as signalling 'reunification through absorption' as the goal of Washington and Seoul. This interpretation was strengthened by an earlier casual pronouncement by President Lee after his election that he was not committed to the two North-South summit declarations of 2000 and 2007.<sup>60</sup> South Korea might have pacified its own security concerns by securing US reassurance of 'extended deterrence' through the 16 June summit, but the move ended up justifying the *fait accompli* of the North as a nuclear state. Thus, the summit reaffirmed a strong US-South Korea alliance at the expense of improved inter-Korean relations.<sup>61</sup> These Lee-Obama decisions will intensify the US-North Korea and North-South mistrust of each other which could retard progress on both denuclearisation and unification.

## Economic issues

It should also be noted that while both Koreas want reunification, in reality neither side is prepared to shoulder the costs. North Korea shuns genuine engagement and thus cannot reform substantially to reduce the gap with South Korea.<sup>62</sup> Nevertheless, Pyongyang could attempt a less ambitious reorientation of its economic policies supported by help from abroad. The North Korean economy desperately needs two things to meet the minimum survival requirements of its population: food and energy.<sup>63</sup> North Korea has poor infrastructure facilities, poverty is rampant and its human rights record is so poor that it even attracts condemnation from South Korea. However, even in the face of these issues, the only thing Pyongyang wants to do is protect Kim Jong-il's regime from crumbling. This situation in itself could cause instability at any time for South Korea and China. There is the possibility of the US deciding to 'protect' Pyongyang's nuclear weapons, which could start another war and trigger a large-scale humanitarian crisis.

Many South Korean experts support a step-by-step approach for reunification, as they believe that any sudden reunification would put an enormous financial burden on the country's population. This view has gained strength following the 1997 financial crisis. Kim Dae-jung whose summit meeting with Kim Jong-il provided fresh impetus to reunification efforts had also said that South Korea could wait until both sides felt comfortable to reunify. This among other issues was a clear indication that reunification would ideally take place after significant economic development within North Korea.

From an economic point of view, Korean reunification is also possible if an economic plan modelled on the one implemented by former South Korean President Park Chung-hee is

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<sup>60</sup> Ibid.

<sup>61</sup> Chung-in Moon, 'Obama's North Korea Policy and the June 15 South-North Joint Declaration', East Asia Forum, 5 July 2009.

<http://www.eastasiaforum.org/2009/07/05/obamas-north-korea-policy-and-the-june-15-south-north-joint-declaration/>

<sup>62</sup> Richardson, 'Lankov on Korean Reunification', DPRK Studies, 16 November 2007.

<http://www.dprkstudies.org/2007/11/16/lankov-on-reunification/> (accessed 10 October 2009).

<sup>63</sup> Marcus Noland, 'The Economics of Korean National Reconciliation', *The Journal of East Asian Affairs*, Vol. 14 (Fall/Winter), 2000.

introduced in the impoverished North. In South Korea, a series of closely interconnected five-year plans, starting with the 1962–1966 plan by President Park, had played a significant role in fuelling industrial growth and sustaining development in the country. Such a systematic economic model could do the same for North Korea.

The South Korean Lee administration in March 2008 presented ‘Mutual Benefits and Common Prosperity’ (MBCP) as a key theme in its policy toward North Korea. It also introduced ‘Vision 3000: Denuclearization and Openness’ as its action plan for the MBCP policy.<sup>64</sup> The gist of the Vision 3000 policy is the application of South Korea’s economic development model to North Korean reconstruction. With a view to improving the economy in the North to the US\$3,000 per capita income level within 10 years, the South will provide an aid package in five areas: the industrial sector; education; creation of a US\$40 billion international cooperation fund to finance economic development; cooperation in energy, transportation and communication infrastructure; and large scale welfare aid to improve quality of life.<sup>65</sup> The South Korean Lee government has a good plan in Vision 3000 for North Korea’s overall development, but it has a few critical strings attached – such as denuclearisation (which Pyongyang has tied to normalisation with the US and security guarantees) and ‘openness’ (that it sees as an assault on its socialist system) – that render its take-off unlikely.

### **‘Sunshine policy’ and ‘grand bargain’**

Korea is the world’s only country surrounded by so many of the major powers – the US, Japan, China and Russia. In this unique situation, it is important to Korea’s survival that it maintains good relations with its neighbouring countries. Highlighting this idea, Kim Dae-jung said during an interview in 2005 that when he proposed his ‘sunshine policy’ to US President Bill Clinton, Japanese Prime Minister Keizo Obuchi, Chinese President Jiang Zemin and Russian President Vladimir Putin, all gave him support, which served as a big encouragement to him to improve inter-Korean relations.<sup>66</sup>

Hopes for Korean unification emerged after Kim Dae-jung’s summit in Pyongyang with Kim Jong-il in 2000 where the two sides, for the first time since the Korean War, found a point of convergence on which the process toward unification can be pursued.<sup>67</sup> Speaking at a ceremony on 5 December 2005 to celebrate the 5th anniversary of the award of the Nobel Peace Prize to him, Kim Dae-jung elaborated on the plan thus:

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<sup>64</sup> ‘Inter-Korea Relations in 2008’, Ministry of Unification, South Korea.

<http://www.unikorea.go.kr/eng/default.jsp?pgname=POLinrelation2008>

<sup>65</sup> Yoon Duk-min, ‘Initiative for “Denuclearization, Openness and 3000”: Tasks and Prospects’, *Korea Focus*, Vol. 16 (Summer), 2008, p. 108.

<sup>66</sup> ‘KBS Special Talks aired 8 December 2005’ in *Distinguished Lectures and Special Talks in Commemoration of H.E. Kim Dae-jung’s Winning the 2000 Nobel Peace Prize*, Kim Dae-Jung Presidential Library and Museum, 2005, p. 31.

<sup>67</sup> Nobel Peace Prize Acceptance Speech by President Kim Dae-jung on 10 December 2000, Oslo, Norway.

Unification on the Korean Peninsula must be pursued based on the principles of peaceful coexistence, peaceful exchange, and peaceful unification, and through three stages: first South-North confederation; second, South-North federation; and third, complete unification. This is a method of successful unification where both the South and the North can feel reassured to participate in. This is the 'Sunshine Policy' of peace.<sup>68</sup>

The extent to which inter-Korean relations saw improvement during the Kim-Roh liberal governments (1998–2008) could be judged from the fact that of 99 inter-Korean meetings on economy held from 1971 to 2008, a total of 94 took place from year 2000 to 2008 while only 4 were held in 1985 and 1 in 1984. From 2000 to 2007 Seoul-Pyongyang meetings took place in the fields of politics, military, economy, humanitarian cooperation, and social and cultural exchange. In contrast, in 2008 there was no meeting in the field of politics and economic cooperation. The number of inter-Korean dialogues from 2000 to 2008 is: 27 rounds (2000), 8 rounds (2001), 32 rounds (2002), 36 rounds (2003), 23 rounds (2004), 34 rounds (2005), 23 rounds (2006), 55 rounds (2007) and 5 rounds (2008).<sup>69</sup>

Thus the June 2000 summit accelerated North-South economic and cultural interchange. The number of business and other visits sanctioned by both governments increased from 1,105 in 1997 to 3,317 in 1998 and 5,599 in 1999. Two-way North-South trade reached US\$333 million in 1999, a 50.2 per cent increase over 1998, reflecting the growth of production contracts in which North Korean factories make products using equipment and materials supplied by collaborating South Korean companies.<sup>70</sup> One consequence of the normalisation was that North Korea accepted – for the first time – its state boundaries, as opposed to the territory of the entire Korean peninsula, as the limit of its national security concern.<sup>71</sup>

Kim Dae-Jung's engagement policy was underpinned by the idea that it was possible to negotiate with North Korea as if it were no different from any other country. To build trust and lay the foundation for reunification, he said:

First, we will never accept unification through communization; second, nor would we attempt to achieve unification by absorbing the North; and third, South and North Korea should seek peaceful coexistence and cooperation. Unification, I believe, can wait until such a time when both sides feel comfortable enough in becoming one again, no matter how long it takes.<sup>72</sup>

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<sup>68</sup> Kim Dae-jung, 'Peace in Crisis – What is to be Done', 8 December 2005, in *Distinguished Lectures and Special Talks in Commemoration of H.E. Kim Dae-jung's Winning the 2000 Nobel Peace Prize*, p. 31.

<sup>69</sup> 'Inter-Korean Dialogue', Ministry of Unification, South Korea. [http://www.unikorea.go.kr/eng/default.jsp?pgname=AFFdialogue\\_statistics](http://www.unikorea.go.kr/eng/default.jsp?pgname=AFFdialogue_statistics) (accessed 15 November 2009)

<sup>70</sup> Ministry of Unification, South Korea, Press Release, 10 March 2000, in Selig S. Harrison, *Korean Endgame*, p. 91.

<sup>71</sup> Hazel Smith, *Hungry for Peace*, pp. 225–6.

<sup>72</sup> 'Nobel Peace Prize Acceptance Speech by President Kim Dae-Jung on 10 December 2000, Oslo, Norway', *The Journal of East Asian Affairs*, Vol. 14, No. 2 (Fall/Winter 2000), p. 407.

The US Clinton administration (1993–2001) also moved in that direction and the then Secretary of State Madeleine Albright visited Pyongyang in October 2000.<sup>73</sup> It also succeeded in putting a lid on the North Korean nuclear issue in 1994 but could not normalise relations before the end of its term. The Bush administration (2001–2009) labelled North Korea part of the ‘Axis of Evil’ in January 2002 and shunned bilateral negotiations. It was only after the North Korean nuclear test in 2006 that Washington tried to coax Pyongyang (in 2007) into resolving the nuclear issue through bilateral negotiations. However, time too ran out for Bush at the end of 2008.<sup>74</sup>

US rhetoric frames North Korea’s poverty in terms of its political system, blaming its economic woes on the inefficiencies of the socialist system. However, it could be argued that at the core of the poverty are the long-drawn US economic strangulation policies targeting Pyongyang.<sup>75</sup> Kim’s ‘sunshine policy’, on the other hand, was centred on the concept that North Korea’s threats arose from insecurity. Abandoned by its old patrons, economically weak and politically isolated, North Korea saw the pursuit of nuclear weapons as the only path to security and survival. The policy of engagement was designed to reduce this insecurity.<sup>76</sup> In January 2009, Kim Dae-jung suggested that President Obama pursue a ‘wholesale package deal’ with North Korea, advocating that such an approach would be more effective when negotiating with a country run by one man. He said the US should assure North Korea of its security and integration into the world economy and promise normalisation of US-North Korea diplomatic ties. In return, Washington should secure Pyongyang’s agreement on denuclearisation. Referring to the 2000 and 2007 summit declarations, Kim suggested to Lee that it is the obligation of every president to carry out official international agreements, saying that inter-Korean dialogue cannot be revived without respecting them.<sup>77</sup>

President Lee, however, proposed in 2009 a ‘grand bargain’ stipulating that North Korea should first dismantle its nuclear programme under the six-party talks process before gaining security guarantees and international assistance. When Lee first mooted the plan, it failed to get a favourable response. The *Korean Central News Agency* in North Korea used terms like ‘an absurd dream’ and ‘nothing but harmful’ in its references to the plan. Also, Lee’s intention to push for support for the plan at the second trilateral meeting with China and Japan in Beijing was blocked by China’s argument that the two Koreas should engage in dialogue first. Within South Korea, former foreign minister Song Min-soon, called the plan a ‘grand illusion’ and a couple of Grand National Party (GNP) lawmakers termed it

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<sup>73</sup> Hazel Smith, *Hungry for Peace*, p. 39.

<sup>74</sup> Han Sung-Joo, ‘A Tale of Two Triangles’.

<sup>75</sup> Stephen Gowans, ‘What Drives Washington to Crush North Korea’, Global Research, 14 December 2004. <http://www.globalresearch.ca/index.php?context=va&aid=309> (accessed 21 October 2009)

<sup>76</sup> Michael Whitty, Suk Hi Kim and Trevor Crick, ‘The Effectiveness of Economic Sanctions against North Korea’, in Suk Hi Kim and Semoon Chang (eds) *Economic Sanctions against a Nuclear North Korea*, pp. 89–90.

<sup>77</sup> ‘DJ Proposes “Wholesale Package Deal” for Denuclearization of North Korea’, *The Korea Times*, 15 January 2009. [http://www.koreatimes.co.kr/www/news/nation/2009/01/116\\_37936.html](http://www.koreatimes.co.kr/www/news/nation/2009/01/116_37936.html) (accessed 4 November 2009).

'unrealistic'.<sup>78</sup>

However, President Obama gave formal support to this take-it-or-leave-it approach on Pyongyang's denuclearisation, which he calls a 'package solution', at the Lee-Obama summit in Seoul in November 2009. Commenting on this a *Korea Times* editorial says:

One can hardly be sure whether a leader with extraordinary intelligence like Obama really thinks the numerous stop-and-go processes of nuclear talks were due entirely to North Korean recalcitrance and, even if so, the current either-or-not approach would make any difference in the recalcitrant regime's strategy.<sup>79</sup>

From the above, it seems clear that the engagement track as exemplified by the 'sunshine policy' is more likely to pave the way for inter-Korean reconciliation and lead to peaceful reunification. North Korea has repeatedly said it 'would still do its best to keep the June 15 era of reunification going.' President Lee's policy on North Korea, on the other hand, is unlikely to work if it continues to insist on 'denuclearization first' and if it presupposes 'opening'.<sup>80</sup> Since it is hard to make a clear distinction between humanitarian and strategic issues, President Lee's policy means that the amount of humanitarian aid could be reduced unless there is progress in denuclearisation. Kim Sung-han says suspension of South Korean aid has not only made North Korea more dependent on the international community for aid and resolution of its problems, but it has also increased its vulnerability, and this is what the Lee government is trying to cash in on.<sup>81</sup>

In his last diary made public on 21 August 2009, Kim Dae-jung expressed his rage against the unilateral behaviour of the Lee administration, and shared his concern over the extent to which inter-Korean relations is in crisis.<sup>82</sup> Critics say that besides waiting for Washington to solve the nuclear crisis, Seoul under the Lee administration has no realistic goals of its own. Fears have also been expressed that by stopping implementation of the 2000 and 2007 inter-Korean summit declarations, Seoul has wasted the US\$10 billion investment made for improvement of inter-Korean relations over the decade of the Kim-Roh liberal governments.

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<sup>78</sup> Oh Tae-gyu, 'The "Grand Bargain" and Disaster Diplomacy', *The Hankyoreh*, 13 October 2009. [http://english.hani.co.kr/arti/english\\_edition/e\\_opinion/381605.html](http://english.hani.co.kr/arti/english_edition/e_opinion/381605.html)

<sup>79</sup> 'Where the Beef? Korea-US Summit Even More Disappointing than Expected', *The Korea Times*, 19 November 2009. [http://www.koreatimes.co.kr/www/news/opinion/2009/11/137\\_55775.html](http://www.koreatimes.co.kr/www/news/opinion/2009/11/137_55775.html) (accessed 20 November 2009).

<sup>80</sup> Tong Kim, 'Rhetoric and Tension', *The Korea Times*, 4 June 2008. [http://www.koreatimes.co.kr/www/news/opinion/2009/10/167\\_22009.html](http://www.koreatimes.co.kr/www/news/opinion/2009/10/167_22009.html) (accessed 4 November 2009).

<sup>81</sup> Interview with Professor Kim Sung-han, Director of the Ilmin International Relations Institute (IIRI), Korea University, December 2009.

<sup>82</sup> 'Kim Dae-jung's Last Diary Issues Public Warning regarding Lee Administration', *The Hankyoreh*, 22 August 2009. [http://www.hani.co.kr/arti/english\\_edition/e\\_national/372539.html](http://www.hani.co.kr/arti/english_edition/e_national/372539.html) (accessed 4 November 2009).



## China-North Korea relations

Researcher John Park said in a recent seminar that China had offered North Korea a 'grand bargain' of its own, encompassing all forms of bilateral contacts and assistance: diplomatic, military, economic and commercial. In this context Prime Minister Wen Jiabao met Kim Jong-il in Pyongyang in October 2009, the first Chinese premier to do so in 18 years. China has concluded that the nuclear issue will remain for some considerable time to come, and so stability has to take a leading role in the short to medium term.<sup>83</sup> 'The deals they signed are aimed at ensuring stability in North Korea even after Kim Jong-il is gone. China effectively announced that it did not agree with the US and South Korea on sanctions against North Korea,' said Han Suk-hee, a Chinese-North Korean relations expert at Seoul's Yonsei University.<sup>84</sup>

The North depends on China for 87 per cent of its oil consumption, 80 per cent of its consumer goods, half of the entire food grain its population needs and 80 per cent of all foreign direct investment. A continued freeze could lead to an asymmetrical expansion of China's economic involvement in the North and it grabbing large chunks of North Korean resources.<sup>85</sup> This had led to the South Korean fear that North Korea may eventually be economically subjugated to China.<sup>86</sup> In addition, North Korean foreign trade with China also offsets a great deal of the pressure applied by US sanctions.

In a related development, top military officials of North Korea and China pledged to strengthen their countries' alliance, one 'sealed in blood'<sup>87</sup>, referring to the sacrifices made by the Chinese during the Korean War. By highlighting such sacrifices following the 29 November 2009 Lee-Obama summit in Seoul which called for the principle of 'free democracy' to be a consideration in any Korean reunification and amidst the frequent talk of North Korean regime collapse, Beijing and Pyongyang have in fact pledged unity to thwart any such designs of Washington and Seoul. This clearly shows that any one-sided attempt supported either by the US or China to reunify Korea would result in a confrontation.

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<sup>83</sup> Chris Green and Bona Kim, 'China Following Twin Track Policy', *Daily NK*, 4 November 2009. <http://www.dailynk.com/english/read.php?cataId=nk00100&num=5618> (accessed 11 November 2009).

<sup>84</sup> Choe Sang-Hun, 'China Aims to Steady North Korea', *The New York Times*, 6 October 2009. <http://www.nytimes.com/2009/10/07/world/asia/07korea.html> (accessed 8 October 2009).

<sup>85</sup> Park Byung-Kwang, 'China-North Korea Economic Relations during the Hu Jintao Era', *Korea Focus*, Vol. 3 (Autumn), 2009, pp. 97–98.

<sup>86</sup> *Ibid.*, p. 89.

<sup>87</sup> Kim Hyun, 'North Korea, China Vow to Further Military Alliance "Sealed in Blood"', *Yonhap*, 23 November 2009.

<http://english.yonhapnews.co.kr/northkorea/2009/11/23/78/0401000000AEN20091123000600315F.HTML>

## Paving the Way for Reunification

It is time for both Koreas to find common ground and launch a fully-fledged political dialogue and campaign for reunification. Seoul should announce full compliance with the two summit declarations; and Pyongyang should commit to denuclearisation, but as a move toward achieving reunification, and not just for food and oil.

The governments in the two countries will have to show maturity by launching their own reunification plans, with bargaining based on the chips currently held by each side. Other regional powers should be positioned as facilitators and guarantors. If, for example, the dismantling of the nuclear programme could be used as a bargaining chip for facilitating reunification, it should be regarded as an asset rather than a burden. This will also wash the tag of 'poor country' off North Korea. Efforts could be made to convert these facilities to serve civilian purposes to meet the energy needs of a unified Korea.

Also, the role of civil society and non-governmental organisations (NGOs) would be important, as they are able to help bring about cohesion among Koreans from both sides through awareness campaigns. South Korean NGOs can play a lead role in the distribution of humanitarian aid and enhancement of socio-cultural relations between the two peoples. NGOs could also assist to allay the security fears of people in North Korea should their government start dismantling its nuclear programme.

A scenario of unification by consensus would require that the two Koreas first initiate the politics of regional reconciliation with changes at home and then start the functional peace process by discussing areas on which they can readily reach agreement. The logic behind the Kaeseong Industrial Zone (KIZ) and Kumgang tourism projects was to enhance inter-dependence between the two countries and integration of their peoples with a view to achieving reunification.<sup>88</sup>

At KIZ, operations began in 2004 and by end June 2009, 109 factories were operating with about 40,000 North Korean workers and 1,000 South Korean staff working side by side for the first time in 60 years.<sup>89</sup> The Kaeseong City Tours project is another feature of inter-Korean relations. From December 2007, about 300 South Korean tourists have been allowed to visit Kaeseong daily.<sup>90</sup> When relations were strained after a North Korean soldier killed a South Korean tourist in 2008, exchanges led by the private sector continued to show steady growth. The number of cross-border travellers in 2008 was 186,775 and volume of trade between the two Koreas was US\$1.82 billion, a 17.3 per cent and 1.2 per cent increase respectively compared to 2007.<sup>91</sup> The Kumgang tourism project started on

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<sup>88</sup> Samuel S. Kim, 'The Mirage of a United Korea'.

<sup>89</sup> 'Exchanges and Cooperation', Ministry of Unification, South Korea.

[http://unikorea.go.kr/eng/default.jsp?pgname=AFFexchanges\\_gaeseong](http://unikorea.go.kr/eng/default.jsp?pgname=AFFexchanges_gaeseong)

<sup>90</sup> Andrei Lankov, 'Sanctions Harden Lives of Ordinary North Koreans', *The Korea Times*, 20 August 2008.

[http://www.koreatimes.co.kr/www/news/nation/2010/01/120\\_29671.html](http://www.koreatimes.co.kr/www/news/nation/2010/01/120_29671.html)

<sup>91</sup> Evaluation of Inter-Korean Relations in 2008, Ministry of Unification, South Korea.

18 November 1998 and over time the number of tourists to the mountains increased greatly with the opening of a land passage in 2003. On 7 June 2005, the number of visitors surpassed 1 million, and by 11 July 2008 some 1.95 million people had visited the scenic spot.<sup>92</sup>

There have been many ups and downs in inter-Korean relations, but the KIZ and Kumgang tourism projects remain tangible evidence of Kim Dae-jung's North Korea policy; the majority of inter-Korean interactions are from these projects.<sup>93</sup> The clear benefits arising from these projects explain why Seoul resisted Washington's pressures to terminate both projects in 'compliance with America's interpretation of Security Council Resolution 1718 of 2006'<sup>94</sup> (then Assistant Secretary of State for East Asian and Pacific Affairs Christopher Hill said that the Kumgang tourism project was designed to give financial revenue to the North Korean authorities).<sup>95</sup> This functional approach, starting in the area of economic activities, could provide the popular pressure necessary to keep inter-Korean dialogue alive.

David C. Kang says that South Korea's immediate interests lie mainly with fostering ties and the seeds of economic change in North Korea. These offer real economic potential over the longer term, in particular the rail byway connecting Japan, South Korea, China, Russia and Europe. If there is unification or even just better relations, and South Korean companies can use cheap North Korean labour, this might actually be a plus for the South Korean economy.<sup>96</sup>

The German unification of 3 October 1990 is often cited as an example for Korean unification, and it offers some lessons for the two Koreas, especially for the North which has largely avoided reciprocity in relations. Former South Korean President Roh once said that the most feasible lesson to be drawn from the German experience is the model of 'one Germany, two states', referring to the era of cooperation that was in effect from 1972 to 1989.<sup>97</sup> Continued exchanges and cooperation between the two Germanys revived the perception of being one nation, which laid the groundwork for reunification. Before reunification, 5 million East Germans moved to West Germany, and 500,000 West Germans settled down in East Germany. Also, the Iron Curtain in Germany was far more permeable than the 38th parallel is today. Unlike in North Korea, the exchange of letters and phone calls was allowed and East Germans had access to West German media

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<http://unikorea.go.kr/eng/default.jsp?pgname=POLinrelation2008> (accessed 9 October 2009)

<sup>92</sup> 'Mt. Kumgang Tours' 11th Anniversary is Celebrated Amid Uncertainty', *The Hankyoreh*, 18 November 2009. [http://english.hani.co.kr/arti/english\\_edition/e\\_northkorea/388344.html](http://english.hani.co.kr/arti/english_edition/e_northkorea/388344.html) (accessed 19 November 2009).

<sup>93</sup> Kim Jin, 'Was Kim's Passing a Coincidence?', *JoongAng Daily*, 26 August 2009.

<http://joongangdaily.joins.com/article/view.asp?aid=2909214> (accessed 15 October 2009).

<sup>94</sup> Unanimously adopted on October 14, 2006, Resolution 1718, based on Chapter 7 of the U.N. Charter, seeks wide-ranging arms and financial sanctions on North Korea following its nuclear test.

<sup>95</sup> 'U.S. Envoy Criticizes Inter-Korean Tourism Project', *The Hankyoreh*, 17 October 2006.

[http://english.hani.co.kr/arti/english\\_edition/e\\_international/165228.html](http://english.hani.co.kr/arti/english_edition/e_international/165228.html)

<sup>96</sup> Lee Hudson Teslik, 'Kang: North Korean Trade Potential', Council on Foreign Relations (CFR), 17 December 2007. <http://www.cfr.org/publication/15056/kang.html>

<sup>97</sup> Samuel S. Kim, 'The Mirage of a United Korea'.

broadcasts, enabling them to build a consensus with the West Germans.<sup>98</sup> Beginning in the 1970s, between 1.1 million and 1.6 million East Germans visited the West each year, while 1.2 million to 3.1 million West Germans travelled in the opposite direction.

Exchange, cooperation and access are particularly needful in order to close the economic, social and cultural gap between the North and South. Since 1945, North Koreans have been living under the principle of collectivism. They would face immense difficulties in a society of intense individualism and capitalism like South Korea. It can already be seen that there is a tendency to perceive defectors from the North as minorities. Construction of facilities for refugees often faces local opposition. If this settlement process is seen from the perspective of reunification, it could be indicative of how difficult it would be to convince people in the South on reunification.<sup>99</sup> It is particularly revealing that defectors from the North suffer from psychological problems far more than do immigrant workers from other countries. Many defectors criticise South Korean society and its people for being 'closed' and 'selfish'.<sup>100</sup> Only 231 of 8,754 defectors who arrived in South Korea between 2005 and 2008 had been able to secure a regular job.<sup>101</sup>

Legal restrictions should also be relaxed or lifted. For example, currently, there are legal restrictions in South Korea that could discourage citizens from openly supporting reunification. Kim Dae-jung attempted to amend such provisions in the 1961 National Security Law, the repeal of which the North says would show the South's sincere desire for reunification.<sup>102</sup> Article 7 of the law provides for up to seven years of imprisonment for vaguely defined 'anti-state' and 'espionage' activities that 'praise' and 'benefit' North Korea. In fact both Koreas have prevented civilian contacts in the name of national security.

The process of reunification could be costly and lengthy, requiring strong commitment from both the North and South. Over the past 20 years, the equivalent of about US\$1.9 trillion, almost eight years worth of the Korean budget, has been transferred from the western part of Germany to rebuild the east. Despite this, the gross domestic product (GDP) per capita of that in the former East Germany only improved from 43 per cent of that in the west to 71 per cent. North Korea's per capita GDP is only 6 per cent of that of the South.<sup>103</sup> The economic gap between the two Koreas is far wider than that of the two Germanys before reunification. In the early 1990s, South Korea's national income was 6 to 8 times that of the North, but now the gross national income of South is 38 times that of the North and trade volume 384 times more. Worse, the disparity is widening with time. It is time for North

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<sup>98</sup> 'Lessons from German Reunification', Dong-A Ilbo, 9 November 2009.  
<http://english.donga.com/srv/service.php3?bicode=080000&biid=2009110998398> (accessed 9 November 2009)

<sup>99</sup> Koh Yu-hwan, 'A Rehearsal for National Unification', Dong-a Ilbo, 8 July 2009.

<sup>100</sup> Samuel S. Kim, 'The Mirage of a United Korea'.

<sup>101</sup> 'Economic Livelihood of Defectors in S. Korea is Poor', *The Hankyoreh*, 8 July 2009.  
[http://english.hani.co.kr/arti/english\\_edition/e\\_northkorea/364609.html](http://english.hani.co.kr/arti/english_edition/e_northkorea/364609.html)

<sup>102</sup> Selig S. Harrison, *Korean Endgame*, p. 93.

<sup>103</sup> 'Challenge of Reunification', *JoongAng Daily*, 10 November 2009.  
<http://joongangdaily.joins.com/article/view.asp?aid=2912321>

Korea to give serious thought to stabilising its people's welfare and taking steps toward peaceful reunification.<sup>104</sup>

Estimates of the cost of Korean reunification range from US\$182.7 billion to US\$2 trillion depending on assumptions concerning such factors as the timing of reunification, how reunification costs are defined, the level of development in both Koreas at the time of integration and development priorities in the North after reunification.<sup>105</sup> North Korea's ability to stabilise its economy will also greatly depend on the future role of the US. South Korean companies will be unable to export products made in North Korea to the US market and international financial institutions are not likely to support North Korean reconstruction until US economic sanctions are lifted.<sup>106</sup>

However, Goldman Sachs economist Kwon Goo-hoon says reunification may not be as costly as previously thought. The risks of reunification need to be re-evaluated, particularly after the rapid development of Vietnam and Mongolia, both of which had economies similar to North Korea's. Using previous long-term forecasts, Kwon concluded that the GDP of a united Korea would be the world's eighth largest in 2050 at US\$6 trillion, surpassing France around 2040, and Germany and Japan later that decade.<sup>107</sup> Noting that North Korea has huge mineral deposits and a population that is younger, Kwon's study suggests that the North's huge growth potential could help offset the slowing growth of South Korea, which is burdened by its limited natural resources and a fast-ageing population.

South Korea can improve the economic situation in North Korea through technical assistance and cut the unification costs through long-term investment in its infrastructure and education. However, it would be ideal if Pyongyang creates conditions to qualify for economic assistance from international sources.<sup>108</sup> The resolution of North Korea's post-colonial claims against Japan could be a source of additional financing. Tokyo paid Seoul US\$800 million in 1965 in compensation for colonial and wartime activities. Pyongyang expects a similar compensation, estimated to be around US\$20 billion. North Koreans can also demand compensation for the 'comfort women' who were pressed into sexual slavery during World War II. Reputedly, settlement figures of US\$5–8 billion have been discussed within the Japanese government.<sup>109</sup>

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<sup>104</sup> 'Lessons from German Reunification', Dong-A Ilbo.

<sup>105</sup> Selig S. Harrison, *Korean Endgame*, p. 97.

<sup>106</sup> *Ibid.*, p. 100.

<sup>107</sup> Evan Ramstad, 'Study Sees Gains in Korean Unification', *The Wall Street Journal*, 21 September 2009. [http://online.wsj.com/article/NA\\_WSJ\\_PUB:SB125353016156627479.html](http://online.wsj.com/article/NA_WSJ_PUB:SB125353016156627479.html)

<sup>108</sup> Kang Hyun-kyung and Kim Se-jeong, 'Korea Can Cut Reunification Cost', *The Korea Times*, 11 August 2009.

<sup>109</sup> Marcus Noland, 'The Economics of Korean National Reconciliation', *The Journal of East Asian Affairs*, Vol. 14 (Fall/Winter), 2000, p. 229.

## Conclusion

To revive the reunification process, South and North Korea have to commit to an era of reconciliation and move for the swift implementation of the two inter-Korean summit declarations of 2000 and 2007. Issues can be resolved by keeping within the ambit of the unification model proposed by Nobel peace laureate Kim Dae-jung. A sustained inter-Korean dialogue on issues, demands and proposals would certainly attract responses from the regional powers. This would also facilitate the shaping of the two Koreas' strategy for the future, and they will be able to gauge the sincerity of 'friendly countries'. The vested interests of the world powers would become clear; if they were serious about resolving the human rights issues in the peninsula, there is much they can do as part of the reunification drive.

The South will face two problems in rebuilding the North: stabilising consumption and increasing investment. The first can be dealt with through large transfers of humanitarian aid from international sources including the US, Japan, the European Union and the United Nations. The major priorities should be to ensure that the North Korean population is properly housed, clothed and fed, in order to prevent the mass migration of refugees south of the 38th parallel. If the unified Korea is to move quickly from being a region with a potential refugee situation and become a dynamic economic entity, then South Korea must immediately begin the process of planning and restructuring.<sup>110</sup>

To oversee peaceful unification, the Koreas can demand peacekeeping troops from the countries of their choice instead of traditional US-dominated forces. On the political front, any talk of CONPLAN/OPLAN or regime change in North Korea should immediately cease because such talk could breed mistrust and effectively stall reunification efforts. After a broad political arrangement at the governmental level – the political unification – a number of steps could be initiated in sequence.

The South could provide urgent technical support in agriculture and basic industrial fields, which could show results within a year or two in the form of availability of food and daily-use items throughout the North. The process of developing the communications network in North Korea could be launched and completed within four to five years to facilitate industrial growth in the North.

A foundation for reunification has already been laid in the shape of the Kaeseong Industrial Zone (KIZ). Taking this further, one major province of North Korea could be fully identified and developed on a fast-track basis as a tangible demonstration to North Korea of the new opportunities that could become available. The same model could eventually be replicated throughout the country. The desire to migrate for better jobs could thus be accommodated within North Korea before complete reunification. Border controls could also be gradually

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<sup>110</sup> Gifford Combs, 'The Role of International Finance in Korean Economic Reconstruction and Reunification' in Nicholas Eberstadt and Richard J. Ellings (eds) *Korea's Future and the Great Powers*, p. 232.

relaxed, with the people of the developed province who could easily stand with their southern counterparts without feeling inferior being one of the first groups to benefit from this relaxation. Exchanges among workers would allow them to come to know and assimilate each other's social and cultural norms. In fact, frequent exchanges in all fields – sports, culture, education, parliamentary leadership, etc. – could trigger enthusiasm for reunification.

In this phase, exchanges involving students and teachers will be of great importance. Teachers with rich information about every aspect of life on both sides of Korea can discuss and set the moral or ethical basis for how the two Korean nations should bear the bitterness of the past and thus gradually prepare the people for integration. Such exchanges may also infuse the spirit of consensus among the two peoples, leading to the common goal of reunification. Students and teachers may be more flexible and better able to accommodate the other side's views, so they can effectively revive the one nation spirit of the Koreans. As a humanitarian move, divided families should be reunited in the first phase of unification.

A joint North-South political commission could also be formed before reunification to make decisions and oversee the entire process. It would be ideal if the commission includes members from across the political divide and stakeholders from both countries so that a national consensus can be reached. To win the support of North Korea's key institutions and satisfy the people who have strong respect for North Korea's Kim dynasty, and thus make it a mutually acceptable and peaceful transition, the ruling Kim family or its designated officials could be given one or two permanent/honorary posts at the joint Korean decision-making council for a specified period.

One issue that any joint commission will have to face will be how to make independent decisions on vital national issues in the face of US and China ambitions in the region. A continuing theme of South Korean politics since the country's inception in 1948 has been the attempt to wrest as much independence from the US as possible. President Roh put it diplomatically in his inauguration speech: 'We will foster and develop this (US-Korea) alliance. We will see to it that the alliance matures into a more reciprocal and equitable relationship. We will also expand relations with other countries, including the traditional friends.'<sup>111</sup>

A unified Korea could strive for greater cooperation with China, with which it shares a common border. It could also strive to build better relations with Japan. If China and Japan in turn make sincere efforts at reconciliation between themselves and a peaceful unified Korea, this would lead to peace and economic progress in Northeast Asia. In addition, it could lessen their reliance on foreign forces for their security (and thus also reduce expense on security).

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<sup>111</sup> Tim Beal, *North Korea – The Struggle Against American Power*, p. 225.