

ISKS Research Series I

RETHINKING THE KOREAN PENINSULA

Arms Control, Nuclear Issues
and Economic Reformation

Young Whan Kihl
Chung - in Moon
David I. Steinberg



International Society for Korean Studies
Georgetown University - Asian Studies Center

RETHINKING THE KOREAN PENINSULA

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International Society for Korean Studies
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International Society for Korean Studies Research Series Vol.I

Published by

Committee on Politics and Law, International Society for Korean Studies (ISKS), Osaka University of Economics & Law, 6-10 Gakuonji, Yao, Osaka 581, Japan. TEL: (0279) 41-8211, FAX: (0279) 41-4665

Asian Studies, School of Foreign Service of Georgetown University
Washington, D.C. 20057, USA

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ISBN 89 - 85684 - 01 - 9

Printed and bound in the Republic of Korea
by PLAZA COMMUNICATION, DaeYaeng Bldg 5F
112 Hyengin-Dong, Jung-Gu, Seoul 100-430, KOREA
Phone: (02)253-6837~8, Fax: (02)253-6839

Preface

This book is a product of the international conference on “Rethinking the Korean Peninsula: Arms Control, Nuclear Issues, and Economic Reformation” held at the Leavey Conference Center, Georgetown University, Washington, D.C. on May 25-28, 1992. The conference was co-organized by the Asian Studies of the Georgetown University School of Foreign Service and Institute for the Study of Diplomacy and the International Society for Korean Studies (ISKS) Committee on Politics and Law, located in Osaka, Japan. The conference was financially supported by the Osaka Institute for Management and Information Sciences (OIC), Osaka, Japan.

This is the first major project undertaken by the ISKS Committee on Politics and Law, of which Young Whan Kihl is chair of the international committee and Chung In Moon is chair of the regional committee in the Americas. David I. Steinberg, distinguished professor of Korean Studies at Georgetown University, together with professors Kihl and Moon, served as co-organizers of the conference.

Our initial purpose was to undertake a series of academic symposia and conferences on “significant and salient” topics on Korean politics and law. Our specific purpose of organizing this particular conference was to provide an academic forum for political and legal analysis and policy debates of controversial issues related to the Korean peninsula and regional dynamics.

Our initial intention also was to hold such an international conference in the nation’s capital in Washington, D.C. so that not only policymakers, analysts, and scholars from the United States but also scholars and analysts from both South and North Korea could join in the debate so as to foster a consensus of opinions. In this endeavor our conference was an overall success with the exception that the invited scholars from North Korea could not make the trip at the last minute because of unforeseen conflict in schedule.

The origin and background of the conference itself stems from the response to the SSRC-ACLS Joint Committee on Korean Studies’ solicitation of a research conference proposal in December 1990. A proposal entitled “The Korean Conflict Study: Inter-Korean Relations as a ‘Protracted’

Conflict" was submitted by Young Whan Kihl, in February 1991. Although the SSRC grant did not materialize, alternative funding was sought to implement this research conference proposal. Therefore, the organizers of this conference are particularly grateful to the generous financial support provided by the OIC, especially its president Jun Hyo Kim. Chung-Dal Oh, vice president of ISKS, and Kwan-Soo Yang and Won-Kwang Paik, deputy secretary generals of ISKS, also made important contribution to the success of the conference.

In closing, the editors would like to thank each of the contributors to this volume and the participants in the conference. They also acknowledge the support of their respective universities, the Iowa State University Department of Political Science, the Georgetown University Edmund A. Walsh School of Foreign Service, and the University of Kentucky Department of Political Science. They also wish to thank Ms. Leila Hertzberg for her copyediting and other assistance of the book manuscript.

The Editors

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1

Rethinking the Korean Peninsula: An Introduction

*Young Whan Kihl, Chung - in Moon,
and David I. Steinberg*

With the passing of the Cold War era a new perspective and paradigm is needed to reflect the changing environment and times of global and regional politics surrounding the Korean Peninsula. The "Rethinking the Korean Peninsula" theme, the focus of our conference in 1992, was therefore chosen with the purpose of reinvigorating and revitalizing serious scholarly and policy analysis of the changing security role of the Korean Peninsula in this new post-Cold War era.

In planning this conference we were particularly stimulated by the timely publication of the proceedings of the conference jointly sponsored by the American Assembly of Columbia University and the Council on Foreign Relations entitled "Rethinking America's Security: Beyond Cold War to New World Order" coedited by Graham Allison and Gregory F. Treverton (New York, NY: Norton, 1992). *Final Report of the Seventy-Ninth Assembly*, which broadly outlines the challenge of rethinking America's security in the new era, has a reference to America's security role in Asia, as follows:

The U.S.-Japan security relationship and the broader American presence in Asia will remain important to the stability of the region. While the declining Soviet threat makes possible commensurate reductions in its presence, the United States, by history and geography, is the only global power not seen as a threat by nations of the region, with the single exception of North Korea. Precipitous withdrawals would be destabilizing. They would also run the risk of making Japan feel pressure to fill the vacuum--something in the interest of neither Asian stability nor the United States. (p. 545)

The subsequent analyses of Korea's security role in the new strategic environment in Asia will attempt to clarify the nature and context of the U.S.

regional role in Asia.

In the spring of 1993, as this symposium volume goes to press, there has been a refocus on the Korean Peninsula. This is a product of two converging forces. The first is North Korea's filing on 12 March 1993 of its intention to abandon the Non-Proliferation Treaty following its refusal to allow inspection of two of its suspected atomic processing sites by members of the International Atomic Energy Agency of the United Nations. This naturally raises suspicion and fears internationally that North Korea is hiding some reprocessing facilities, although there are other possible explanations as well. This issue may be brought before the Security Council during the required ninety-day period between Pyongyang's notification and the time that the withdrawal takes effect.

The second is that two new administrations that have come to power in early 1993. The new administration of Kim Young Sam in South Korea will be faced with the task of continuing negotiations with the North within the context of this new development, while in the United States the Bill Clinton administration is forced to reconsider whether a new approach to the issue of Korea is needed. In the United States, this seems especially important because of clear splits in early 1992 between U.S. diplomatic, on the one hand, and its defense and intelligence communities on the other over the immediacy of the North Korean capacity to fabricate atomic weapons--differences that do not yet seem to have been resolved.

The new Minister of Foreign Affairs under the Kim government, Professor Han Sung Joo, a close observer of negotiations with the North for many years, indicated in Washington on a trip in late March 1993 that there were a variety of 'carrots and sticks' that might be applied in negotiating with the North over these issues, and seemed to play down the immediacy of the question. One of these items may be 'team spirit,' the joint Korean-U.S. military maneuvers on the east coast of Korea that has been held annually for many years (except in 1992) and which the North Koreans characterize as atomic war games.

The resolution of all of these questions may not occur for some time, and this continuity of the problems on the Korean peninsula demonstrates that an academic and policy focus on these questions is important, and is likely to remain so for some time. Thus the publication of these papers from the conference "Rethinking the Korean Peninsula" is timely and helpful. Some of the papers have been revised to take into account new developments, and all have been edited for publication.

The significance and timeliness of the conference theme of "Rethinking the Korean Peninsula" is amply demonstrated by each of the papers presented at the conference. Of the twelve papers read at the conference, only ten are selected to be featured in the present volume. Each of the subsequent

articles contained in this volume shows that a new era is dawned in the Korean peninsula since 1990 with the passing of the Cold War. Nevertheless, the advent of the new era does not necessarily mean the end of history. It has entailed new tensions and contradictions, clouding the future of the Korean peninsula.

Manwoo Lee succinctly elucidates the intricate links between domestic political changes and the dynamics of inter-Korean relations. Lee argues that democratic transition in the South has opened new opportunities for inter-Korean rapprochement, however, such opportunities are less likely to be transformed into new catalysts improving inter-Korean relations. Internal contradictions associated with the transition pose new barriers to inter-Korean tension reduction and the Korean unification. Young-whan Kihl also echoes a cautious optimism from an external perspective. Kihl asserts that the rise of new world order is conducive to fostering peace and security on the Korean peninsula. The structure of finite deterrence deeply entrenched in the East Asian theater, however, impedes any major, immediate breakthroughs in the inter-Korean stalemate.

In analysing U.S. foreign policy on North Korea, Daryl Plunk casts a rather pessimistic outlook. The dawning of the post cold war order does not guarantee improved Pyongyang-Washington relations. There are several obstacles impeding the bilateral improvement such as deformed political system, human rights violation, and offensive military posture in the North, including the recent nuclear quagmire. An essential prerequisite for removing the barriers and improving bilateral ties is to resolve the nuclear issue and to restore trust and confidence from the international community. Otherwise, U.S.- North Korean relations might become more strained, defying the tide of new world order.

While the first three chapters illustrate that the newly emerging internal and external environments are not necessarily favorable to inter-Korean relations and the Korean unification, the subsequent three chapters present in-depth analyses of inter-Korean arms control and the role of the United States. Tong Whan Park suggests six plausible scenarios of domestic political changes on the Korean peninsula, and traces their impacts on inter-Korean confidence-building and arms control. Park concludes that arms control and disarmament are the two most likely scenarios whose future development is likely to be influenced by the dynamic interplay of domestic political changes, perceptual variables, and diplomatic prudence. In discussing an American perspective on Korean arms control, Burrus, M. Carnahan draws our attention to the Armistice Treaty of 1953, and argues that both Koreas have lots to learn from its experiences. Though limited in its effectiveness, Carnahan suggests, the Treaty offers rich insights into *modus operandi* of inter-Korean arms control, which the United States can

utilize in facilitating inter-Korean arms control negotiations.

Ronald D. McLaurin and Chung-in Moon cast the Korean arms control issue in the larger regional context. McLaurin and Moon identify the U.S., China, Russia and Japan as key regional actors, and discuss their structural, regulative, and facilitative roles in shaping inter-Korean arms control. Their findings suggest that regional actors, with the exception of the U.S., exercise limited influence on the settlement of the Korean conflict and inter-Korean arms control and that the structure of localized military threats in East Asia is likely to constrain inter-Korean arms control negotiations. Ho-Young Ahn's chapter addresses the North Korean nuclear issue by identifying three stages of negotiations, involving compliance with the safeguard agreement, the elimination of nuclear suspicion, and regional adjustment. Ahn argues that inter-Korea confidence-building and arms control are highly unlikely without resolving the second stage, namely the elimination of nuclear suspicion.

R. Robert Warne and Ducksoo Lee deal with topics related to economic reformation of North Korea. Warne observes that the North Korean economy cannot survive without profound structural reforms. Such reforms necessitate open door policy through which North Korea can have relatively easy access to foreign capital, technology, and markets. In doing so, it is imperative for North Korea to resolve the nuclear issue and to have a clear vision and commitment to structural reforms and economic opening. Lee is much more optimistic on the future of the North Korean economy. Qualified and disciplined manpower, coupled with abundant mineral resources, can turn North Korea into a successful economy. However, ideological rigidity, bureaucratic inertia, and inability to generate hard currency have placed the North Korean economy into a vicious circle, tarnishing its image as "a delinquent debtor." In order to escape from the vicious circle, North Korea should open its economy, normalize diplomatic ties with Japan and the U.S., expand trade with the South, and join multilateral financial institutions.

In sum, nine articles featured in this volume all reveal that profound transformation of the international system would not bring about any immediate breakthroughs in inter-Korean relations. The dialectics of optimism and pessimism, harmony and discord, and conflict and cooperation is likely to dictate the future course of inter-Korean relations. Thus, changes of external security environment are a necessary, but insufficient, condition for the peaceful resolution of the Korean conflict and the national unification. Domestic and perceptual barriers are formidable. This then implies the limits to ecological determinism, and urges us to rethink the future of the Korean peninsula from alternative angles.

2

Changes in South Korea and Inter-Korean Relations

Manwoo Lee

Introduction

Korea, divided as a consequence of World War II, remains one of the last divided nations. Currently, the unresolved nuclear issue threatens the credibility of the 1991-1992 inter-Korean accord on reconciliation, nonaggression, cooperation and exchange between the two Koreas. When Seoul and Washington announced at the annual Security Consultative Meeting in Seoul in October 1992 that they would restart the "Team Spirit" exercise in the spring of 1993 unless the two Koreas implement bilateral nuclear inspections by then, North Korea called off the ninth round of South-North High-Level Talks.

At the moment the prospects for Korean reunification are dim because both Koreas are in deep trouble domestically. The South is undergoing a painful and very difficult period of transition. Kim Young-Sam, who was elected president with 42 percent of the vote on December 18, 1992, faces a monumental task of curing what he calls the "Korean disease"--rampant corruption, lawlessness, and lack of authority--and creating a "new Korea." In the North the survival of the system itself, the "paradise" of Kim Il-Sung and his son, is threatened as its allies have abandoned it and its economy is nearly bankrupt.

This paper is not an exhaustive study of recent inter-Korean relations, nor is it an analysis of the most recent inter-Korean agreement. Rather, it examines South Korea's recent unification policy within the context of South Korea's internal problems--political, economic, and social--and analyzes how these problems affect debates on unification. Clearly, dramatic changes

in world politics and South Korea's democratization have profoundly affected how the government of South Korea and its people think about the unification issue. This paper focuses on a number of important issues: the relationship between democratization and the unification issue, Roh's unification formula, the impact of German unification on Korean unification, South Korea's domestic problems and politics as they affect the unification issue, South Korea's assessment of North Korea's current situation, and the recent inter-Korean agreement and the motives of the two regimes for entering into it. Finally, it considers whether the two Koreas are ready to undertake meaningful contacts and exchanges leading to eventual unification.

Democratization and the Unification Issue

Korean democracy has embarked on a remarkable odyssey, and the Korean political landscape is undergoing many changes.¹ Kim Young-Sam's victory in the December 1992 presidential election meant a great leap forward in Korean politics, symbolizing the termination of military rule and the legitimacy controversy. Unlike past regimes, which lacked a social basis, the Kim regime does not have to rely on such coercive instruments of power as the police, the National Security Planning Agency (formerly the Korean Central Intelligence Agency, or KCIA), and the Military Security Command. These institutions were ill-equipped to accept the values generally associated with democracy and unification. Though they still remain powerful today, other political actors who had been excluded from the political process now play an increasingly important role.

Korean politics is no longer completely dominated by the ruling party and the government. Other prominent political actors, such as the major opposition parties, the *jaeya* forces (made up of traditional antigovernment forces), not to mention the public at large, no longer have to worry about operating underground. Their influence on policy matters has grown significantly. The Korean government can no longer suppress, dominate, or even intimidate the people in the name of national security without good reason. Also, it cannot govern the nation effectively without taking public opinion into account. Expansion in the number of political actors has brought with it a corresponding increase in the number of views that can be aired on any given political problem.

Since Roh Tae-Woo's landmark June 29 declaration in 1987, which paved

1. See Manwoo Lee, *The Odyssey of Korean Democracy* (New York, NY: Praeger Publishers, 1990), pp. 141-144.

the way for direct election of the president, Korea's previously rigid authoritarianism has been transformed into a more loosely controlled system. Though Korean democracy faces difficult tests ahead, South Korea today is freer than ever before and the right to dissent and express opposing ideas is already taken for granted. It is in this context that South Korea's unification policy and the debates over it must be understood.

Before the advent of the Roh government(1988-1993), the public was rarely allowed to be involved in discussions about unification. Scholarly research on the issue was also discouraged. Material dealing with North Korea was restricted by the government's rigid security policy. A few government-approved scholars and bureaucrats working for the Ministry of Unification Board or the National Security Planning Agency monopolized discussion of the subject. Though these institutions still have the upper hand in matters dealing with inter-Korean relations, other voices can now be heard.

During its first year in office, the Roh government was often confronted by the *jaeya* forces (consisting of many who had opposed the regimes of Park Chung-Hee and Chun Doo-Hwan). Having gained great confidence from their success in forcing the Chun government to accept the democratic reforms in the summer of 1987, they literally forced the government to improve relations with North Korea. Thus the first major challenge the Roh government faced was the politicization of inter-Korean relations. The Roh government was under enormous pressure to put forth more accurate information about North Korea, and the public rejected the promotion of diabolical images of North Korea.

The Roh government quickly responded to this pressure by making more information about North Korea available. For the first time, the major television networks showed films about Pyongyang. Kim Il-Sung's picture appeared for the first time on magazine covers and on television screens. Today, a weekly government television series shows selected clips from North Korean television broadcasts. This is a revolutionary change, making South Koreans less afraid of North Korea. *Rodong Shinmun*, North Korea's major propaganda newspaper, which the public had never been allowed to read, can now be read in selected places. Thus, the Roh government went out of its way to sensitize itself to the shifting mood of the nation, and began to play a different game to not only stay in power but also bolster the regime's image. It appears that there is a definite correlation between democratization and the government's sudden demonstration of interest in promoting unification of the peninsula. Hence, the speed and success of democratization may very well determine the future course of unification as well as improve inter-Korean relations.

Faced with the challenge from the left, the Roh regime was desperate to

impress upon the public its sincerity about both reunification and democratization. It hurriedly devised a new policy to normalize inter-Korean relations, and Roh surprised the nation with his July 7 declaration in 1988.² In a major policy reversal, Roh declared that North Korea would no longer be regarded as an enemy and promised the possibility of exchanges between the two Koreas. He also called for South Korea's allies to cooperate and improve relations with North Korea. But most importantly, the declaration acknowledged the North Korea's efforts to be included in the international community would no longer pose a threat to the South.

Additionally, the Roh government launched its Northern Policy, aimed at establishing diplomatic and trade relations with the Soviet Union, China, and East European nations. The government asserted that participation by the Soviet Union, China, and other former Warsaw Pact nations in the 1988 Seoul Olympic Games helped dismantle East-West barriers and usher in a new era of international reconciliation and cooperation. The government was thus euphoric when the former Soviet Union and other Communist nations ended their hostile relations with South Korea. So, Roh moved very fast to improve his image and answer **jaeya's** challenge.

Roh's July 7 declaration and his Northern Policy presented him with a major dilemma. The popularity of the Northern Policy and the nation's curiosity about North Korea weakened South Korea's long-standing anti-communist creed. Many conservatives felt this endangered South Korea's national identity, if not its national security. Thus, Roh alienated the bulk of his own constituency. People who had spent their lives monitoring North Korea became ineffective as the flirtation with South Korea's northern neighbors picked up steam.

As **jaeya** forces began to play an increasingly important role as generators of policy discussion, conservative elements as well as the general public began to have second thoughts about Roh's attempts to accommodate **jaeya** wishes. Roh was shocked to learn that on the pretext of promoting reunification, radical students tried to overthrow the government and disrupt the Olympic Games. Students unsuccessfully tried to march to the North on several occasions and demanded that they be allowed to take part in North Korea's highly publicized World Youth and Student Festival held on July 1, 1989.

The South Korean government, fearing North Korea's attempt to pit South Korean students against their government, repeatedly denied the students' requests to go to the North. One of the student leaders, Lim Soo-Kyong, managed to travel to Pyongyang to participate in the North Korean festival,

2. See *South-North Dialogue in Korea* (Seoul: International Cultural Society of Korea, December 1988), pp. 7-93.

and received a rousing welcome from North Koreans. Radical students wanted to test Roh's sincerity, as expressed in his July 7 declaration, and used the unification issue to undermine the Roh government. In a sense, the student's reunification drive was a continuation of their struggle against what they called the "Roh dictatorship," i.e., an extension of the Park and Chun regimes. Thus, despite a liberal policy toward North Korea, Roh faced the same twin challenges from North Korea and his own people that bedeviled Park and Chun.

As a result, Roh was suspect in the eyes of both right and left. The left questioned his sincerity and distrusted him, while the right believed he was playing with fire. The left viewed President Roh's July declaration and Northern Policy as a propaganda offensive undertaken to improve his image, while the right saw the danger in his premature initiatives toward South Korea's northern neighbors.

As if to present the Roh government with a suitable pretext to crack down on the leftist elements and discredit the **jaeya forces**, Rev. Moon Ik-Hwan, a prominent dissident, visited North Korea without permission of the government in March 1989. Security officers stormed Moon's plane upon his return in April and arrested him. To make matters worse for the opposition and the **jaeya** forces, South Korea was stunned to learn in late June 1989 that Suh Kyung-Won, an opposition National Assembly member of Kim Dae-Jung's party, had traveled secretly to North Korea in August 1988, met with Kim Il-Sung, and even received money from North Korea. Roh's national security politics jolted both Kim Dae-Jung and his party. In early August, Kim Dae-Jung underwent a 22-hour marathon interrogation by security agents for his alleged role in Suh's clandestine trip.

In his thinking Roh divided the nation into two groups--the conservatives and the radical left. He revived the much-dreaded joint investigation agencies(**Hapsoobu**), consisting of the National Security Planning Agency, the Military Security Command, the police, and the prosecution. The government jailed prominent dissidents who tried to contact North Korea. Roh did this to satisfy hardliners within his own government and party. Again in October 1992 the South Korean government stunned the nation when it revealed a North Korean espionage network, which has penetrated deep into South Korean society. Lee Son-Shill, a high-ranking North Korean female spy, lived in Seoul for more than ten years and recruited many South Koreans to set up a chapter of the North Korean Labor Party. This incident implicated the opposition Democratic Party and Kim Dae-Jung himself and affected the outcome of the December 1992 presidential election. The radical elements in South Korea have further lost influence in politics.

Opposition parties distanced themselves from the **jaeya** forces. Nevertheless, actions of the **jaeya** forces during the early period of the Roh

government played an instrumental role in pushing his government to improve relations with North Korea. Ironically, the government borrowed many of the progressive ideas regarding unification from the **jaeya** forces.

South Korea's Unification Formula

Roh clearly gained the upper hand in the confrontation between the right and left thanks to the unauthorized visits by several dissidents to North Korea. After discrediting the **jaeya** forces, Roh was free to establish his own formula for reunification. On September 11, 1989, he outlined the Korean National Community Unification formula.³ This was to effectively counter the North's Democratic Confederal Republic of Koryo formula (the DCRK), which Kim Il-Sung introduced in October 1980.⁴

The Korean National Community (KNC) formula states, first, that any other unification plan is unacceptable unless it is based on the principles of independence, peace, and democracy. Second, it advocates the concept of a Korean commonwealth as an interim stage toward Korean unification. Third, a Council of Presidents is proposed to serve as the highest decision-making body affecting the commonwealth. It stipulates that the Council be co-chaired by the prime ministers of both Koreas and include ten cabinet-level officials from both sides to discuss inter-Korean issues. Also, several standing committees would be established to deal with:⁵

- (1) the issue of reuniting separated families;
- (2) the easing of political and military tension between the two Koreas;
- (3) the promotion of mutual interests;
- (4) the opening of both societies and promotion of inter-Korean exchanges, including trade;
- (5) the fostering of a national culture;
- (6) the establishment of a mutually beneficial economic zone;
- (7) the implementation of military confidence-building measures and arms control;
- (8) the replacement of the armistice agreement with a peace agreement.

3. See *Democratic Unification Theory* (in Korean) (Seoul : National Unification Board, 1991), pp. 70-96.

4. The DPRK formula stipulates preconditions that are unacceptable to South Korea. It calls for the elimination of fascist rule in the South, the repeal of anti-Communist and national security laws, the withdrawal of U.S. troops from South Korea, and the release of political prisoners sympathetic to North Korea.

5. Refer to *Democratic Unification Theory*.

Furthermore, the formula proposes to set up a Council of Representatives consisting of 100 legislators with equal representation for both Koreas. It would provide policy advice and recommendations to the Council of Presidents. Also, a Joint Secretariat and Resident Liaison Mission would be established to provide logistical support for the activities of the Council. Finally, the Council of Representatives would draft a constitution for a unified Korea that would be approved through democratic procedures, i.e., national referendums. General elections would then be held under this constitution to establish a unified Korean government.

In spirit and substance, President Roh's unification formula is not that different from President Park Chung-Hee's unification policy, announced on August 15, 1974. Park's plan was based on the idea of peace first and unification later. President Chun Doo-Hwan restated this formula in 1982 in his Unified Democratic Republic of Korea (UDRK), which proposed the normalization of relations between the two Koreas. The only difference is that the Roh formula accentuates the importance of the process of unification through stages.

Under Roh's plan the first stage of unification would involve exchanges and visits between the two Koreas in order to unify separated families. This stage could be called "one people, two nations" or "two governments and two systems." The second stage would involve a kind of loose federation combining both governments that could deal with military, diplomatic, and trade matters. This stage could be termed "one people, one government, two systems." The final stage would see the dissolving of differences between the two different social and economic systems and the realization of "one people, one government, one system." Of course, Roh's formula needs to be explained more, but his formula was clearly intended to counter Kim Il-Sung's unification policy.

Impact of German Unification

In 1990, South Koreans watched hopefully as West Germany absorbed East Germany, thinking that perhaps the two Koreas would also be soon unified. Initially, many South Koreans wanted to believe that the Korean case was similar to that of Germany, and that South Korea could somehow absorb North Korea. This "German syndrome" did not last long though. Through public discussions at numerous seminars and symposiums dealing with the unification issue, South Koreans began to assess similarities and differences in the German and Korean cases.

For example, an international symposium consisting of both German and Korean scholars was held in Seoul in November 1990 to compare German

unification with the Korean case.⁶ It revealed that there were more differences than similarities between the two cases.⁷ First, East Germany and other East European regimes were completely dependent on the Soviet Union, and collapsed when the former USSR abandoned them. Obviously, Asian Communist nations--especially China and North Korea--are much different in that nationalism played a bigger role in their establishment. North Korea has been able to hold out against the forces of glasnost and perestroika because it does not depend on a superpower patron for its existence, as East Germany did. East Germany tumbled into reunification "because there was nothing--neither a viable dictatorship nor a separate nationhood nor a decent economy--to stave off collapse."⁸

Second, East European nations, including the most oppressive country, Romania, were exposed to Western newspapers and radio. They were allowed to travel and meet foreign tourists, and so they knew what was going on outside their countries; this is not so in North Korea. In 1989 alone there were exchanges and visits of more than ten million people between the two German states. Article 16 of chapter three of the inter-Korean accords, signed in December 1991, deals with exchanges and cooperation in various fields. It is one of the biggest concerns for North Korea. Hence, it will try to avoid giving practical effect to the provision and will not allow massive exchanges of people between the two Koreas. In the case of Germany the implementation of such a provision was one of the major factors leading to unification. Undoubtedly, the North Korean leadership believes that East Germany made a major mistake in allowing such exchanges and visits.

Third, it is not clear whether South Korea can manage the consequences of a possible North Korean collapse. South Koreans are frightened of the prospect of massive movements of people, uncontrollable demands for economic aid, as well as the legal, administrative, and political problems of absorbing a large and economically backward nation like North Korea. South Korea's fear of losing control of the situation once the unification process starts is real.

Sobered by the staggering costs of German unification, the deep domestic problems of South Korea, and the serious economic problems of North Korea, the Roh regime had second thoughts about hasty unification. Talk of unification by absorption suddenly disappeared, and obvious fear of quick unification surfaced in public discussions.

The Korea Development Institute(KDI) and other government agencies

6. See *Comparative Analysis of German Unification and the Korean Case* (Seoul: International Cultural Society of Korea, 1991).

7. See also Sung-Chul Yang and Sung-jo Park, *German Unification and the Korean Division* (in Korean), (Seoul: The Institute for Far Eastern Studies, Kyungnam University, 1991).

8. *Comparative Analysis of German Unification and the Korean Case*, p. 70.

working on the costs of unification by absorption estimate that if South Korea adopts the German formula of absorption to even out the two economies of North and South Korea, it would cost more than \$250 billion.⁹ South Koreans see the danger of unemployment, bankruptcies, rising taxes, and the prospect of one or two million refugees as costs to be borne by Seoul alone. Thus, unification has become less a matter of moral imperative than a practical problem, i.e., the economics of unification, and South Koreans have begun to talk more about taking care of their internal problems and gaining greater confidence at home before applying the South Korean system to the North.

The “Korean Disease”: South Korea’s Domestic Problems

South Koreans have become extremely critical of themselves. Perhaps this is a healthy sign, showing their awareness of what is wrong with their country. There is also a significant gap between foreign and domestic perceptions of Korea. Edwin J. Feulner Jr, president of the Heritage Foundation, recently called South Korea “Asia’s beacon of freedom.”¹⁰ On January 6, 1992, U.S. President George Bush told the Korean National Assembly that “South Korea is at peace, free, and prosperous.”¹¹ In reality, though, South Koreans are increasingly apprehensive about their domestic political, economic, and social troubles. As a result, they are not only losing confidence but doubt their ability to join the ranks of the advanced nations.

The Roh government was adversely affected by a number of problems, including pervasive political distrust between political leaders and the people, regional antipathy between the Honam and Youngnam regions,¹² the breakdown of social and ethical norms in society, class conflict, and a sagging economy. These domestic problems raise questions about whether South Korea is indeed ready to absorb North Korea if it ever collapsed.

Roh’s leadership was often questioned by the public and he was sometimes portrayed as incompetent. It is possible that Roh was harshly criticized because people were able to question his leadership more freely than under the repressive Fifth Republic. The Roh government allowed freedom of speech and press in an unprecedented way, and as a result, the number of publications, often very critical of the government’s performance, sharply

9. *Korea Times*, August 17, 1991.

10. *Korea Herald*, February 25, 1992.

11. *Korea Herald*, January 7, 1992.

12. The Honam region consists of north and south Cholla provinces: Kwangju is located in south Cholla. The Youngnam region includes south and north Kyungsang provinces. See also note 21.

increased. This gave the impression that more problems existed under Roh than under the previous regime. The following is a brief discussion of some of the domestic problems South Koreans most often complain about.

Uncontrolled Growth of Seoul: South Korea's population is about forty-four million, and Seoul and its vicinity constitute 41.5 percent of the national population, one of the most densely populated places in the world. While South Korea's rural areas are practically deserted, Seoul faces enormous housing shortages and skyrocketing housing costs (often five to ten times higher than in the United States), daily traffic jams, serious air pollution, shocking crimes, disorderly conduct of many people, and unsanitary public and private facilities--all of which disturb many Seoulites.

In recent months, South Korea's major television networks--MBC and KBS--carried a series of programs showing how nasty, temperamental, and selfish Koreans have become in recent years. The vast majority of the people living in Seoul are rural people with pre-modern habits and parochial behavioral patterns lacking a sense of public responsibility and concern. These attitudes are often incompatible with a larger, modern society. Seoul's traffic conditions are so bad that some people think of it as a potential national security nightmare. Most people in Seoul are more concerned about their own problems than about unification at this time.

Problems of Unearned Income: The Roh regime was criticized heavily for its inability to deal effectively with problems of unearned income. It inadvertently encouraged land speculation by promising to build a large number of apartment units. During the Roh administration, land prices increased four to five times. Though the government tried to curb land speculation by placing a tax on unused land and promising to lower land prices by thirty percent within a year or two, land prices still remain extremely high.¹³

The problem of unearned income has caused a number of social ills, such as a declining work ethic, frequent labor disputes, and a tendency to shy away from dirty, dangerous, or difficult jobs (known as "3-Ds").¹⁴ Above all, a widening economic gap is causing rising enmity between the rich and the poor. One source indicates that 67.3 percent of private land is owned by only 540,000 people, or five percent of the nation's total landowners. This five percent garnered an unearned profit of some 800 trillion won (\$1 trillion), due to land price increases, since the beginning of the Sixth Republic.¹⁵ The total wages earned by Korea's ten million workers during the past four years pale in comparison. This phenomenon has seriously

13. *Korea Times*, January 1, 1992. *Christian Science Monitor*, December 18, 1991.

14. *Ibid.*

15. *Ibid.*

undermined the morale of the working people and has destroyed the incentive to work hard.

Conspicuous Consumption and Declining Economy: 1991 was the most disastrous year for the Korean economy in recent years. The nine percent growth of the GNP was mainly due to domestic consumption, rather than investment and merchandise exports. The consumption spree touched off brisk imports. *Newsweek* ran an article, "Too Rich, Too Soon," pointing out that Koreans are living beyond their means.¹⁶

South Korea's economy is mired in a "one-two-three" economy, the "three highs," and the "four shortages."¹⁷ One means a single-digit figure of growth; two, double-digit inflation; and three, a triple-digit trade deficit. In 1991, the trade deficit was nearly \$10 billion, a negative mirror image of the \$10 billion surplus in 1988. The three highs refer to high wages, high interest rates, and high exchange rates between the Korean won and foreign currencies. The four shortages include manpower, funds, technology, and social infrastructure. These have been responsible for soaring prices, sagging exports, growing balance of payment deficits, and stock market doldrums. The effects of all these will have far-reaching implications in terms of sustaining South Korea's fragile democracy and achieving unification.

Crime: Under the Sixth Republic, freedom has increased and overt repression diminished. At the same time, law and order has broken down in almost every sector of society. The Roh government declared a war against criminals in October 1990. But kidnapping, robbery, theft, and violence of all kinds continue to horrify the people. In December 1990, it was reported that at a drinking party there were gangsters, politicians, army security officers, judges, and prosecutors--a cozy relationship of criminals and the public officials who are supposed to protect society.¹⁸ This was so shocking that the Korean public lost confidence in public authority.

Corruption: Corruption is nothing new in Korean society, but the Roh regime suffered revelations of its increase.¹⁹ In 1991, several scandals involving the purchase of university admissions for large sums of money erupted in succession. Just two weeks before the inauguration of the Kim Young-Sam government, even bigger admissions scandals involving many universities rocked the nation. In 1991, the Roh administration was hit by the Suso land scandal, in which a construction company spent \$42 million

16. *Newsweek*, November 11, 1991.

17. *Korea Times*, December 24, 1991.

18. *Dong-A Ilbo*, December 4, 1990. *New York Times*, December 18, 1990.

19. See *Dong-A Ilbo*, February 12, 15, 16, 21, 1991. *Hankuk Ilbo*, February 13, 19, 22, 1991.

on bribes. The scandal implicated the presidential office, the ruling and opposition parties, the National Assembly, and the Seoul City Hall in illegal housing construction. In 1992 the awarding of a multi-billion-won business venture to a relative of Roh created severe friction between Roh and Kim Young-Sam. Opposition parties waged an advertisement war in the media to draw voter attention to this matter accusing the Roh government of using large-scale public projects like the mobile phone business, the consortium of an international airport, and a high speed railway project to collect political funds. Consequently, the government was forced to rescind its decisions.

Korea's political, business, judiciary, mass media, and educational sectors are considered to be extremely corrupt. The problem of corruption in Korea is serious enough to warrant a warning that the moral fabric of Korean society is on the verge of disintegration. This is what President Kim meant by the "Korean Disease," which he promised to cure during the 1992 presidential election. In every sector of society, people are habitually infected by bribegiving and taking. It is widely known that reporters and editorial staff of the print media receive money known as "**chonji**" from politicians on a regular basis, the amount ranging from several hundred dollars to several thousand dollars. In November 1991, the *Hangyore Shinmun*, the only newspaper that the public believes is free of "**chonji**" charges, ran a series of articles graphically explaining the extent of corruption among Korean reporters and editors.²⁰

The 1987 presidential election, the 1988 National Assembly elections, the March and June local elections of 1991, the general elections in March 1992, and the 1992 presidential election were all tainted with "dirty" political money. Public support for the ruling and opposition parties has always remained very low. Recently, the retired chairman of the Hyundai Group, Chung Ju-Yung, who founded his own political party, the United National Party(UNP), revealed that he gave Roh some \$40 million. On January 10, 1992, during his New Year's press conference, Roh himself admitted that he had received money from businessmen. Several days later the opposition leader, Kim Dae-Jung, now retired from politics, also admitted that he had received money from businessmen. These "scandals" seriously impair the ability of Korean political leaders to govern effectively.

Politics Under the Sixth Republic

As soon as Roh was sworn in as president of the Sixth Republic, political battles over parliamentary elections erupted, testing the leadership of Roh

20. See *Hangyore Shinmun*, November 7-14, 1991.

and the three Kims. The results of the April 1988 general elections were totally unexpected since they produced **yeo-so ya-dae**—a ruling minority and combined opposition majority. This was a new phenomenon in Korean politics. The April elections showed that all four parties in effect had become regional parties, i.e., the Honam party (Kim Dae-Jung's Party for Peace and Democracy, 1987-1991), the Taegu party (President Roh's Democratic Justice Party, 1980-1990), the Pusan Party (Kim Young-Sam's Reunification Democratic Party, 1987-1990), and the Chungchung party (Kim Jong-Pil's New Democratic Republican Party, 1987-1990).²¹

With no majority in the National Assembly, the Roh regime had difficulty coping with political problems. In November and December 1988, the nation was consumed with the frustrating investigation of President Chun's abuse of power and the Kwangju massacre. As a result, Chun was internally exiled and this created a deep rift between Roh and his mentor, Chun.

In early 1989, the nation was rocked by the issue of whether to hold a plebiscite on Roh's performance. Warning that such a plebiscite could result in a repetition of the confusion and violence of 1987 and 1988, he canceled it altogether. The **jaeya** forces accused President Roh of deceiving the people. The two opposition leaders, the two Kims, however, accepted President Roh's decision, fearing that Korean democracy was too fragile to withstand another tumultuous political campaign. Also, the two Kims were not sure whether they could defeat President Roh if a referendum were held.

The Korean public in general rated Roh's performance negatively, largely because of his inability to resolve difficult national problems. In addition to his failure to satisfactorily resolve the issue of liquidating the legacies of the Fifth Republic and the Kwangju probe, the public was impatient and frustrated over labor unrest, the deteriorating national economy, and crime. Roh blamed all these problems on the fact that the ruling party was a minority and the combined opposition had a majority.

Then, on January 22, 1990, an unprecedented event in Korean politics occurred. President Roh, Kim Young-Sam, and Kim Jong-Pil announced that their parties would merge into a grand conservative majority party. This merge was ostensibly to end a two-year political deadlock caused by the entrenchment of the major parties in their four regional bases. Thus, South Korea's political landscape changed overnight and the political scales tipped sharply. Risking his reputation, Kim Young-Sam joined with his past enemies and became part of the establishment, hoping to succeed President Roh after

21. Taegu is the 'largest city in north Kyungsang province from which Presidents Park Chung-Hee, Chun Doo-Hwan, and Roh Tae-Woo hail. Pusan is the largest city in south Kyungsang province, the power base of Kim Young-Sam. The Honam region identifies with Kim Dae-Jung. Kim Jong-Pil, one of the principal architects of the successful military coup in 1961, is identified with south and north Chungchung provinces.

he stepped down in 1993. This was a great surprise to the nation. Kim Dae-Jung called the new alignment a kind of "coup against democracy."²²

The new mega-party was rocked by major intra-party squabbles within a few weeks of its establishment. Consisting of incongruous groups with different intentions and ambitions, this new party, the Democratic Liberal Party (DLP), had difficulty operating smoothly. In April 1990, Park Chul-Un, President Roh's relative and close confidant who had ambitions to succeed Roh, openly threatened to end Kim Young-Sam's political career. The angry Kim exploded and demanded Park's resignation. The ensuing controversy threatened the very existence of the new party.

In October 1990 another major crisis occurred, this time over a constitutional amendment put forth by Roh's faction of the ruling party. Kim Young-Sam, seriously considering quitting the party, refused to carry out his duty as the executive chairman of the DLP for ten days. Until May 1992 the nation was engrossed in speculation as to whether President Roh would pick Kim Young-Sam as his successor. In offices, shops, living rooms, tea rooms, and coffee houses, people were engaged in futile discussions regarding the politics of succession. The issue had become a national obsession.

The stark reality of Korean politics was that one powerful region dominated all aspects of national life. At least this seemed to be the perception of the people. This dominant group was known as the TK (Taegu, Kyungsangbukdo) group, an acronym for Roh's home town, Taegu, in north Kyungsang province, which was synonymous with power and wealth. This group, though by no means cohesive, was perceived to dominate high-level government positions as well as key posts in financial and business circles and the military.

The president (Roh), the chairman of the National Assembly, the head of the National Security Planning Agency, the controversial Park Chul-Un, and a host of other important political, bureaucratic, and military people were TKs. This group had been extremely hostile to the two Kims, even though one of them joined the establishment. TKs were divided into two groups--the old and the new. The former believed it could continue to wield power by making Kim Young-Sam the next president. The latter feared that Kim Young-Sam's presidency could mean the end of their privileged position since the military coup of 1961. Also, there was the so-called SK group--Seoul and Kyungki province--seeking to end the TK domination and prevent Kim Young-Sam from becoming president. Lee Chong-Chan, representing the SK group and proclaiming himself to be the leader of the new generation, unsuccessfully challenged Kim Young-Sam in the presidential nomination race.

22. *Hankuk Ilbo*, January 23, 1990.

Under Presidents Park, Chun, and Roh, regionalism became an important factor in the choice of personnel in the ruling elite. Roh, as of December 1991, had appointed eighty-six cabinet members, their terms in office lasting about eleven to thirteen months. Only 12 percent came from the Honam region. Six of the eight who headed the Prosecution, the National Security Planning Agency, and the National Tax Administration—offices most feared by the people—came from the TK region. A Gallup survey showed that nearly 90 percent of the people saw regional animosity as one of the most serious problems.²³ Some Koreans worry that South Korea, badly divided regionally, may not be able to withstand the vortex of national unification.

In 1992 Korean “politics as usual” was volatile and unpredictable. The division within the ruling Democratic Liberal Party(DLP), compounded by the threat of defection by some DLP members, the uneasy relation between Roh and Kim Young-Sam due to Kim’s need to distance himself from Roh, the confrontational politics of the two Kims—Kim Young-Sam and Kim Dae-Jung--symbolizing the severe regional antagonism of the Honam and Yeungnam regions, the emergence of Chung Ju-Yung, a business tycoon, as a possible spoiler for Kim Young-Sam’s candidacy, and an attempt by the opponents of the two Kims to enlist a national candidate to end the era of the Kims all added to the drama of Korean presidential politics.

In the end, eight candidates were in the race to succeed Roh. During a campaign no longer dominated by the issue of democracy or military rule but by apprehension about Korea’s sagging economy and social disorder, the fight was mainly between the two Kims. During the 1987 presidential election, the opposition was so hopelessly divided that Roh defeated both Kims. This time the ruling DLP under Kim Young-Sam was so badly divided that some people really believed that a genuine change of government was possible. But that did not happen. The division, power struggle, and instability within the DLP, did not result in the disintegration of the ruling party and its leadership. Rather, the DLP’s political disorder was transformed into an instrument for electoral reforms for Kim Young-Sam, resulting in a series of political reforms such as introducing a presidential nomination contest, instituting a neutral cabinet to manage a fair election, and making it illegal for government bureaucrats to influence elections. As a result, the December 1992 presidential election was the cleanest and fairest one since the founding of the Republic in 1948. None of the contenders had a military background. The conservative Korean voters chose stability over drastic reforms. Kim Young-Sam, whose main campaign theme was “reform amidst stability”, defeated Kim Dae-Jung and Chung Ju-Yung.

Though South Koreans are generally satisfied with the election of Kim

23. *Korea Times*, November 24, 1991. *Chosun Ilbo*, November 23, 1991.

Young-Sam as the first legitimate civilian president since 1961, serious and difficult tests for Korean democracy lie ahead. These include the elimination of corruption, the severe problem of a sagging economy, the first local election contests for mayors and governors, the possibility of a constitutional revision battle calling for a parliamentary system, the viability of the opposition parties now that Kim Dae-Jung and Chung Ju-Yung retired from politics, and the possibility of renewed factionalism in the ruling DLP--all of which will affect South Korea's ability to deal with the unification issue.

Assessment of the North Korean Situation

If South Koreans have a generally bleak view of their own situation, their assessment of North Korea is even bleaker. South Korea thrives because of the realization that it is relatively better off than the North.

South Koreans as a whole believe that a number of factors have steered Pyongyang toward finding ways to preserve its system rather than scheming to communize the whole peninsula. These include the disintegration of the Soviet Union, Romania's tragedy, China's positive attitude toward South Korea, the impact of the Gulf war, South Korea's relative strength, and America's efforts to mobilize world public opinion against North Korea's nuclear program. South Koreans also know that North Korea's independence, despite its *juche* rhetoric, has always been compromised by its dependence on the former Soviet Union for oil and other necessities. Kim Il-Sung's trip to China in October 1991 was viewed in the South as a desperate attempt to seek financial and material aid to compensate for the cutoff of aid from the dying Soviet Union.²⁴

Clearly, North Korea faces a systemic crisis. High-ranking officials in the North are finding out about the outside world through "Secret Communications," which circulate among the party cadres. They watch South Korean television, read South Korean newspapers, and even talk about the possibility of reforms after the Great Leader dies.²⁵

South Koreans are told that North Korea's economy is in shambles, its GNP being about one-tenth of South Korea's \$238 billion. It is reported that North Koreans have frequently broken into state-run warehouses, and chronic crop failures have resulted in serious hunger.²⁶

North Korea's military spending is a drag on its economy, accounting for roughly 21.4 percent of its GNP, compared with 4.5 percent in the South.

24. *Korea Times*, October 15, 1991.

25. *Chosun Ilbo*, June 13, 1991.

26. *Korea Times*, November 8, 16, 1991.

North Korea has persistently demanded the discontinuation of the joint U.S.-ROK Team Spirit military exercises because it has to respond by placing its military on alert, wasting expensive fuel and valuable manpower. Also, the North Korean system cannot function unless the whole population is constantly mobilized to defend the Kim dynasty and its cult. North Korea's regime maintenance costs are extremely high. For example, it spent lavishly on giant monuments and other unproductive investments mainly designed to glorify itself. The 1989 World Youth and Students Festival cost \$4.7 billion or the equivalent of 23 percent of the GNP.²⁷

North Korea has also launched massive propaganda efforts to counter the effects of the rapid changes in the former Soviet Union and other socialist nations. To preserve its system, North Korea must first discard the myth of a lifelong struggle against Japanese imperialism because it has now turned to Japan for help—a sign of real desperation. Also, the survival imperative has compelled the North to join hands with the South to deal with its economic troubles. Inter-Korean trade has risen nearly twenty-fold since October 1988; by the end of 1991 it amounted to over \$100 million.²⁸ Kim Il-Sung received Kim Woo-Choong, chairman of Daewoo Business Group, in January 1992, and earlier he had even met with perhaps the most anti-communist religious leader and business tycoon, Rev. Moon Sun-Myung of the Unification Church. North Korean Vice-Premier Kim Dal-Hyun spent a week touring South Korea in July 1992. North Korea is serious about its plans for a free trade zone in the Tuman River area, soliciting Seoul's participation.

Thus, it is obvious to South Koreans that North Korea is trying to avoid collapse by slowly normalizing relations with previous enemies—South Korea, Japan, and the United States—while avoiding the danger of overexposing its people to the outside world.

The Inter-Korean Accord and Its Motives

On December 10, 1991, North Korean Prime Minister Yon Hyung-Muk arrived in Seoul for high-level talks, hoping to rescue his troubled Communist dynasty. Manipulating the nuclear card and taking advantage of the Roh government's eagerness to improve relations with the North, he succeeded in taking back with him a historic accord on reconciliation, nonaggression, cooperation, and exchanges between the two Koreas.²⁹

South Korea took a huge risk in that it endorsed the accord without

27. *Asian Wall Street Journal*, January 9, 1991.

28. *Korea Herald*, December 14, 1991.

29. See full text containing twenty-five articles in *Korea Herald*, February 20, 1992.

resolving the potentially most dangerous issue, i.e., Pyongyang's nuclear program. The Roh government heavily invested its energy in seeking a meaningful breakthrough in inter-Korean relations. Facing enormous domestic problems, the Roh government had to demonstrate at least one substantial accomplishment--improvement in North-South relations. So, Roh went out of his way to accommodate North Korean demands, such as the denuclearization of the Korean peninsula and an inter-Korean nonaggression pact.

Roh hoped to achieve a breakthrough in inter-Korean relations and parlay it into domestic gains, thereby improving the regime's sagging image and obtaining an overwhelming victory in the two elections of 1992--the March general elections and the December presidential election. The *Korea Herald*, an English language daily usually friendly to the views of the government, even suspected the inter-Korean accord was "a product of overlapping political interests of the ruling elites of the two Korea," and suggested that a summit with Kim Il-Sung was a major motive for President Roh to hasten the signing of the accord.³⁰

In January 1992 South Korean Prime Minister Chung Won-Shik and his northern counterpart formally exchanged instruments of ratification in Pyongyang, ostensibly defining the relationship between the two parts of Korea for the first time since their division in 1945. This should have resulted in celebrations in both capitals, but neither showed any excitement over the historic accords. Also, as soon as the document was exchanged, North Korean leaders reverted to their old habits, calling for the withdrawal of U. S. troops from South Korea, the termination of Korea-U.S. joint military exercises, and the release of political dissidents jailed for visiting the North without permission. Also, Kim Il-Sung refused to clear the air regarding his nuclear program by denying its existence. Deeply disappointed, the South Korean delegation returned home wondering about the future of inter-Korean relations.

Obviously, then, the political clocks of the two Koreas are not set at the same hour. The two Koreas have different things in mind, even as they use the same terminology, e.g., reconciliation, nonaggression, exchanges, and cooperation. On July 4, 1972, the two Koreas agreed on principles for unification in the "July 4th Communiqué." North Korea's primary aim was to use the communiqué to force the removal of U.S. ground forces from the South, while President Park regarded it as nothing more than a limited agreement between himself and his northern counterpart that would allow him to manage his own domain unimpeded.

In fairness, one should acknowledge that the present agreement is more

30. *Korea Herald*, December 14, 1991.

promising than its 1972 antecedent, but one must also be cautious about predicting a bright future for relations between the two Koreas. Since the political clocks of the two Koreas are set so differently, North and South face different needs and problems, and are thus bound to interpret the accords differently. Particularly since both Koreas were in a hurry to finalize the agreement, one must question the motives of the two competing elites in both Koreas. One can easily find the true motivations in the domestic problems both Koreas currently face.

Conclusion: Prospects for Inter-Korean Relations

Though Seoul and Pyonyang have designated 1995 as the year for achievement of reunification, it is not likely in this decade unless forced by war or an internal collapse of one or both parts of Korea. The reason for such a pessimistic appraisal is very simple: a society in trouble cannot cooperate harmoniously with its enemy. A close examination of internal conditions of both Koreas reveals that each is beset by enormous internal problems. South Korea's economic miracle is past history. Its state is not as strongly democratic as many people think. For its part, North Korea is a fragile socialist state. The principal distinguishing feature of weak states is their high level of concern with domestically generated problems.³¹ Though South Korea's GNP is roughly ten times larger than that of North Korea, its weakness lies in the social and political sectors, which in turn adversely affect economic performance. North Korea's Orwellian socialist state is weak owing to its bankruptcy, and it can only keep itself going by deliberately preventing its people from knowing about the defects of their own system.

The Sixth Republic under Roh failed to create a domestic consensus of sufficient strength to effectively deal with the unification issue. The Roh regime was pushed into improving relations with North Korea by the *jaeyu* forces and international circumstances. Its venture into the Northern Policy and unification politics was largely an attempt to divert attention away from domestic difficulties. The Roh regime enjoyed little public confidence and the people generally felt that the nation was in a state of crisis. For this reason, the government was strongly motivated to turn the December inter-Korean agreement into a political boon. Very few Koreans seriously believed, however, that the inter-Korean pact could solve the most pressing problems between the two Koreas in the near future. Terming the agreement an historic milestone in inter-Korean relations was a bit premature. Rather,

31. George Sorensen, "Revised Paradigm for International Relations: The Old Images and the Post Modernist Challenge," *Cooperation and Conflict*, June 1991, p. 106.

it was something that a regime facing difficult domestic problems could point to as progress on paper. During the seventh round of South-North high-level talks on May 5-8, 1992, the North was quick in agreeing to set up the liaison offices and three joint commissions (military matters, economic exchanges, and social and cultural exchanges) to implement the inter-Korean accord as required by the pact on reconciliation and nonaggression. These intra-Korean mechanisms designed to resolve the real issues of unification remain idle today largely because of the problem of regime security in North Korea.

North Korea has been using the nuclear card for some time primarily for domestic as well as foreign consumption. Setting aside its strategic value, if any, the card has had positive political value for regime security in North Korea. It has induced the United States to enter into a dialogue, North Korea is seen engaged in important exchanges with world powers due to the prominence of the issue, and the nuclear card is used to manipulate the population into believing that hostile outside imperialists are interfering with and subverting North Korea. It is also used as a pretext to mobilize and unite the people and intensify nationalist sentiment. This trick works because North Korea's civil society is primitive at best.

North Korea's nuclear card may be valuable for its political purpose, but at the same time it contains North Korea's "catch 22." As long as the nuclear card is used, North Korea cannot hope to improve relations with South Korea, Japan, and the United States. If North Korea gives it up, the country loses prestige and political advantage, and must face the implementation of the recent inter-Korean agreement, which in turn may pave the way for North Korea's demise in the long run.

The Kims in the North do not possess the knowledge of external conditions necessary to choose the right policy, and North Korea's bureaucratic reality militates against bold experimentation. Those who understand the dynamics of the South Korean, American, or international environment are not in a position to decide. The best informed must tailor their advice and think about their own survival. In the meantime, the most North Korea can do is to adopt policies for procrastination, pretending to open up, pretending to abide by the rules of the IAEA mutual inspection regimes, and pretending to have serious talks with South Korea. It will no doubt continue to dream that the new world order led by the United States will collapse.

Perhaps the North Korean system can survive a few more years or another decade since its civil society is not ready for the kind of massive transformation that happened in Eastern Europe. A clear distinction between political society and civil society must emerge in North Korea. Also, two conditions are necessary for a meaningful regime change in North Korea: the spread of new values (democracy, liberalism, market economy, human rights) among elites and the loss of the will to continue to rule on the part of

the old elites. These two conditions do not exist in North Korea today.

In the meantime, there is growing awareness in South Korea, Japan, China, Russia, and the United States that the collapse of North Korea will be a disaster for the whole region in terms of the huge costs, massive refugee flows, and possibly war. South Korea's immediate task is not reunification but to help the North find a viable path of development and reform. The Kim Young-Sam government, the first truly civilian government in thirty-two years, has a firm base of legitimacy that will make Kim better able than his predecessors to manage inter-Korean relations. The Kim regime should deemphasize unification and must find ways to derive mutual benefit from two separate Koreas.

3

A New World Order and the Korean Peninsula

Young Whan Kihl

A new era dawned with the passing of the Cold War that characterized world politics in the post WWII years. The Korean peninsula, historically, has been the geopolitical nexus of the major power rivalry in Northeast Asia. As such Korea was the battleground for major power competition and ideological conflict in the Cold War era. In fact, the Cold War turned into a hot war in Korea and, largely through the Korean War (1950-53) and its aftermath, the security environment in Northeast Asia remained tense and tension-ridden.

Now that communism has fallen, a new perspective is needed on the Korean peninsula's strategic role and place in global and regional politics. At the time of this writing, it is neither clear nor certain what shape and form the new world order will take. Nevertheless, the contour of the landscape in the post-Cold War era is noticeable, however dim and obscure it may seem at the moment. An emerging structure and pattern of the balance of power system in Northeast Asia will be shaped by the interplay of forces both within and between the major regional actors as manifested in the changing distribution of power and capabilities.

The term "new world order" is fashionable no longer because it reflects former U.S. President George Bush's strategic thinking in the ill-conclusive Persian Gulf War.¹ Yet, the concept of "world order" as such seems valid in

1. For a poignant critique of Bush's new world order concept, see Joseph S. Nye, "What New World Order?" *Foreign Affairs*, Vol. 71, No. 2 (Spring 1992), pp. 83-96. As Nye observed "The problem for the Bush Administration was that it thought and acted like Nixon, but borrowed the rhetoric of Wilson and Carter." p. 84.

international politics: the term refers to “formal and informal rules that allow for the moderation of disputes and for a measure of security and stability” in the conduct of foreign policy.² Following the tradition of realists, “order” will be used here as “distribution of power” with an attendant structure and pattern of relations that tends to reflect the reality of ongoing diplomatic and strategic action of the states.³ This study will address four specific topics of a new world order and Korea’s place in it: (a) the recent events in the post-Cold War global environment; (b) the Asia-Pacific regional order and its structure and process; (c) the changing security role of the Korean peninsula in the new era; and (d) future prospects and challenges of inter-Korean relations.

Recent Events in the Post-Cold War Global Environment

A new environment and context for Korean reunification has arisen in the post-Cold War era.⁴ With the passage of time the newly emerging world order in the 1990s will be shaped and influenced by the interplay of various forces and factors that are manifest in the years 1989-1993. These historical events, when added together, will cause changes and shifts in the existing balance of power and relations between the major powers.⁵

The first dramatic event was the collapse of the Berlin Wall in November 1989, and the subsequent “reunification by absorption” of East Germany by West Germany, that changed the strategic parity and arena in Central Europe. A unified Germany, inconceivable during the Cold War years, will play the role of an important regional power in Central Europe in the new post-Cold War era, just as a unified Korea might make a difference in the regional balance of power and stability in Northeast Asia at a future date.

The second crisis event in the post-Cold War era was the Gulf War, prompted by the Iraqi invasion of Kuwait, in August 1990. This led to the United Nations Security Council resolution of condemning the Iraqi act of aggression, similar to the U.N. action against the North Korean invasion of

2. Stanley Hoffmann, *Primacy of World Order?* (New York: McGraw Hill, 1978), pp. 5, 188-89.

3. As Nye argues, “Order has little to do with justice, but a lot to do with the distribution of power among states,” Nye, “What New World Order?” p.84. Also, see Joseph S. Nye, Jr., *Understanding International Conflicts: An Introduction to Theory and History* (New York: Harper Collins, 1993), p. 190.

4. Young Whan Kihl, “New Environment and Context for Korean Reunification,” *Korea and World Affairs*, Vol. 16, No. 4 (Winter 1992), pp. 621-637.

5. James Kurth, “Things to Come: The Shape of the New World Order,” *The National Interest*, No. 24 (Summer 1991), pp. 3-12.

South Korea on June 25, 1950. The U.N. coalition forces, led by the U.S. Desert Storm Operation, eventually defeated Saddam Hussein's Iraqi army in January 1991. Iraqi plans to develop nuclear weapons, biological and chemical weapons, and other means of delivery of warheads have been met by strong international resistance, and therefore have ominous implications for North Korea's suspected plan to develop its nuclear weapons capability.⁶ The lessons from the Gulf War are many, but North Korea's nuclear ambitions will continue to receive greater scrutiny and pressure by the international community.⁷

The third major event was an abortive coup in the Soviet Union, in August 1991, which was led by hardline Communists to oust Mikhail Gorbachev. As the coup failed to materialize, because of Gorbachev's comeback with the help of the Boris Yeltsin's government in the Russian Federated Republic, it accelerated the process of disintegration and an eventual demise of the Soviet empire by the year's end in 1991.⁸ The fall of the Soviet Union, together with the demise of communism in Eastern Europe, obviously was a shock to North Korea, thereby deepening its sense of fear, insecurity, and international isolation, while South Korea's diplomatic initiatives of Nordpolitik, or Northern Policy, of normalizing relations with the communist countries were vindicated.

Finally, the disintegration of Yugoslavia in 1991 also led to a series of ethnic conflicts between Serbia and the breakaway republics of Slovene, Croatia and Bosnia-Herzegovina. The Balkanization of Eastern Europe has become a reality as ethnic conflicts continue in the form of ethnic cleansing of the Moslem population by ethnic Serbians. What impact this unfolding tragedy will have on the post-Cold War global environment is unclear at the moment. Unless this conflict is contained, however, a greater tragedy may be in the making, with an ominous bad omen of repeating the history of 1914, from "Sarajevo to Sarajevo."⁹ The failure to resolve this crisis will also cause the diminution of U.N. authority and its peace-making or peace-keeping role in settling the regional conflict.

The global environment surrounding the Korean peninsula in the post-

6. Leonard S. Spector and Jacqueline R. Smith, "North Korea: The Next Nuclear Nightmare?" *Arms Control Today*, March 1991, pp. 8-13.

7. On the lessons from the Gulf War in terms of the war itself, prelude to the war, war termination, and the implication for world order, see Joseph S. Nye and Roger K. Smith, eds., *After the Storm: Lessons from the Gulf War* (Lanham, MD: University of America Press, 1992).

8. Serge Schmemmann, "The Soviet State, Born of a Dream, Dies," *New York Times*, December 26, 1991; also, see Melor Sturan, "The Real Coup," *Foreign Policy*, Vol. 85 (Winter 1991/92), pp. 63-72.

9. Charles Gati, "From Sarajevo to Sarajevo," *Foreign Affairs* (Fall 1992), pp. 64-78.

Cold War era, in short, is neither stable nor encouraging because of its volatility and fluidity of political forces and movements. The following benchmarks and guideposts are therefore noticeable in the post-Cold War environment in world politics.

Year	Event	Consequences
1989	The Berlin Wall collapse	Dust
1990	The Persian Gulf War	Sand of Desert Storm
1991	The abortive coup in, and the subsequent collapse of, the Soviet Union	Debris
1992	The Balkanization of Eastern Europe: Ethnic cleansing	Blood
1993	From Sarajevo to Sarajevo?	War Clouds?

The external environment of Korea in the 1990s has seen a series of dramatic events and political crises that have changed the landscape of world politics. "Dust-Sand-Debris-Blood" metaphors seem to be an appropriate imagery to describe the changing scenes and landscapes of global politics of the post-Cold War era in the 1990s. These events and episodes will mold the external environment which, in turn, will shape the dynamic process of historical changes occurring on the march into the twenty-first century.

A New Asia-Pacific Regional Order: Structure and Process¹⁰

Region-Wide Trends

The strategic environment surrounding Korea in the post-Cold War era thus remains basically unsettled and undefined. Some project the rise of a multipolar world structure while others envision a more unipolar structure led by the United States.¹¹ As for the future security environment in the Asia-

10. An earlier version of this and subsequent sections was read at the KAIS-sponsored international conference on "The New Asia-Pacific Era and Korea," August 20-21, 1992, Seoul, Korea.

Young Whan Kihl, "Rethinking Korean and Asia-Pacific Security and United States-Korean Relations," *Changing World Order: Prospects for Korea in the Asia Pacific Era*, coedited by Bum-Joon Lee and Sung-Chul Yang (Seoul: The Korean Association of International Studies, 1992), pp. 167-186.

11. Useful anthologies on the global and regional implications, respectively, of the new post-Cold War era, are Sean M. Lynn-Jones, ed., *The Cold War and After: Prospects for Peace* (Cambridge, MA: MIT Press, 1991); Stuart Harris and James Cotton, eds., *The End of the Cold War in Northeast Asia* (Boulder, Co: Rienner Publishers, 1991).

Pacific region in the 1990s and beyond, the following contours and patterns seem visible:

- Threat of global and region-wide war diminishing;
- Sino-Japan security alliance unlikely;
- Northern triangular ties of Pyongyang, Moscow, and Beijing eroding due to Seoul's successful opening of diplomatic ties with Moscow and Beijing;
- Greater prospects for a unified Korea;
- Intra-regional conflict and cooperation in Southeast Asia increasing.

The following broad trends are also visible in the Asia-Pacific region in the post-Cold War world and will influence the pattern and style of the regional actors' foreign policy.

- Domestic political concerns and constituency support overriding foreign and security policy agenda;
- Economic interests greater than political and security interests while economic and trade disputes are likely to escalate;
- Multilateral diplomacy and institutions gaining prominence as a regional forum for policy coordination and adjustment.

Given the above regional trends and patterns, what are the prospects for peace and security in the new Asia-Pacific age? Is Asia in the post-Cold War world more or less prone to conflict?

Whether or not the end of the Cold War will enhance stability and peace in East Asia is neither clear nor obvious. More likely the end of the Cold War will usher in a new form of regional conflict and tension in East Asia. This may take the form of Japan's greater political and security role and participation in regional affairs. Recent evidence of this assertiveness is the passage of the PKO bill in the Japanese Diet, rammed through by the Miyazawa LDP government, to enable Japanese participation in the Cambodian peace process. Japan's enhanced future activities, including the nuclear option, are strenuously opposed to by neighboring countries. The regional conflict may take the form of intensified economic and trade disputes between Japan and its Asian neighbors. Unless managed, these economic conflicts may spill over and escalate into an acute international crisis.

Whatever shape and form the future regional dynamics may take, the Korean peninsula will continue to occupy the center stage in the regional balance of power system, as the strategic nexus and fulcrum, into the twenty-

first century.

John Mearsheimer, in a controversial article entitled "Back to the Future," warned of the dangers accompanying the end of bipolarity in post-Cold War Europe.¹² As he noted "the next decades in Europe without the superpowers would probably not be as violent as the first 45 years of this century, but would probably be substantially more prone to violence than the past 45 years."¹³ The same argument can be made as regards the future security environment in Asia.

East Asian conflict zones, like dormant volcanoes, may flare up with slight provocation by the interested parties, irrespective of whether the United States will or will not be involved. The Korean DMZ that separates the two heavily armed troops in North and South Korea has been the fault line during the Cold War era. Efforts are obviously needed to restore the ground work by changing the Korean conflict zone into an active peace zone.

Triple Patterns

Nevertheless, the changing new world order in the post-Cold war era, especially seen from the vantage point of the Asia-Pacific region, is noted for the following three emerging patterns and trends, which provide a modicum of stability and continuity:

- the U.S. led and dominant system;
- the primacy of economics over security;
- sustained economic growth of the Pacific Rim.

First of all, a new post-Cold War security order in the region is no longer a bipolar system. Instead, it is a U.S.-dominant system that approximates a unipolar security order globally while checkmated by the rising regional-bloc systems.

As the threat of global war is gone, so is the threat of region-wide wars diminished. The U.S. strategic plan in the post-Cold War era, according to the Pentagon document, is intended to "thwart emergence of a rival super-power" to challenge U.S. supremacy.¹⁴ The plan as submitted to the White House has subsequently been modified slightly, to allow greater responsibili-

12. John Mearsheimer, "Back to the Future: Instability in Europe after the Cold War," *International Security* (Summer 1990); "Why We Will Soon Miss the Cold War?" *The Atlantic Monthly* (August 1990).

13. *Ibid.*, p. 6.

14. *New York Times*, March 8, 1992.

ty for the "collaboration" and "collective security" activities of the United Nations and other international organizations.¹⁵ Nevertheless, the U.S. hegemony and primacy as "balancer, stabilizer, and guarantor" will continue and not disappear in the Asia-Pacific strategic framework in the 1990s.¹⁶

Second, however, the relative decline of the United States as world economic power, and the concomitant rise of Japan and Germany as economic superpowers, has led to the greater role of economics in strategic thinking and foreign policy considerations by the world powers.

In place of the traditional concern for security a new accent on economics, in terms of trade, investment, exchange rates, etc., is seen in the diplomatic corridor of world politics in the post-Cold War era. The trend toward regionalization of economic blocs, such as the Japan-led yen bloc formation in the Asia-Pacific region and NAFTA in the North American region, has risen as an emerging concern of diplomacy in world politics.

Finally, the Asia-Pacific countries have registered sustained growth in their economics in the 1980s, far above the world average of economic growth in other regions. Pioneered by Japan in the 1960-70s, through its export-led strategy of industrialization, the four little tigers of the East Asian newly industrializing economies--South Korea, Taiwan, Hong Kong and Singapore--have also achieved their "economic miracles" in the 1970s and 1980s. The East Asian NICs success story is now emulated and repeated by other semi-and near-NICs in the region, such as Thailand, Malaysia, Indonesia, and others. China has also emerged to become a rapidly growing economy through its open door policy and economic linkage with the outside world via Hong Kong and Taiwanese trade and investments.

Unresolved Problem Areas

Under the circumstance of aforementioned regional trends and patterns, the threat of Asian communist revolution and expansion in the region has diminished in the post Cold War era.¹⁷ The rise of a global superpower and regional hegemony in an attempt to fill a vacuum in the post-Cold War environment is not likely in the foreseeable future as long as the United States remains as a dominant power in the Pacific. This does not mean, however, that sources of instability in the region are absent.

15. *Ibid.*, May 24, 1992.

16. *Ibid.* A similar theme is reflected in the Pentagon report to the U. S. Congress. See U. S. Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking Toward the 21st Century*, 1990, 1992.

17. Robert A. Scalapino, "The United States and Asia: Future Prospects", *Foreign Affairs*, Vol. 70, No. 1 (Winter 1991/92), pp. 19-40.

First of all, the danger of a mini-arms race is real in the region, and so is the prospect of nuclear proliferation, with the rising defense spending by the regional actors. Second, the uncertainty of political transition and leadership succession in several East Asian countries, depending on the outcome, may also lead to domestic turmoil and civil disturbances in the future. Third, the civil war conflict in some countries may spill over their borders and lead to inter-state disputes. Finally, although a region-wide war is less likely, a crisis may also erupt over the control of resources and the movement and migration of refugees. The East Asian conflict zones include the disputes over territory and resources in the South China Sea, the Sea of Japan, the Northern territories of Japan, Cambodia in Indochina, etc.¹⁸

The Korean Peninsula Security Role in the Post-Cold War Era

Korea's Strategic Values

Korea's strategic importance, through the ages, has been "far out of proportion to its size."¹⁹ This importance is derived from the twin factors of geography and history. The geopolitical location of the Korean peninsula in Northeast Asia, as a crossroad and land bridge between China and Japan, has been both an asset and liability. Korea's past history has been tumultuous in the context of rivalry between the continental forces in Asia and the maritime powers offshore. Throughout history China was such a continental power, often in violent contact or competition with Japan as a maritime power. In the preceding one hundred years, for instance, three major wars were fought over control of Korea: the Sino-Japanese War of 1894-95; the Russo-Japanese War of 1904-05; and the Korean War 1950-53, an "internationalized" civil war involving primarily the United States and China as belligerents.

During the Cold War years the strategic value of Korea stemmed from its geopolitical position between the United States and the Soviet Union in their ideological and military confrontation. Two separate states, a capitalist South and a socialist North, waged their proxy wars, both hot and verbal, on behalf of their respective patron states. Whereas the former Soviet Union and China were the continental forces, the United States and Japan were the maritime powers in the Cold War era.

18. For examples, see Lawrence Grinter and Young Whan Kihl, eds., *East Asian Conflict Zones* (New York: St. Martin's Press, 1987).

19. Norman D. Levin and Richard L. Sneider, *Korea in Postwar U. S. Security Policy*, RAND Corporation, P-3775, (Santa Monica, CA: June 1982).

The Korean peninsula, being a heavily armed camp, became a security flashpoint in the Asia-Pacific region. The Korean conflict theater served two useful purposes strategically: as the focal point of competition between two ideologies of capitalism and socialism and as a strategic fulcrum among the four major powers maintaining active interests in Korea and Northeast Asia. The intersection of these two contending forces worked to transform the Korean peninsula into one of the most sensitive security barometers in global and regional Cold War politics.²⁰

Korea in the Context of "Diffused" World Order

The Cold War came to an end with the defeat of communism in East Europe and the Soviet Union. Asian communism, however, lingers on in China, Vietnam, and North Korea, although their regimes are not as rigid in ideology as in the past.²¹ Nevertheless, with the disappearance of a bipolar system, the security role of Korea has drastically changed and so will the strategic value of the Korean peninsula in U.S. policy. At this time of the dawning of the post-Cold War era, the strategic environment surrounding the Korean peninsula is certainly favorable to the United States and its security ally, the ROK, while it is adversarial to the interests of the surviving Leninist states, North Korea and China.

This change in the security environment has enhanced the prospects for greater peace and stability on the Korean peninsula. The new post-Cold War world order will be led by the United States as the dominant "hegemonic" world power. Under these circumstances South Korea, a U.S. security ally, will be favored by the U.S.-led regional order. Although the security environment continues to remain unsettled and volatile, the threat of Communist revolution and expansionism in Asia is practically nonexistent for the time being, and so is the danger of aggressive moves by the surviving Leninist states in Asia beyond the existing border.²² The PRC under Deng Xiao-Ping, for instance, is preoccupied presently with its domestic agenda of economic development and modernization. The DPRK under the dualistic rule of President Kim Il Sung and his son, Kim Jong Il, appears to be preoccupied with the task of putting its domestic house in order, including mea-

20. Young Whan Kihl, "The Korean Peninsula Conflict: Equilibrium or Deescalation?" in Lawrence Grinter and Young Whan Kihl, eds., *East Asian Conflict Zones*, op. cit., pp. 97-122.

21. Robert A. Scalapino, *The Last Leninists: The Uncertain Future of Asia's Communist States* (Washington, D C: Center for Strategic and International Studies, 1992).

22. *Ibid.*, passim.

asures of consolidating political succession and reinvigorating its stagnant socialist economy.

This altered security environment in the post-Cold War years may be called a U.S.-led "diffused" world order. Theoretically, there are five alternative forms of the new distribution of power possible in the post-Cold War environment. These alternatives, according to Nye, are a return to bipolarity, multipolarity, three economic blocs (the EC, Japan, and the United States), unipolar hegemony led by the United States, and multilevel interdependence.²³ The "diffused" world order is far from a U.S.-led "unipolar hegemony," or Pax Americana as it is popularly known, but is closer to a multi-level or layered cake image of international interdependence where the United States is involved inextricably.

Paul Kennedy's *The Rise and Fall of the Great Powers* was a timely and appropriate book to appear on the eve of the collapse of the Soviet empire.²⁴ This book triggered a debate as to whether the United States was overextending itself militarily and financially, with an escalating economic burden to maintain its military presence world wide. To counter the deterministic implication of the Kennedy thesis, Joseph Nye led a debate on the nature of U.S. power as being "soft" rather than "hard." According to Nye, the United States as a hegemonic power was able to withstand pressure and sustain itself militarily because of its leadership capability in alliance and coalition with friendly countries. This leadership capability, the power of persuasion rather than coercion, is the "soft" rather than "hard" side of U.S. power.²⁵

However, due to the dynamics of economic competition in the capitalist world system, U.S. power has seen a relative decline and erosion vis-a-vis the strong economic performance of its allies, Japan, West Germany, and the NICs. Given this relative decline of the United States as an economic power, and the concomitant rise of Japan as an economic superpower, the United States regards its relationship with Japan as "the critical linchpin" of its Asian security strategy.²⁶ To the extent that Japan can compensate for declining American capabilities in the region, the United States and Japan will need to share leadership in managing security and economic tasks and

23. Nye, "What New World Order?" pp. 86-89. Also Nye, *Understanding International Conflicts*, pp. 190-92.

24. Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000* (New York: Random House, 1987).

25. Joseph S. Nye, *Bound to Lead: The Changing Nature of American Power* (New York: Basic Books, 1990).

26. Byung-joon Ahn, "Strategic Trends in East Asia," *The Pacific Review*, Vol. 4, No.2 (1991), pp. 109-115.

27. Takashi Inoguchi, "Shaping and Sharing Pacific Dynamism," *The Annals of the Academy of*

develop a 'new special relationship'.²⁷ In the future, U.S. policy toward Korea will be influenced by such strategic thinking and calculus of Washington toward Tokyo.

Shifting Power Balance between South and North Korea

Ultimately, it is the changing nature of power distribution between the two Koreas that is the key factor in determining the Korean peninsula's security role in the post-Cold War era. Due to differential rates of economic growth and capabilities, the economic gap between North and South Korea has widened in the 1980s. Whereas the capitalist market-oriented economic system in the south has continued to grow, aided by an outward foreign economic policy of export-expansion, the centrally planned socialist economy in the North has remained stagnant, a victim of the Juche ideology of self-reliance and autarchic economy.

The increasing and widening economic gap between the two Koreas has political consequences. Thus, with the approaching post-Cold War era, South Korea adopted a new policy of Nordpolitik or Northern Policy, thereby pursuing an aggressive foreign policy of improving diplomatic ties with the former Communist states.²⁸ North Korea, however, was slow in adjusting to the external environment and changes. It basically continued to follow a policy of self-reliance and self-imposed isolation from the outside world. The result has been a lopsided balance between the two Koreas in terms of diplomatic position in the world. The Seoul government enjoys greater prestige and enhanced status diplomatically, while the Pyongyang government continues to suffer from acute international isolation.

Thanks to the success of its Northern Policy, Seoul established diplomatic relations with Moscow in September 1990 and with China in August 1992. On the other hand, Pyongyang has yet to establish diplomatic relations with Japan and the United States, despite its ongoing normalization talks and dialogue. This means that the strategic balance favors South Korea over North Korea. The formula of cross-recognition has worked for South Korea but not for North Korea thus far in the post-Cold War environment.

As a result of South Korea's successful diplomacy in the post-Cold War environment, the weight of Russia and China has increased while that of Japan and the United States has declined. Seoul is now able to exercise its own leverage and independence in its dealings with these major powers in

Political and Social Science, No. 505 (September 1989), pp. 46-55.

28. Young Whan Kihl, "Democratization and Foreign Policy," in James Cotton, ed., *The New Korean State: Post-Democratization Politics and Policy* (forthcoming).

the region.

However, it is only a matter of time before Pyongyang will be able to join the international community. North Korea continues to pursue a policy of greater opening and pragmatism, such as the adoption of a new law establishing special economic zones and allowing joint ventures with foreign companies. As these initiatives begin to bear fruit, Pyongyang should be able to establish diplomatic ties with Japan and the United States sooner or later. When this occurs the Korean peninsula's role in the new Asia-Pacific regional order will become normalized with enhanced prospects for peace and stability.

Future Prospects and Challenges of Inter-Korean Relations

Peace and stability on the Korean peninsula has been the function of a delicate balance of power among the major powers with an active interest in Korea -Japan, China, Russia and the United States-as well as between the two rival states and regimes of North and South Korea. More importantly, the future of Korean peace and stability will depend on the internal peace and cohesion in each of the divided halves of North and South Korea.²⁹

Within the Korean peninsula there is a new atmosphere and movement of the glacier toward a thaw in inter-Korean relations. This is occasioned by the signing and effectuation of the agreement of reconciliation, nonaggression, exchanges and cooperation between the two Koreas in 1991-92 to be noted below. Within each Korean state, there is also a movement toward greater opening and pragmatism. South Korea's transition is evidenced by its move away from the authoritarian legacy of the past into a new era of democratic transition. South Korea, under President Kim Young-Sam, the first civilian president in 32 years, has now entered a new era of post-democratization politics. North Korea's political change is also occasioned by a greater openness and pragmatism, evidenced by North Korea's initiative to open normalization talks with Japan in 1990 and its membership in the United Nations in 1991.³⁰

In response to the changes in the external environment the Korean peninsula glacier has finally begun to thaw with the inauguration of a "new detente" between North and South Korea.³¹

29. My overall view on divided Korea appears in Young Whan Kihl, *Politics and Policies in Divided Korea: Regimes in Context* (Boulder, CO: Westview Press, 1984).

30. Young Whan Kihl, "North Korea's Foreign Relations: Diplomacy of Promotive Adaptation," *Journal of Northeast Asian Studies*, Vol. 10, No. 3 (Fall 1991), pp. 30-45.

31. As for my analysis of the new trends and development see Kihl, "New Environment and Context for Korean Reunification" *op. cit.* Also, see Young Whan Kihl, "Trends in ROK DPRK Relations:

An historical breakthrough in inter-Korean relations was attained through the agreement on reconciliation, nonaggression, and exchanges and cooperation between the South and the North on December 13, 1991, and the adoption of a joint declaration on the denuclearization of the Korean peninsula on December 31, 1991. Both agreements were put into effect with the exchange of ratified documents during the sixth high-level talks held in Pyongyang on February 19, 1992, and by a series of measures undertaken subsequently to implement the terms of the agreements, such as establishing the North-South joint nuclear control commission, North-South liaison offices in Panmunjom, and other functional commissions and committees to oversee the implementation of these agreements.³²

North Korean accession to the IAEA safeguards accord on January 31, 1992, and several on-site inspection subsequently of its nuclear facilities, have also improved prospects for institutionalizing the peace process on the Korean peninsula. However, North Korea reneged on its promise to allow the IAEA on-site inspection of its suspected nuclear facilities one year later on grounds that the IAEA demand to inspect a new undesignated site has exceeded its authority and North Korea's sovereignty will thereby be infringed upon. It also used the pretext of the announced Team Spirit 1993 U.S.-ROK joint military exercises, which Pyongyang strenuously objects to.

The world was taken by complete surprise when North Korea took an extreme measure of announcing its intention to withdraw from the NPT which it signed in 1985. This precedence-setting action taken by North Korea, undermining the authority of the IAEA inspection regime, has deepened the suspicion that North Korea indeed has something to hide and may have successfully acquired sufficient quantity of the plutonium fuel to manufacture several nuclear bombs.

In order for the new detente on Korea to work, a series of tension reduction measures are needed, such as a breakthrough in arms control negotiations and agreements that will enhance transparency and confidence building measures between North and South Korea. The abortive mutual exchange of visits by dispersed families and artist troupes between North and South Korea in 1992, on the occasion of commemorating the forty-seventh anniversary of Korea's liberation from Japanese rule on August 15, 1945, clearly dampened prospects for normalizing relations and achieving the nationalist aspiration of reunification between the two halves of the divided

DPRK Perspectives," in Hong Yung Lee, Jong-Wook Chung, and Lee Jay Cho, eds., *Korean Options in a Changing International Order* (Berkeley, CA: University of California Institute of East Asian Studies, forthcoming).

32. For the texts of these agreements, see *Intra-Korean Agreements* (Seoul: ROK National Unification Board, October 1992).

country.

A new era of reconciliation and cooperation in inter-Korean relations has thus begun, at least on paper, with a heightened anticipation that Korean reunification could somehow be attained at the end of this difficult and uncertain journey of greater cooperation and exchanges between the two Koreas. Yet, for the process of inter-Korean reconciliation and cooperation to materialize, there has to be a series of changes and transformation in the policy attitude and orientation on the part of the political leadership of the two Korean states.

This will entail, first of all, for South Korea the political challenge of how to manage transition through an orderly change and consolidation of power into the post-democratization era beyond 1993. For North Korea this means that as long as Kim Il Sung remains in charge no drastic political change is likely. However, a successful transition into the post-Kim Il Sung era is needed, which will institutionalize Kim's charisma into the Kim Jong Il era.

Second, it also will entail the economic challenge of how to manage a smooth economic transition for South Korea by way of deepening the knowledge and capital intensive industrialization and sustaining the momentum of a growth-oriented economy. Also, for North Korea it means that its stagnant socialist economy with its "Juche" orientation and independent nationalism will need to be revived and resuscitated via instituting bold and broad-gauged reform measures.

The third challenge lies in the task of how to cushion the social effects of the ongoing rapid politico-economic transformation of the society. For South Korea this means that the government must cope with social welfare issues emanating from rapid industrialization, such as resolving the ill-effects of environmental depletion, the housing shortage, transportation congestion, crime prevention, etc., in order to enhance the quality of life for all, as well as protecting the human rights of the citizenry. For North Korea this means that the regime must institute the structural and policy reform of its economy via achieving greater economic efficiency, a cost/benefit standard, and encouraging an open door policy and joint ventures with foreign enterprises. Once the economy is put into proper gear, through the establishment of the projected special economic zones and joint ventures, the regime must learn how to cope with rising expectations on the part of its population and to harmonize internal stability and externally induced economic growth and development.

Finally, since the reunification of Korea entails the change in the status quo, with anticipated system disruption and transformation, it is imperative that one begin to undertake a rational planning and analysis of possible sce-

narios of Korea's future and forms of Korean reunification.³³ Should Korean reunification be by design or by default? Is the current approach to inter-Korean relations, as manifest in the signing of a series of inter-Korean agreements in 1991-92, feasible, sound, and effective? What alternative approaches and strategies are open for maximizing the potential for peaceful coexistence and coactivity that will lead, step by step, toward the eventual reunification of Korea? These are some of the challenging questions that await further analysis and speculation.

33. For some of these and related questions, see Young Kihl, ed., *Korea and the World : Beyond the*

4

The United States and the Korean Peninsula in a Post-Cold War Order: Change and Continuity

Daryl M. Plunk

Introduction

Change has become the watchword for the world community and, while the Korean peninsula remains profoundly influenced by the Cold War legacy, it too is feeling the effects of the shifting international trends.

The U.S.-Korean relationship likewise is undergoing significant change, and, thus, both countries are faced with a rapid-fire stream of new and complex challenges. The Republic of Korea(ROK) recently ushered in a new era of political pluralism, trade issues have become increasingly contentious, and the Cold War is drawing to close—developments that have challenged the U.S. and South Korea to reevaluate and, in some cases, adjust the major foundations of the alliance.

So, in many ways, the situation is improving in the region. The Soviet Union's demise ended its threat to peace in the Pacific Rim and long festering disputes in indochina are at last being resolved. The Republic of Korea, once a war-torn nation that depended on American assistance for its survival, has emerged as one of America's most reliable allies and one of the region's economic and political powerhouses.

North Korea, however, remains a notable exception in the region's improving forecast. Kim Il Sung, president since 1948, imposes the world's most repressive and isolated political and social systems on his people and has stubbornly resisted the winds of reform that swept the Communist world.

Post-Cold War Transformation

Pyongyang's international environment has changed dramatically. Simply put, it has very few friends and allies left. Nearly all former Communist states now recognize Seoul's legitimacy and are clamoring for ROK economic exchanges and/or assistance. While the People Republic of China (PRC) pays lip service to the North, Beijing has nurtured a multi-billion dollar trade partnership with South Korea. Over the past few years, even trade between the two Koreas has become a regular feature.

Stung by its worsening economy and the loss of financial concessions from the former Soviet Union and China, the North is trying to attract some foreign trade and investment. The leadership has eased restrictions on foreign investment in the North and is even considering free trade zones, including the ambitious Tumen River project along its border with China and Russia.

Pyongyang recently has suffered stunning diplomatic defeats. In late 1991, it was forced to drop the objection to Korean membership in the UN--and today both the North and South are full-fledged members of that body. Then, last year, China turned its back on the North's objections and bestowed its official recognition upon Seoul.

Under increasing world pressure and, no doubt, in an effort to repair its tarnished image, the North opened high-level dialogue with the South in 1990. Progress has been slow and the painstaking talks have, for the most part, simply produced a swelling negotiation bureaucracy.

Thus there is the nuclear issue. Clearly feeling the heat of the coordinated U.S.-ROK moves in late 1991 to confirm that no nuclear weapons are stationed in South Korea, Pyongyang was forced to adjust its strategy. The North, after a seven-year hiatus, allowed for International Atomic Energy Agency (IAEA) inspections to begin and pledged to initiate mutual inter-Korean inspections, as well. However, both of these processes have ground to a halt, confirming the suspicions of many observers that Pyongyang is bent on developing nuclear weapons.

Over the past few years, Pyongyang loudly has called for improved relations with its main adversaries, particularly the U.S. and Japan. In an effort to soften that ground, the North even opened its doors to unprecedented numbers of foreign visitors, such as journalists, businessmen, and academics. The North no doubt had hopes of favorably impressing international opinion by courting these visitors.

Thus, the North has been forced to make changes in its external relations with Seoul, Tokyo, Washington, and much of the rest of the world. But, does this bode well for internal change in the Democratic People's Republic of Korea (DPRK)? The answer probably is "no"--or, at least, not yet.

In its external relations, "containment" is a key strategy of the North, in

the words of one senior South Korean official. Under pressure from world events, the North has tried to minimize potential damage by adjusting its policies in areas that can be strictly contained and controlled. Former House Asia Subcommittee Chairman Congressman Solarz has referred to this behavior of the North as the "illusion of cooperation." Expanded trade with the South and with the rest of the world is a goal of Pyongyang, yet one that cannot easily be explained away to the North's citizens. An unusually large number of foreigners has been allowed into the North in recent years, but they generally have been prohibited from wandering freely or having unsupervised contact with citizens.

On the North-South dialogue front, Pyongyang obviously has a monopoly on communicating official news about the talks to its people. Regarding military matters, for instance, the North has taken credit for easing the U.S. military threat by extracting non-nuclear pledges from Seoul and Washington along with the cancellation of the 1992 joint Team Spirit military exercises. So, one can make the case that, despite some significant changes in the North's policies, these adjustments are being made in areas that are insulated from direct public scrutiny.

Prospects for substantial openings of the North's society seem doubtful. Events in China, Romania, the Soviet Union and elsewhere have shown Kim Il Sung that dabbling with reform or "new thinking" might court disaster.

Still, a leadership change is in progress in the North, and no one can predict its outcome. Transition to the post-Kim Il Sung era may not be a stable process. Internal change will come eventually, but it could be years in coming or it could begin tomorrow. In any case, reunification of Korea will not be achieved until there is change in North Korea--whether evolutionary or revolutionary.

In the meantime, a concerted united front among the ROK, Japan, and the U.S. should be maintained. Just as the demise of communism and Seoul's success in forging relations with former socialist states have forced the North to change some of its policies, so, too, has the parallel cooperation and coordination among Seoul, Tokyo, and Washington.

U.S.-ROK Security Cooperation

Four decades ago, more than 50,000 Americans died defending freedom in Korea and ever since the U.S. stationed troops in the ROK with the aim of deterring aggression. Today, American soldiers charged with this responsibility remain stationed in South Korea.

Economic, political, and defense cooperation between the U.S. and Korea has come to represent one of America's most valuable alliances. The U.S.-

ROK Mutual Defense Treaty signed in 1954 has become a linchpin for stability in Northeast Asia and thus vital to U.S. national security. Furthermore, Korea's rapid economic growth over the last three decades represents a significant U.S. foreign assistance success story and the ROK has become America's seventh largest trading partner.

Some observers have expressed concern over anti-Americanism in the ROK and suggested that the U.S. presence is unpopular among south Koreans. In the past, anti-Americanism was closely linked with the ROK's successive authoritarian governments. With the advent of democratization in Korea, though, Washington is being blamed less often for the ROK's political shortcomings. As U.S.-ROK ties have grown more complex, new strains have developed between the two allies. This is probably most apparent in the area of trade. Many South Koreans resent U.S. pressure aimed at opening ROK markets to more American exports. Still, a distinction should be made between "anti-Americanism" and the ROK criticisms that are voiced from time to time over various aspects of U.S.-Korean relations.

South Korea today remains generally pro-American and the Korean people strongly support the U.S. troop presence. All reliable poll data in recent years have found that a solid majority of Koreans favors the stationing of U.S. troops in the ROK.

In recent years, proposals were advanced by some American policy and opinion makers to significantly reduce or even eliminate the American troop presence in the ROK. But, it appears that bipartisan support for a strong U.S. presence in South Korea remains solid—bolstered by the continuing hard-line stance taken by North Korea toward Seoul. So far, the Clinton administration has embraced the Reagan/Bush position that, so long as there remains a North Korean threat and so long as South Koreans support the U.S. troop presence, that presence will be maintained. Still, as the ROK has matured economically and diplomatically, Washington has taken steps to streamline its military presence, and undoubtedly will take more in the future.

For example, the huge 8th Army headquarters located near downtown Seoul will be moved to a lower profile location south of the capital. Ranking Combined Forces posts have been passed from U.S. to Korean generals. Seoul is assuming a larger financial burden of support for the cost of stationing U.S. soldiers in the ROK. Several years ago, the U.S. Defense Department announced its plan to reduce America's forward deployment in Asia. Under this plan, several thousand U.S. troops already have been withdrawn from Korea. Also, in 1990 and 1991, Seoul and Washington reduced the scale of the annual Team Spirit military exercises by about 20 percent. In 1992, the exercise was cancelled altogether. In short, steps have been implemented to shift the leading role in ROK defense from the U.S. to the Korean

side.

An increasingly contentious issue regarding not only the U.S.-ROK alliance but also North-South relations was resolved in the fall of 1991 when the Bush administration announced that any U.S. nuclear weapons stationed in South Korea would be withdrawn. This move preempted the possible growth of a popular anti-nuclear movement within the ROK and also put additional pressure on North Korea to make reciprocal concessions in the area of inter-Korean tension reduction.

Despite the great improvements in relations between the U.S. and the former Soviet republics, and between Seoul and what once was the Communist bloc, commensurate progress has not yet been achieved in tension reduction on the Korean peninsula. In recent years, there were some hopeful signs, such as the North's decision in September 1991 to join the UN along with the South and the eight rounds of Korean prime ministers talks from 1990 to 1992, the highest level official contact ever between the two sides. Pyongyang also made efforts to improve its ties with Tokyo and Washington. Still, it appears that the North made these moves either in response to enormous international pressure or in order to bolster its sagging economy through trading with or receiving assistance from prosperous nations.

Despite pressure from traditional allies such as Russia and China, Pyongyang refuses to consider implementing the kinds of domestic political and economic reforms that have transformed other socialist systems and shows little inclination toward reconciliation with the South.

Past U.S. Policy Toward North Korea

Despite the North's hard-line policies, in concert with Seoul, Washington made a series of conciliatory gestures toward North Korea over the past few years in hopes of breaking the inter-Korean impasse. In October 1988, the State Department announced that it would liberalize its official contact policy and allow for substantive exchanges between U.S. and North Korean diplomats in "neutral settings." So far, nearly twenty such exchanges have taken place through the good offices of the Chinese in Beijing. In 1998, the U.S.A also eased restrictions on private citizen exchanges and allowed for limited sales of American goods to the North.

There also was a flurry of unprecedented contact between U.S. and North Korean citizens and officials. High-level North Korean delegations visited the U.S.A with greater frequency in order to attend academic conferences where they have had informal interaction with American government officials. North Korean officials became more vocal in their desire to expand contact with Washington, as well.

The Bush administration's retrieval of America's overseas-based tactical nuclear weapons had a profound impact on the Korean peninsula. First, it led to President Roh Tae Woo's late 1991 call for a North-South agreement to permanently denuclearize Korea. That pact eventually was signed in December 1991, along with a sweeping agreement on political, economic, and military confidence building steps. During his January 1992 visit to Seoul, President Bush and President Roh announced that the annual Team Spirit military exercises would be canceled that year in hopes of hastening the momentum that seemed to be building in relations between the two Koreas.

Then, on January 30, 1992, seven years after signing the Nuclear Non-Proliferation Treaty, the North concluded safeguards accords allowing for IAEA inspections. Inspectors visited the North on several occasions in 1992 as a result.

Clearly, the concerted effort among Seoul, Washington, and Tokyo to offer both carrots and sticks paid off. Under increasing international scrutiny and pressure, the North opened its doors to nuclear inspectors after years of stonewalling. Also, since the Americans and the Japanese made it clear that expanded economic ties and eventual diplomatic normalization would come only after forward movement in South-North negotiations, early 1992 was a time of hope and apparent progress. To drive home the U.S. position that rewards awaited future North Korean steps in the right direction, in February 1992, Undersecretary of State Arnold Kantor met with a senior North Korean government official in New York and made clear Washington's policies and its willingness to eventually improve relations.

Just one year later, however, the picture has turned bleak. At virtually every turn, the North has dragged its feet in negotiations with the South regarding mutual nuclear inspections and all other basic confidence building steps. Despite Seoul's call for unconditional exchanges of separated relatives, for instance, Pyongyang blocked any agreement on citizen swaps.

By the end of 1992, talks on all fronts were at a standstill. Also, IAEA inspectors, having uncovered compelling evidence that the North was indeed engaged in a weapons development program, no longer were welcomed by Pyongyang. Following up on Washington's pledge to reactivate Team Spirit in the event of a lack of progress in North-South talks, the joint U.S.-ROK military exercise was held in March 1993. On March 12, Pyongyang stunned the world by announcing that it would quit the NPT regime altogether—a move viewed around the globe as an admission that the North Koreans have been secretly developing nuclear bombs all along.

No one can be sure what the North will do in coming weeks. If it continues its nuclear defiance, it risks condemnation by the world community and

possibly United Nations' economic sanctions. It is a serious issue, though, which must be handled deftly by the new Clinton administration. A nuclear-armed North Korea could destabilize the region, fueling a conventional and possibly even a nuclear arms race among powers in the area, including South Korea and Japan. Also, the North's withdrawal from the NPT would set a dangerous precedent, which radical states in other parts of the globe may be tempted to follow.

Future Policy Toward North Korea

Assuming the nuclear issue is resolved in coming weeks or months, it will be time for the two Koreas to get back to the business of dialogue and negotiation. Given the high state of tensions, military issues should be given swift attention.

Increasingly, the U.S.A and the ROK are considering possible arms control measures that might ease the standoff along the DMZ. Pyongyang's call for an immediate pledge of complete American withdrawal followed by rapid and dramatic cuts in North and South troop levels has inspired little confidence, however. Kim Il Sung's refusal to allow for progress on basic CBMs continues to raise concerns over the North's sincerity.

The U.S.A and Seoul should continue to press Pyongyang to show its good faith by taking very basic steps such as expanding trade relations and allowing separated family exchanges. After all, if Pyongyang is not prepared to allow for these basic tension reduction measures, how can it be trusted to bargain fairly over such sensitive and complex issues as mutual troop reductions, the withdrawal of American troops, and the eventual reunification of the peninsula?

On a parallel track, arms control discussions also should be pursued. Given American force reductions in Korea, the willingness to scale-back or perhaps even end the Team Spirit exercise and Seoul's willingness to discuss military issues with the North, the ball is squarely in Pyongyang's court.

Washington, in coordination with Seoul, should continue its call for basic military CBMs including the restoration of joint observer teams to investigate alleged armistice violations along the DMZ. Other measures would instill some degree of transparency including mutual notification and observation of major exercises.

Next, Seoul and Pyongyang should enter into extensive negotiations over withdrawal of their forward deployed troops and eventual troop and weapons reductions. Then, the two sides could tackle the issue of verifiability and agree, for example, to an exchange of joint military inspection teams.

Past American experience in arms control dictates that negotiation should

focus not simply on aggregate force reduction but rather a change in the posture of forces from offensive to defensive. Based on progress made on these fronts and credible evidence that the North is willing to reduce its offensive capability, the U.S.A and Seoul can consider the extent of the Phase II reduction and eventual withdrawal of American troops.

In the event that the North allows for breakthroughs in efforts toward inter-Korean tension reduction, the U.S.A should be prepared to further upgrade political, economic, and cultural ties with Pyongyang. For instance, the U.S.A could consider the merits of ending its economic embargo and allowing for trade of nonmilitary goods between America and North Korea. Pyongyang already maintains open trade ties with Japan and some West European nations so the American embargo has little if any practical economic impact on the North. Furthermore, it is difficult to justify the political significance of the American embargo since, at least until the North's recent NPT withdrawal, the South has been encouraging ROK-North Korean trade.

The Human Rights Factor

It soon will be time for the U.S.A and other nations to focus more directly on human rights abuses in the North. It now is widely acknowledged that American pressure for political liberalization can make a difference. Witness the impact of the Helsinki accords and--on the other side of the fence--the changes that pressure has produced in South Africa, the Philippines and elsewhere. Consider South Korea, where until recently human rights was a key concern of the U.S. government. It is now the North's turn.

U.S. government officials should be more vocal in their support for reform and openness within the North. In addition to official government efforts, private sector exchanges are important. If the nuclear standoff is satisfactorily resolved, it will be time to consider easing or even ending the restrictions placed upon doing trading with and investing in the North. As more and more journalists, academics, businessmen, and Korean-Americans visit the North, the tight lid there will eventually be loosened, allowing for the flow of information and ideas. Institutes and think tanks that once focused considerable attention on the ROK's authoritarian past should consider looking into the plight of the people north of the DMZ.

ROK Ambassador to the U.S. Hyun Hong Choo hit the nail on the head recently when he said that "we must address North Korea's root problems [now], and one of them is human rights." Affecting the North's human rights situation, he says, is not simply a new challenge but rather a key challenge. Can the world really expect the North to substantially change its external

policies while its internal system problems remain the same, he asks. The answer, of course, is no.

5

Political Change and Conventional Arms Control in Korea¹

Tong Whan Park

Introduction

Success in arms reduction and control is almost always preceded by a political settlement between the adversaries. And nowhere does this maxim appear truer than in the case of inter-Korean relationship. Despite a series of prime ministerial-level talks, the signing of historic accords aimed at reconciliation, and the creation of forums to discuss substantive issues, little progress has been made to date toward a detente between Pyongyang and Seoul. Military talks too have not been an exception to this trend and the two sides have not gone beyond the stage of declaring their respective positions. That the inter-Korean dialogue has now come to a virtual standstill does not augur well with the prospects of negotiation on arms control and reduction.

Even though one cannot foresee an early solution to the issues of arms control and reduction on the Korean peninsula, one should nevertheless be prepared with a framework for their eventual settlement, especially since it is impossible to predict when and how a political accommodation may materialize. What follows is hence an attempt to construct one such framework of arms control and reduction for the conventional military capability held by North and South Korea.²

1. Views expressed in this paper are those of the author, and should not be construed as representing those of Korea Institute for Defense Analyses.

2. The issue of North Korea's nuclear weapons development in the Korean arms control is discussed in Park, Tong Whan, "Issues of Arms Control Between the Two Koreas," *Asian Survey*, Vol. 32, No. 4 (April 1992), pp. 350-365. For a detailed exposition of Seoul's position on nuclear politics, see Kim Taewoo, "South Korea's Nuclear Dilemmas," *Korea and World Affairs*, Vol. 16, No. 2 (Summer 1992), pp. 250-293.

Based on the premise that the political and military dimensions of rapprochement are indivisible, this paper begins with the exposition of a wide range of imaginable scenarios for political change, ranging from the disintegration of the North to the maintenance of status quo and to a communist-inspired revolution in the South. For each of the scenarios, not only is the probability of its occurring assessed, but also is discussed the most likely mode of arms control and reduction to accompany that specific political development. In addition, some suggestions are offered, whenever appropriate, about the mechanism which may be required to establish and sustain the new regime of arms reduction and control.

Scenarios of Political Development on the Korean Peninsula

Given the speed with which the global system has been changing since the late 1980's, it would take much temerity to predict what would happen to the Korean peninsula in the remainder of the 20th century. Just as it had been difficult to predict the fall of the Berlin Wall in 1989, it is virtually impossible to foretell, for instance, when and in what form the two Koreas will be unified. But the intractable nature of making precise forecasts should not deter a concerned student of Korean affairs from formulating a conceptual template against which various contingencies may be evaluated. What needs to be done first is, therefore, to explore as many future scenarios as possible in inter-Korean relations. Through an examination of each scenario's implications to the two Koreas, it would then be possible to assess with some confidence the likelihood of each scenario becoming a reality and the level of preparation to be made by the two sides to cope with it.

Considering the domestic and external environments of the two Koreas, it is plausible to formulate six scenarios for future inter-Korean relations.³ Without any presupposition that these six scenarios may form a conceptual scale, they are: (1) disintegration of the North Korean regime and society; (2) change of regime in Pyongyang; (3) North Korea's gradual reform toward liberalization without a regime change; (4) continuation of the status quo between Pyongyang and Seoul; (5) setback in South Korea's democratizing reforms; and (6) a communist-inspired revolution in the South.⁴

3. These scenarios are to serve only as prototypes for political change on the Korean peninsula. As such, there can emerge a possibility not included in the list as well as some hybrids which combine the features of two or more scenarios.

4. The possibility of an all-out war between the two Koreas is excluded from the list, not only because its probability is difficult to assess at this time but due to the fact that it will fuel another round of arms race instead of contributing to arms control or reduction.

Scenario 1: Disintegration of North Korea

The East German case of disintegration is undoubtedly the most dreaded model which Pyongyang's leadership would try to avoid at all costs. From the North Korean perspective, there is no guarantee that history may not repeat itself and the deepening isolation in a rapidly liberalizing international environment should indeed make the fear of absorption all the more realistic.

From Seoul's standpoint, however, the absorptive unification cannot be a totally welcome development. The estimated cost of unification running into hundreds of billion dollars would be a secondary problem compared with the chaos to be caused by the massive migration of the Northerners into the already crowded South. In view of the fact that the far richer and better-prepared Germany has been suffering heavily from the aftermath of unification, the new Korea, thus integrated, may even become ungovernable. In short, South Korea is virtually in no shape of absorbing its northern neighbor now or in the near future.

Thus one can sense the emergence of a consensus about the undesirability of an absorptive unification to both Koreas. But it must be noted that such a consensus would have only limited impact upon the longevity of the North Korean regime and society. South Korea's implicit policy of assisting the North to sustain itself should certainly help lower the probability of the latter's immediate doom, but cannot be a sufficient condition for Pyongyang's continued viability.

At this point, one cannot accurately determine the probability of North Korea's disintegration, though it does not appear insignificant judging from the socio-economic indicators available to outside observers. The reason for this difficulty is that much of what would happen to North Korea will depend on what the North Korean people will do to overcome their internal and external challenges. And if the past experience is any guide, the North Koreans have been charting their path "according to their own style"--quite different from what can be expected of a "rational actor." Despite the difficulty of predicting Pyongyang's future behavior, however, two general observations can be made. To prolong North Korea's viability as a nation, Pyongyang's leaders are expected to adopt a variety of measures to tighten domestic control. Simultaneously, they will try to squeeze maximum mileage out of the external conditions including, among others, Seoul's inability to absorb the North and the apparent interest of the four major powers in the maintenance of the status quo on the Korean peninsula. How successful they will be, however, is a question which remains to be answered.

Scenario 2: Regime Change in North Korea

One critical lesson the North Koreans must have learned from the German unification was that once you open the floodgate, there is no stopping of the flow. This message should have left a lasting impression in the minds of both the leaders and the masses in North Korea. The former must have reaffirmed their resolve to keep the country closed for as long as possible, while the latter should have realized that unification may not necessarily produce short-term gratification. Consequently, one cannot expect a sudden opening of the North Korean society which may bring about the first scenario.

But will North Korea be able to remain unchanged forever? The answer to this question is a cautious "no," since the pressures of change from within and without are mounting at a phenomenal rate. How will North Korea then respond to these forces of change without inviting a total disaster? One possible solution could be the replacement of the current regime in Pyongyang with a new one—a government more responsive to the changing times and the rising demand of the masses for higher well-being.

The probability of a new regime taking power in Pyongyang seems definitely higher than that of the total disintegration of the North Korean society. Perhaps it might come as a prelude to the opening of the North Korean society. When Kim Il-sung exits from the arena of power, this second scenario would gain an even higher plausibility.

The logical questions to follow are then, in this scenario, who will constitute the driving force behind the new government and what types of southward policies they will adopt toward Seoul. The most likely group to seize power is one from and/or with the backing of the military. After the elder Kim's death, a power struggle is bound to erupt and the communist party may not be able to contain the rise of the military. Upon gaining control of the party, the new power elite may or may not retain Kim Jong-il as their leader. Should the new elite need the younger Kim as a symbol of continuity, they could keep him as a figurehead.

The policies of the new regime in Pyongyang will most probably center around the theme of modernization. Ironically, their model of national reconstruction would resemble that of the late Park Chung-hee's "development dictatorship." Just as Park used economic development as a legitimating instrument of his 1961 coup and the ensuing authoritarian rule in the South, so would the new government in the North. Emulating Park's strategy, Pyongyang will also seek foreign loan and investment in earnest. The only difference from Park's model would be the maintenance of a much tighter garrison state. The North will try to block the influx of "corruptive

ideas" from capitalist countries by erecting a protective wall around its masses.

Scenario 3: Pyongyang's Reform Without a Regime Change

It goes without saying that the two Kims in Pyongyang would wish to avoid the first two scenarios. As an alternative, however, they may find it necessary to launch some liberalizing reforms. Such a probability is, of course, extremely small, but there are two compelling reasons that may persuade them to accept this line of thought.

First, the Kims would soon realize, if have not done so already, that unless they take an initiative, the North Korean society or their regime may eventually become a casualty of domestic and external pressures for change. And the initiative should be in the direction of improving people's well-being, away from the traditional method of invoking a doctrinal solidarity. After all, it is not inconceivable that, in the post-Cold War era, some North Koreans could begin to have second thoughts about the image of "Yankee imperialists" invading their territory.

Second, Pyongyang's leaders may soon reach the conclusion that they would be able to control the pace of liberalization, thus lessening the danger of an East German-style disintegration. As mentioned above, the factors supporting this evaluation include South Korea's reluctance to take over a shattered North, North Koreans' fear of absorption into the South, and the international environment that seems to favor a gradual improvement, not a radical change, in inter-Korean relations.

In order to avoid the first two scenarios, it appears that the two Kims may have few options but to adopt programs of liberalization. If executed properly as in the case of China, liberalizing reforms may help increase the longevity of their rule. What is crucial is that Pyongyang start the reform while the elder Kim is still at the helm. Representing a major shift in policy, a full-fledged liberalization would provoke less opposition from North Korea's conservative elements if commanded and overseen by their "Great Leader."⁵

5. Recent cabinet changes in Pyongyang seem to indicate that the two Kims are placing a top priority on economic reform. Since the December 1992 appointment of Kang Sung-san as prime minister, the cadre of *glasnost*-oriented bureaucrats have been on the rise. Prominent among these are Choi Dal-hyun who was selected in December 1992 as chairman of the National Planning Council and Lee Sung-dae who replaced Choi as chairman of the External Economic Council which handles joint ventures with foreign corporations. These appointments can be interpreted as a move to replace the old guards in their sixties with young technocrats in their forties and fifties, thus strengthening Kim Jong-il's hand in the government (*Chosun-Ilbo*, Chicago Edition, March 3, 1993).

Scenario 4: Continuation of the Status Quo

Though hardly an innovative option, maintenance of the status quo is a viable scenario among possible developments in inter-Korean relations. In fact, little change is in the near horizon, especially because Seoul is undergoing a Copernican political change. After some 30 years of military authoritarian rule, a reform-minded civilian president has just begun the task of dismantling the old order amidst quiet, but stiff, resistance from the "established forces." Even though nobody can tell how long this dusting process would take, it will be some time before the new government will get the reform programs rolling.

To Pyongyang, this could mean a temporary respite from the onslaught of Seoul's "dialogue offensive." While Seoul takes time in redirecting its domestic and foreign policies, Pyongyang can maneuver itself to an advantageous position in dealing with Seoul and the surrounding powers. The North Korean regime can also use this period to increase domestic stability, especially, through a reshuffling of its party and military hierarchy. In reality, this is precisely what Pyongyang has been doing since the signing of the reconciliation accords and the denuclearization agreement in December 1991. While stalling any substantive progress in inter-Korean dialogue, some even argue, the North has been playing these documents as a card in the political economic game with Japan and the U.S.

For the time being, it is clear that the status quo would serve Pyongyang's short-term interests, whereas Seoul will not be able to launch a new initiative in its Northward diplomacy. In part fueled by Pyongyang's March 12, 1993 announcement to withdraw from the Nuclear Nonproliferation Treaty (NPT), a strong sentiment has been rising in the South that rapprochement with the North should proceed with caution and patience. Consequently, this scenario of no or little change is likely to remain in effect for quite some time.

Scenario 5: South Korea's Setback in Democratization

Following the fourth scenario of status quo, one cannot rule out the possibility that Seoul may encounter serious difficulties in its democratizing reforms. For one thing, *democracy in substance* is different from *democracy in form* and South Korea is in the early stage of attempting a quantum leap from the latter to the former. The transition can by no means be taken for granted in a nation that has lived under authoritarian regims for thousands of years. See the single party dominance in Japan since the mid-1950s and one can understand what a monumental challenge it is to democratize a Confucian society. To make the task more demanding, the reform measures

proposed by the new South Korean president Kim Young-sam are truly of a revolutionary nature. His plan includes political and economic reforms designed to eliminate structural corruption in both the public and private sector. In essence, he intends to remove the very foundation which has been supporting an authoritarian society.

Should Kim Young-sam falter in his endeavor, the ensuing confusion and instability will have a strong impact on Seoul's relationship with Pyongyang. As it is well-known, Seoul's attitude toward Pyongyang has so far been one of paternalism. By playing the role of an "elder brother," South Korea has been trying to discourage North Korea's military adventurism and to induce its gradual opening to the capitalist world. This two-pronged approach has been backed by not only a superior economy but also the strength of Seoul's pluralistic, albeit authoritarian, political system. If South Korea enters a dark period of struggle between the old and new order, there will occur a serious erosion in the base of confidence which has hitherto enabled it to adopt such a patronizing outlook to North Korea. The unfortunate result of such a development will surely be a renewed competition and confrontation between the two Koreas.

Scenario 6: Communist-inspired Revolution in South Korea

The sixth and last scenario envisages the possibility of a communist-inspired revolution in the South. Since all previous attempts by Pyongyang to revolutionize the South have failed, it is prudent to assume that future attempts will have a very low probability of success. But the previous record also reveals that the North is not likely to abandon its design to ignite a communist revolution in the South. For evidence, one needs to go no further than the Statute of the Korean Workers Party which stipulates, in its preamble, that the Party seeks to accomplish "national liberation and a people's democratic revolution for the entire nation" [including the southern half]. The preamble also includes the party's pledge to support the "social democratization of the South Korean people and their struggle for livelihood." Practicing what it preaches, the Pyongyang regime has been, and is, known to be running a huge network of agents in the South.⁶

6. As recent as October 1992, there was the arrest of a massive North Korean spy network which had been operating in the South for the last ten years. While sixty-two suspects were apprehended and some 300 are being hunted, the head of the group, Lee Sun-sil, escaped to Pyongyang just prior to the arrest. Testifying to the gravity of this operation was that Lee was a seventy year old woman who ranked 22nd in power as a candidate member of the politburo in the Korean Workers Party. What made this case truly astounding was that Pyongyang had been running this network in violation of the letter and spirit of inter-Korean dialogue. (*Chosun-Ilbo*, Chicago Edition, October 7, 1992)

Should South Korea encounter domestic turmoil in the process of its democratic transition, Pyongyang will not hesitate to incite a revolution in the South. Though the South Korean military and police forces will be able to suppress any subversive activities, the operation, if not swift and decisive, may drag the country into a lengthy period of lawlessness and instability. And the negative impact of such revolutionary activities on inter-Korean relations should be self-evident.

Arms Control and Reduction in Each Political Scenario

Returning to the premise that political change will dictate the military relationship between the two Koreas, what would then be the linkage between the six scenarios, on one hand, and the possible arms control and reduction regimes, on the other? Though more than one arms control and reduction regime may be conceivable for each political scenario, only what appears to be the most dominant mode is discussed here as a point of departure. Before each mode is examined, a summary is presented in Table 1.

Table 1. Arms Control and Reduction Between the Two Koreas

<i>Political Development</i>	<i>Arms Control and Reduction Mechanism</i>
Scenario 1. North Korean disintegration	Disarmament by force
Scenario 2. North Korean regime change	Military competition amid economic cooperation
Scenario 3. North Korean reforms	Possible arms control and reduction
Scenario 4. Status quo	Arms control talks with little progress
Scenario 5. South Korean setback in democratization	Heightened security alert
Scenario 6. Communist-inspired revolution in South Korea	Increased military competition and confrontation

The foremost observation one can glean from Table 1 is that only in two scenarios (North Korean disintegration and North Korean reforms) are distinct prospects for arms control and reduction. In the remaining four scenarios, there would be either no changes in inter-Korean military relations or an increase in tension. In the case of a regime change in North Korea (Scenario 2), Pyongyang's new government would be placed in an awkward position vis-a-vis Seoul. While accelerating economic cooperation and exchanges with South Korea, it will hardly be in a position to pursue arms control or reduction. For doing so will not only stimulate opposition from the conservatives, but also may help erode its control over the masses. After all, the new regime should be equally, if not more, concerned with the danger of an absorptive unification and, therefore, the continuation of military competition would be considered the last barrier that will help block such an eventuality. But it should be noted that, in this second scenario, the actual level of tension between the two Koreas is expected to decrease since the primary mission of Pyongyang's military force would be to serve domestic political purposes.

Regarding Scenarios 4 through 6, one can delineate an ascending scale of hostility between the two Koreas. In Scenario 4 of status quo, it is difficult to envision any substantive progress in arms control negotiations between Seoul and Pyongyang. Even disregarding the extremely sticky issue of North Korea's nuclear weapons development, the experience of dialogue during the past year and half is an eloquent testimony to Pyongyang's reluctance to change the structure of inter-Korean confrontation. Should there be a setback in Kim Young-sam's democratizing reforms (Scenario 5), the two Koreas will be even further away from bilateral arms control and reduction. For it is evident that Pyongyang will try to exploit the turmoil in the South, while Seoul will have to guard against a possible North Korean plot to destabilize the South. Whereas Scenario 5 will force the two Koreas to heighten the status of security alert, a communist-inspired revolution in South Korea (Scenario 6) will most probably put the South in a state of civil war, and will severely increase the level of military tension between the two Koreas. If the tension escalates out of control, Scenario 6 may even develop into a full-scale war on the Korean peninsula.

As to the remaining two scenarios, a more detailed analysis is presented below to explore the possibilities of a disarmament (Scenario 1), and arms control and reduction (Scenario 3).

Disarmament by Force

In the case of a East German-style collapse in North Korea, the Seoul g

overnment will find it unavoidable to supply basic commodities, maintain law and order, and disarm the military. Though extremely critical, these represent only short-term challenges, and Seoul will have to solve the long-term problem of finding a formula for unification with which political, legal, economic, and socio-cultural integration can be engineered. In this paper, only the short-range tasks are examined with a special emphasis on the military aspect of unification.

Of the three immediate tasks, perhaps the least complicated will be the supplying of basic necessities to the people in the North. South Korea has sufficient stockpile of surplus grains and could divert some for the relief effort. With large production capacities, its clothing, pharmaceutical, and other consumer product industries can be expected to provide enough surplus for short-term use by the North Koreans. Regarding the fuel and petroleum-based products, South Korean refineries can operate at full capacity to meet the minimum requirement in the North. The critical question here is how long the South will be able to sustain its relief operation in the North. Given South Korea's current state of economy, an optimistic estimate would be roughly three to six months. Consequently, Seoul will find it necessary to seek economic assistance from the U.S. and Japan. Being the breadbasket of the world, the U.S. will be willing to share its grains with the North Koreans, while Japan will be placed under strong international pressures to provide monetary support as part of its "peace dividend." China and Russia may offer some token assistance, but their support must be screened very carefully lest it lead to a subsequent claim in the governance of the northern half of the peninsula.

The possible involvement of the four surrounding powers could become problematic with the second task of maintaining law and order in the North. Some of them may even propose the dispatch of a United Nations-sponsored multinational force as an interim measure of peace-keeping. However noble their professed intentions may sound, the Seoul government will have to maneuver very skillfully through the possible traps laid under such a proposal of international arrangement. It will need to convince the world that Korea is neither Cambodia nor Somalia, while reminding the big powers of what they did when the two Germanies were united. But most importantly, Seoul should demonstrate that it is capable of keeping law and order in the North without direct help from outside. What then are the practical steps to be taken for this purpose?

To begin with, the massive migration of the Northerners to the South, or the reverse, should be banned in order to prevent a chaos from enveloping the entire peninsula. Instead, visits must be regulated to a manageable level and gradually expanded as both sides learn to live with the changed reality.

While controlling the flow of people across the Demilitarized Zone (DMZ), the South Korean armed forces will be charged with the mission of running a de facto military government in the North.⁷ Since the military rule is an important precursor of the more permanent political settlement, it needs to be administered with both firmness and flexibility. Firmness is essential to convince the Northerners that they can depend on the south Korean military for safety and fair treatment. By the same token, flexibility is required because no prepared plan can account for all possible contingencies.

While the South Korean military will be in charge of governing the North, it is imperative for the Seoul government to get some type of guarantee from the four major powers that they will honor the territorial integrity of the Korean peninsula. In addition, Seoul needs to coordinate with Washington for satellite and electronic surveillance of the region for any threatening developments. Despite these and other support from outside, however, one cannot reemphasize more strongly that no foreign troops should be allowed to set foot in the North. The half century of division by the hands of superpowers has inflicted more than enough damage to a community of people who have shared the same living space for thousands of years. Care must be taken not to allow a similar mishap.

The third and most demanding task to be performed by the Seoul government will be that of disarming the North Korean military. It will by no means be simple and straightforward as the post-war dismantling of a loser's armed forces. On the contrary, the work must be performed as part of the military integration on the two Koreas. As such, different treatments will be required for personnel, conventional armament, and nonconventional weapons.

Beginning with the personnel, the North Korean armed forces are estimated to have 1.01 million troops in uniform, of which 882,000 are in the army, 46,000 in the navy, and 82,000 in the air force.⁸ Most of these soldiers will have to be demobilized for two reasons. One is that the North is experienc

7. For South Korea to set up a military rule in the North, there needs to be a change in the existing arrangement of operational control of the U. S.-Korean combined forces. Thus it will be wise for Seoul to take up this issue in future military consultative meetings with Washington. What should the Seoul government do, however, if it becomes necessary to commit its armed forces into the disintegrated North before the issue of operational control is resolved? Even though there is no ready answer to this question, Seoul can try to persuade Washington that the best way of handling the post-disintegration crisis in the North is to utilize only the South Korean troops.

8. The marines attached to the army are counted as part of the army. These and all other statistics presented in this paper about North Korea's military capability are from the Ministry of National Defense, The Republic of Korea, *Defense White Paper 1992-1993*.

ing a severe shortage of manpower and will need even more able hands as South Korean industrialists start rebuilding North Korea's economy. The other reason is that it will simply not make good military sense to mix the troops trained with a different doctrine and strategy. The exception to this rule will be two categories of personnel--intelligence and technical experts. The former will supply essential information about North Korea's domestic situation as well as the military posture of China and Russia toward the peninsula. The latter group shall include aviation and naval experts, munitions technicians, and missile engineers whose expertise will be required in the proper disposal of North Korea's military hardware.

Regarding the conventional weapons stockpiled in the North, a systematic planning will be necessary so that the most efficient use can be made thereof. Any item which is not deemed cost-effective should be scrapped, while those that will strengthen the defense of the unified Korea need to be saved. It will be especially critical that any reconfiguration of military hardware should take into account of the sources of future threat to the Korean peninsula. Though it is premature to assess what types of equipment are to be saved or discarded, a rough guideline may look as following.

First, most of the weapon systems originally designed for a protracted land war between the two Koreas may be targeted for either outright destruction or some form of recycling, if they are not of the high-tech nature. Primary candidates for this category are 3,700 battle tanks, 9,800 field artillery pieces, and 2,500 armored personnel carriers. A majority of these equipment may be retired without any detrimental effect on the peninsula's defense.⁹

Second, most of naval vessels and aircraft held by the air force may be incorporated in the existing arsenal of the South Korean military. Prior to recommission, however, battleships numbering 445, 270 support vessels, and 25 submarines need to be subjected to a detailed cost-benefit analysis. But those that pass the test would add greatly to the maritime defense of Korea which will have a vastly increased shoreline to patrol. Of the 850 tactical aircraft, 480 support aircraft, and 290 helicopters, some of the old models will have to be dismantled, since they will not enhance the new missions the Korean air force including the defense of the sea lanes of communication.

Third, missile technology and air defense systems need to be retained for they will be at the core of Korea's military role as a regional player. A large portion of air defense network will have to be relocated to the northern bor-

9. One may argue that these weapons may be necessary in a war of attrition with the continental powers. Such an argument might be persuasive should the unified Korea lack alternative means of self-defense. In fact, however, Korea will have more efficient weapons with which to execute a "porcupine-like defense" against potential invaders.

der, while appropriate actions are to be taken to insure the world that Korea will conform with the stipulations of the Missile Technology Control Regime (MTCR). Combined with the no-first-use pledge, the latter act will allay the fears on the part of Japan about the Rodong-1 missiles with a range of 1,000 km—an improved version of the old Soviet SCUD-B missile.

Concerning the nonconventional weapons reportedly held in the North, an extreme caution is advised about their handling. As to the destruction of chemical and biological weapons, Korea shall dutifully follow the procedures dictated by the 1993 Chemical Weapons Convention (CWC) and the 1972 Biological and Toxic Weapons Convention (BWC). Regarding the nuclear weapons development program, Korea will have to coordinate closely with the International Atomic Energy Agency (IAEA) to reaffirm that it will not become guilty of nuclear weapons proliferation. Considering that nuclear-powered electricity will be the mainstay of Korea's energy supply, however, the Seoul government may combine the 100 percent transparency of Yongbyon's facilities with an arrangement to reserve the rights to attain the technology of spent-fuel reprocessing and uranium enrichment for peaceful use. When the unified Korea is seen as responsible as Japan in nuclear affairs, the international community would find it difficult to deny these rights that Tokyo currently enjoys.

Arms Control and Reduction through Negotiation

The fundamental reason why the two Koreas have failed to make progress in arms control and reduction is that their sources of mistrust were irreconcilable. While North Korea's ultimate fear has been that of absorption by the South, the latter could not shake the imminent threat of surprise attack by the former. As a result, Seoul's proposal for military confidence-building is suspected to be an integral part of the scheme to open and, therefore, destroy the North Korean society. By the same token, Seoul would view that, given North Korea's highly regimented system of mobilization, its proposal for phased reduction of each side's forces to 300,000, 200,000, and finally to 100,000 troops will not necessarily lower North Korea's capability to mount a blitzkrieg against the South.

This is why we believe that only with such a moderating reform in Pyongyang as envisioned in Scenario 3, would it become possible to bring about arms control and reduction between the two Koreas. Further supporting this argument is that the bilateral agreements are currently in force regarding tension reduction and military confidence-building between the two Koreas. To demonstrate that written agreements alone are not sufficient to produce action, let us examine the development in inter-Korean relations

since the end of 1991.

The critical turning point was, undoubtedly, the signing on December 13, 1992 of the Basic Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North (hereafter "Basic Agreement"), which was subsequently brought into effect on February 19, 1992. The first comprehensive agreement between the authorities of the two Koreas since the division, it was designed to lay the foundation for building a mechanism of peaceful coexistence between Seoul and Pyongyang. Defining the current state of inter-Korean relations as a "special interim relationship," the Basic Agreement stipulates that the South and the North shall recognize each other, not interfere with each other's domestic affairs, not slander or vilify each other, nor plot any acts of sabotage or subversion against each other. Furthermore, both sides agreed to work together to transform the present armistice into a solid state of peace between the South and the North, to observe the military demarcation line with mutual non-aggression, to take proper steps to build military confidence, and to undertake exchanges in various fields.

At the Sixth High-Level Talks held in Pyongyang on February 18-21, 1992, two additional documents were put into effect along with the Basic Agreement. They were the Joint Declaration of the Denuclearization of the Korean Peninsula signed on December 31, 1991 and the Agreement on the Formation of Subcommittees of the South-North High-Level Talks. Aimed at implementing the specific contents of the Basic Agreement, the latter was of paramount importance in shaping the future relationship between the two Koreas. As such, it had required quite a bit of pushing and pulling between the two sides, at both the prime ministerial and subcommittee-level talks, before they agreed to form the Liaison Offices, Joint Military Commission, and Joint Commissions for Exchange and Cooperation on May 7, 1992 at the Seventh High-Level Talks held in Seoul. Even after this agreement, no concrete steps were taken to activate these bodies until September 17 when the two sides decided to put it into effect at the Eighth High-Level Talks held in Pyongyang. On the same day, an agreement was also signed to establish a South-North Joint Reconciliation Commission, as well as three Protocols to the Basic Agreement dealing, respectively, with reconciliation, nonaggression, and exchanges and cooperation. But it was not until mid-November that the two Koreas finally agreed to operate four joint commissions on reconciliation, military, economic exchanges and cooperation, and social exchanges and cooperation.

Since the eighth prime ministerial talk, the inter-Korean relations have cooled off a great deal due to four reasons. One was the arrest of a massive North Korean spy network which had been conducting clandestine activities in the South during the last ten years. The second reason was a decision

made by the American and South Korean military leaders at the annual Security Consultative Meeting (SCM) held in Washington D.C. on October 7-8. The twofold decision was to suspend the second phase of reduction in U.S. forces in Korea, and to prepare the resumption of the annual joint Team Spirit military exercises with a provision for reconsideration if the uncertainties about Pyongyang's nuclear weapons development are cleared. The third reason is the possible calculation by the North Korean leaders that they have gone far enough to exploit the appearance of a detente with the South. As long as the U.S. and Japan staunchly hold onto the principle of linking economic assistance with the resolution of the nuclear weapons issue, Pyongyang may have seen no more need for further concessions. Fourth, the December 1992 presidential election in the South must have worked as a contributing factor in putting Pyongyang in the wait-and-see mode. As of this writing, the inter-Korean relations are at an all-time low with North Korea's refusal to accept the IAEA's special inspection of the two suspected spent-fuel storage sites and its recent declaration to withdraw from the NPT.

Then, is there no prospect of improvement in inter-Korean military relations? It looks as though the answer will remain negative unless Pyongyang changes its stance. Though one cannot expect such a turnabout in the near future, the current state of near crisis may hasten the coming of the day on which Pyongyang will have to make the final decision of continued isolation or a gradual opening to the rest of the world. Should the choice be the latter, the two Koreas will be able to embark on a road to arms control and, potentially, reduction.

In the scenario of North Korea's moderating reforms, arms control negotiations can proceed without any new agreement between the two Koreas. If both sides abide by the stipulations of Chapter II (Nonaggression) of the Basic Agreement and the Protocol on its compliance and implementation, the two Koreas will have established a viable arms control regime that would help build confidence in each other. The five areas of arms control contained in these documents can be summarized as following.

1. *Nonuse of Military Power*: prohibition of the use of military power against the other side; no infiltration into, attack on, or temporary occupation of the administrative region of the other side.
2. *Peaceful Settlement of Disputes and Prevention of Accidental Armed Clash*: notification of aggression into or violation of the administrative region of the other side; right to demand clarification; joint investigation of incidents; prevention of escalation into an armed clash; discussion and peaceful resolution of all military disputes.

3. *Demarcation Line and Areas of Nonaggression*: Military Demarcation Line to serve as the dividing line on land; continued discussion of the sea nonaggression demarcation line; air demarcation line and zone to be the skies over the land sea demarcation lines.

4. *Establishment and Operation of Military Hotlines*: direct lines between the Ministry of National Defense in the South and the Minister of the People's Armed Forces in the North; messages to be sent over telex, facsimile or telephone.

5. *Mechanisms for Consultation and Implementation*: in the Joint Military Commission, the two sides to discuss and carry out steps to build military confidence and realize arms reduction, including the mutual notification and control of major movements of military units and major military exercises, the peaceful utilization of the Demilitarized Zone, exchanges of military personnel and information, phased reduction in armaments including the elimination of weapons of mass destruction and attack capabilities, and verifications thereof.

Though the Joint Military Commission will be charged with a herculean task to work out the details,¹⁰ what has been agreed so far is more than sufficient as an initial framework for arms control negotiations between Seoul and Pyongyang.¹¹ And because arms control will be made possible thanks to Pyongyang's change in military posture, the process would start from the *operational* arms control and then gradually move to a *structural* arms control.¹²

10. For a detailed discussion of the tasks confronting the Joint Military Commission, see Yoon, Jin Pyo, "The Posture and Tasks of the South-North Joint Military Commission in the Pursuit of Arms Control between South and North Korea (in Korean), *Tong-II-Moon-Je-Yonkoo* (The Korean Journal of Unification Affairs), Vol. 4, No. 4 (Winter 1992), pp. 54-91.

11. The contents of the agreements should be especially satisfying to the South, because virtually all of its arms control proposals have found their way into the written document. But this fact also helps raise the suspicion that Pyongyang might have agreed to these stipulations without the genuine intention to abide by them, but to use them instead as a vehicle in approaching the U.S. and Japan. No matter what North Korea's true objective might have been, it should be noted that these are the measures commonly included in the agenda of a serious arms control negotiation.

12. The operational arms control is aimed at stabilizing the military relationship between the adversaries, while the structural arms control is concerned with arms reduction and disarmament. As seen in the European experience, the normal course of progression is from the operational to structural aspect of arms control when arms control is triggered by a political change.

While launching arms control negotiations from the operational aspect, Seoul should heed Pyongyang's concern with the maintenance of the regime's viability. Any measures of transparency which may lead to the drastic opening of the North Korean society need to be shunned at the initial stage of arms control. A prime candidate in this category is the bilateral inspection of military bases. Though it is imperative that an elaborate system of inspection and verification needs to be established, extreme caution must be exercised in order to minimize personal contacts between the two sides. From the practical standpoint, the North may encourage the South to use aerial and electronic surveillance without much restriction, while insisting on a strict procedure of on-site inspections so that the Southern team visiting the North will have limited, if any, exposure to the civilian sector.

After a successful execution of operational arms control measures, arms reduction will naturally grow out of the confidence built between the two Koreas: for the North, the confidence that the South has neither the intention nor the capability of an absorptive unification; and for the South, the confidence that the North is not likely to launch a surprise attack. Based upon the mutual trust, the two sides will be able to agree on a model of reduction for both equipment and personnel. Since the quality of weapons and personnel is almost impossible to compare, the task will entail the quantitative reduction of both side's military capability to the same level. At this stage, two critical issues must be resolved in order to produce an agreement. One is the target level that reduction must reach, while the other is the process of reduction.

To negotiate the target level of reduction, three major questions need to be considered. First, what would constitute the level of "reasonable sufficiency for self-defense?" Each side may calculate the defense requirement that will not allow it to make a successful invasion of the other, but will be sufficient to repel an aggression from the other side. Second, what would be the military needs of the *entire Korean peninsula* to survive potential threats from outside? One may or may not envision a unified Korea for this estimation, but the combined military capability should be reasonably strong to keep the peninsula as a regional player. Third, how much peace dividend will be optimal for each side, given the "guns vs. rice" trade-off. This is indeed a tough question requiring a complex political economic analyses.

After both sides agree on the target level of reduction, the next step is to devise a plan with which to carry out the reduction. The process of reduction can be a thorny issue, especially if the two sides will have not reached the level of full confidence in each other. A most practical approach would be to start with a typical process of arms reduction and negotiate the changes thereof. One such prototype would consist of three stages. In the first stage, the side with superiority in a certain category will unilaterally reduce that to the level of the inferior side. In the second phase, the two sides gradually

draw down their respective military arsenal to the target level at a mutually-agreed pace. In the third and final stage, the two sides establish and maintain a verification regime to discourage violations, especially in the context of the one-to-one replacement of personnel and/or equipment.

In essence, the model that the Koreans will adopt is very close to the Mutual Balanced Force Reduction (MBFR) regime attempted in Europe. While MBFR had failed due to the lack of political accommodation, the Korean arms control is likely to succeed provided that the North will come to a realization that only through moderating reforms it can prolong the regime's viability.

Prospect for Future

Our analysis has revealed that the Korean arms control is indeed a difficult goal to achieve. Of the six plausible scenarios of political change on the Korean peninsula, only two contained a prospect for disarmament or arms control. One was the possible disintegration of the North Korean regime and society, whereas the other a moderating reform in Pyongyang. Since the former cannot be treated as a case of arms control between two equal partners, only the latter may be viewed as a genuine arms control through negotiation. Considering that the probability of either event happening is quite small at this point, there exists only a very slim chance for the success in inter-Korean military talks.

The difficulty of military negotiations notwithstanding, the North and South should not give up the hope of, someday, reaping the benefits of arms control and reduction. And the first step in the long trek to arms control should be an attempt to understand the rationale underlying each other's military behavior. As part of this attempt, we have tried to explore the linkage between political and military dimensions of bilateral interactions and to uncover the *modus operandi* of each Korea regarding the issue of arms reduction and control.

There are three conclusions we can draw from this preliminary analysis. First, both Pyongyang and Seoul have been quite consistent in terms of the principles each applied to the military relationship. For the North, the survival of the regime, and, if possible, the unification through a socialistic revolution in the South, have been the guiding doctrines of its domestic and foreign policy behavior. In contrast, the South has been driven by the desperate need to avoid another war on the peninsula. Judging from these two principles, virtually all the actions taken by the two Koreas should make sense, including even those seemingly irrational acts of violence committed by the North.

Second, unless the two sides change their perspectives about each other, a substantive detente would remain beyond reach. And the change in attitude can hardly be expected to emerge in the near future. For instance, external pressures on the North appear to have, if anything, a negative impact on Pyongyang's outlook toward moderating reforms. Lacking the ability to absorb the external shocks, the North may have no alternative but to retreat to its fortress. Turning to the South, the Nordpolitik initiative has been widely publicized as a radical change in its foreign policy outlook. It is doubtful, however, whether the North Koreans would accept Seoul's northward diplomacy as a gesture of rapprochement or a tactic designed to further isolate Pyongyang. After all, Nordpolitik could be seen as an instrument of Seoul's long-standing principle of avoiding another armed clash with the North.

Third, as inter-Korean relations have begun a slide to the worse, the best policy for Pyongyang and Seoul, for the time being, may be to leave each other alone. Especially while the North is maneuvering boldly in its nuclear games against the U.S. and Japan, it may be advisable for Seoul not to make any hasty moves without a close consultation with Washington and Tokyo. This advice may hurt the ego of Seoul's leadership, but it will at least prevent any deterioration in South Korea's stature in the regional power politics.¹³

With these conclusions, it is difficult to make accurate predictions about the future of inter-Korean military relations. The arms control may not materialize for a long time to come. Or it may see a breakthrough in the near future. What is certain, however, is that the political change will lead the way to a shift in military relations. Consequently, the two sides need to keep updating their arms control plans in anticipation of a favorable political climate. And the very act of such preparation may help bring about a political change conducive to arms control and reduction between the two Koreas.

13. It is observed by many that the Roh Tae Woo administration gave up some leverage against the North due to its single-minded desire to arrange a summitry between Roh and Kim Il-sung. Fortunately, Seoul has lost nothing substantive due to the lack of progress in detente, but the lessons of a hasty northward policy should not be forgotten.

6

Arms Control and Inter-Korean Relations: an American Perspective

Burrus M. Carnahan¹

Americans generally have greeted the end of the Cold War with great relief. After forty years, the United States finally has the option of reducing the expense and danger of deploying its armed forces throughout the world. By stressing the new importance of domestic affairs over foreign policy, President Bill Clinton successfully built on these popular feelings in his 1992 presidential election campaign.

As the Cold War begins to wind down, the two Koreas have made cautious progress in a mutual arms control and confidence-building process. More than any other major power, the United States has discovered that the end of the Cold War will have only limited immediate impact on Korea. A further reduction of tension in that region will depend on the success of the arms control process to be worked out between North and South Korea.

For almost forty years, American security policy in Korea has focused on the single, over-arching goal of maintaining the 1953 Armistice regime. This has been accomplished primarily by deterring renewed aggression from the North, and also by enforcing its arms control provisions. The Armistice, after all, not only ended the fighting that began in 1950, it also represented a first, though unsuccessful attempt at arms control on the Korean peninsula. The U.S. experience under the Armistice will, and should, have a major impact on any assessment by the United States of arms control and confidence-building measures.

1. Jacqueline R. Smith, also of Science Applications International Corporation (SAIC), provided valuable comments on this paper.

The Armistice As Regional Arms Control

In the absence of a clear-cut victory by one side over the other, a central concern in most cease-fire agreements is the question of how to ensure that neither side uses the suspension of hostilities to gain a military advantage. In Korea, the 1953 Armistice attempted to preserve the military status quo by introducing limits and constraints that would now be characterized as regional arms control arrangements and confidence-building measures.

Paragraphs 13c and 13d of the agreement, for instance, required the parties to “cease the introduction into Korea of reinforcing military personnel” and “reinforcing combat aircraft, armored vehicles, weapons, and ammunition.” Vehicles, aircraft, weapons, and ammunition damaged or used up in Korea could be replaced, piece for piece, by items “of the same effectiveness and the same type.” Compliance was to be verified through on-site inspections carried out by twenty Neutral Nations Inspection Teams, composed of officers from Sweden, Switzerland, Poland, and Czechoslovakia, under a Neutral Nations Supervisory Commission of senior officers from the same countries. These teams would monitor individual and unit rotation of foreign troops into and out of Korea through ten designated ports of entry, five in North Korea and five in the South. The entry and exit of combat aircraft, armored vehicles, weapons, and ammunition were to take place at the same ports of entry and be supervised by the Neutral Nations Inspection Teams. Finally, the Neutral Nations Supervisory Commission was empowered “to conduct special observations and inspections at places outside the Demilitarized Zone” at the request of either side or of the Military Armistice Commission.

Arms Control Lessons of the Armistice Experience

What lessons can be learned from the experiences of enforcing the Korean Armistice Agreement of 1953? On paper the Armistice created a seemingly foolproof system of verification and confidence-building that should have effectively reduced military competition and tension on the Korean peninsula. In fact, the system was never allowed to function. The Cold War, nearing its height in 1953, infected the implementation of the Armistice; the Polish and Czechoslovakian members of the Supervisory Commission consistently opposed the dispatch of mobile inspection teams to North Korea, or delayed the departure of those teams long enough to frustrate their missions. North Korean authorities refused to cooperate with the teams at the designated ports of entry and were again supported by the Polish and Czechoslovakian officers. The conditions under which the teams tried to

operate at North Korean ports of entry were described by the Swiss government as follows:

The intention to inspect railway stations had to be announced two hours in advance. By the time the Inspection Team arrived, the station would usually be deserted. If, on the other hand, a train was in the station and the Swiss and Swedish representatives wanted to inspect it, their Czechoslovak and Polish colleagues would refuse, on the ground that according to the station master's declaration the train was not carrying war material. It would also be claimed that the train was engaged in rail traffic in the interior of North Korea and that the Neutral Nations Supervisory Commission was therefore not authorized to inspect it. No documents or timetables could be consulted; according to the railway authorities, such documents did not exist. Finally, the Neutral Nations Supervisory Commission had no way of inspecting the several lines of communication which linked Manchuria and Siberia with North Korea but without passing through the ports of entry enumerated in the Armistice Agreement. No air or maritime traffic could be supervised in North Korea.²

By the spring of 1954, the Swiss and Swedish members of the Supervisory Commission reported that, under existing conditions, the Commission could not function as envisaged in the Armistice Agreement. Even before this, the North Korean and Chinese commands had declared that they would no longer allow investigation teams requested by the United Nations Command to operate in the North. In this situation the United Nations Command decided to suspend its own implementation of the Armistice. The inspection teams were asked to leave South Korea, and the UN Command announced its intention to introduce new forces and weapons into the South. As a practical matter, these decisions marked the end of efforts to make the arms control and inspection provisions of the Armistice work.

To all those familiar with it, the Armistice experience must cast an aura of pessimism over prospects for arms control and confidence-building in Korea, at least as long as the North Korean regime retains its unique brand of Communist ideology. At a minimum, this experience underscores the lesson that agreements alone will not reduce tension or build confidence between adversaries. To achieve these ends visible, good faith implementa-

2. 1954 report of the Swiss Federal Council to the Swiss Parliament, quoted in Jacques Freymond, "Supervising Agreements: the Korean Experience," *Foreign Policy*, (Spring/Summer 1959), pp. 496, 498.

tion of agreements is required.

The arms control lessons of the Armistice are not entirely negative, however. In some respects they reinforce the value of increased transparency of military activities on both sides of the Demilitarized Zone. During the short period when neutral inspection teams were given limited access throughout the peninsula, the Swiss and Swedish members of the teams were often able to detect suspicious activities despite the noncooperation of their North Korean hosts and their Polish and Czechoslovakian colleagues.

This experience is consistent with the 1991 success of inspection teams from the United Nations Special Commission and International Atomic Energy Agency (IAEA) in locating many of Iraq's clandestine nuclear and other weapons production facilities. Even more recently, IAEA inspectors in North Korea have identified possible undeclared storage sites for nuclear waste at Yongbyon. Assuming a minimal level of cooperation with international inspectors, it may be more difficult than is often believed for a government to completely hide its illicit activities from detection.

Seeking a Post-Armistice Foundation for Peace and Security

In light of the aforementioned difficulties in enforcing the terms of the Armistice Agreement, specific and workable measures of assuring stability need to be examined. Technically, the 1953 Armistice is merely an agreement to end active hostilities between opposing military commanders. These are the commander-in-chief, United Nations forces (always an American), on one side, and the commanding officers of the North Korean People's Army and the Chinese People's Volunteers on the other.³ The Army of the Republic of Korea (ROK) is thus not directly bound by the Armistice.

A renewal of combat operations by South Korean forces against the North would nevertheless violate the Armistice, and could involve the U.S. military in a renewal of the Korean War. One consequence of this situation has been U.S. insistence that an American general, acting as commander-in-chief of the UN Command, retain ultimate operational control over South Korean forces along the Demilitarized Zone.

While it has succeeded in keeping the Armistice intact, American operational control over South Korean forces has also had undesirable consequences for the United States. Understandably resented by South Korean

3. Kim Il Sung personally signed the Armistice as supreme commander of the Korean People's Army. No South Korean general ever became a party to the agreement because President Syngman Rhee feared (correctly, as it turned out) that the Armistice Agreement would end his hopes for a speedy reunification of Korea under his government.

military officers and other officials, the operational control issue has become a continuing irritant in relations between the two allies. The scope and rationale of U.S. operational control has also been misunderstood by segments of the ROK population. This confusion has pulled the United States unwillingly into Korean domestic politics, most notably when the U.S. military command was accused by some dissidents of ultimate responsibility for human rights abuses by the South Korean military in the early 1980s.

Finally, the present military command arrangements have lent apparent support to the long-held North Korean position that the Republic of Korea is merely a puppet of the United States. When the United Nations Command attempted to counter this perception in early 1992 by naming a South Korean officer as a representative to the Military Armistice Commission at Panmunjom, the North responded by boycotting the Commission meetings.

From the American perspective, therefore, one of the most important ultimate goals of the intra-Korean arms control and confidence-building process will be the negotiation of a new institutional foundation for peace and security on the peninsula. Unlike the 1953 Armistice, this new foundation would no longer mandate an excessive U.S. involvement in intra-Korean affairs, and should allow a definitive termination of U.S. operational control over South Korean forces facing the North along the Demilitarized Zone.

Reinforcing the Armistice in the Near Term

What are the immediate future and prospects for successfully sustaining military stability and peace on Korea by means of enforcing the terms of the 1953 Armistice Agreement? Short of a new agreement to replace the Armistice entirely, the most important Korean arms control measures from the American standpoint would reinforce the Armistice by lowering tensions along the Military Demarcation Line of 1953 and increasing transparency in order to make a surprise attack by either side more difficult.⁴ The worst military nightmare on both sides of the Demilitarized Zone is a massive surprise attack by ground and air forces.

In Europe, such measures have included advance notification of military field exercises and on-site observation of such exercises by the other side. Measures of this nature may not be fully appropriate to the military situation in Korea, since it appears that South Korea and the United States engage in a much more vigorous program of large-unit field exercises than do their

4. This is not to denigrate the importance to U.S. interests both in Northeast Asia and in the international nuclear nonproliferation regime of ensuring North Korean compliance with its obligations under the Nuclear Non-Proliferation Treaty. Other chapters in this volume deal with that issue, however.

Northern counterparts. An agreement under which officers from the North observed the Team Spirit exercise every year for three or four years, while their South Korean counterparts received no invitations to observe any exercise on a comparable scale in the North, might only increase tensions and suspicions. The following is a list of concrete measures of arms control and confidence building that could be put into effect without too high a price.

Monitoring Stations

Alternatives to the European formula might include sensory monitoring stations, manned or unmanned, located in territory controlled by the other side. These stations would be intended to detect unexplained troop buildups or higher levels of alert. Russia and China might be able to offer necessary sensor technology to the North, while the United States could provide technical assistance to the South.

Open Skies in Korea

An open skies agreement would be another promising confidence-building measure. In the context of the Korean military situation, such an agreement would be useful even if it did not cover the entire territory of either North or South Korea, but was limited to a region (e.g., 150km.) on each side of the Demilitarized Zone. Assuming each side used its own aircraft, the agreement might initially be limited to small helicopters or non-jet airplanes that would pose little direct military threat to the side being overflown. An open skies agreement should be especially appealing to the North, since it would help to counter the superior aerial and space reconnaissance capabilities available to the United States.

Lowering Tensions at Panmunjom

Finally, there are many seemingly minor measures that could be taken to lower tensions in the Joint Security Area at Panmunjom, where the Military Armistice Commission meets. A rise in tension at Panmunjom tends to be quickly noticed and transmitted to other military forces in Korea. As an example of the type of measure that might be considered, it should be recalled that since 1976, the so-called Joint Security Area has been joint in name only, and the military police of each side stay on their own side of the Military Demarcation Line.

Allowing each side to send a set number of patrols to drive on the road areas of Panmunjom controlled by the other would signal a definite relaxation of tension. Initially, these might be conducted on a schedule announced in advance. If no increase in tension is triggered by announced patrols throughout the Joint Security Area, then both sides might experiment with a limited number of unannounced patrols.

Missile Exports from the Korean Peninsula

While this paper is chiefly concerned with arms control and confidence-building inside Korea, one external arms control measure could easily improve North Korean relations with the United States—a *de facto* moratorium on the export of ballistic missiles. To remove ambiguity from the situation, the cutoff should be confirmed by an official policy announcement from Pyongyang. North Korea has so far denied any missile exports, but this should prove no impediment to announcing a future-oriented policy.

In the absence of a similar policy of missile export restraint by the South, North Korea might be reluctant to unilaterally adopt a policy under international pressure. To avoid any suggestion that the policies of North Korea had been unfairly singled out for international criticism, both governments might jointly announce a common Korean policy of following the Missile Technology Control Regime.

What the United States could offer the North

Finally, U.S. policy toward North Korea can be explored. Turning to the other side of the Korean arms control equation, there are a number of measures that the United States is in a unique position to offer North Korea, as part of a total package of confidence-building. The most important of these would be a formal, binding, no-first-use of nuclear weapons commitment. In 1978, several nuclear powers, including the United States, publicly adopted policies of restraint in the use of nuclear weapons against countries not possessing such weapons. Since that time, official U.S. policy has been that:

It will not use nuclear weapons against any non-nuclear weapons state party to the NPT [Nuclear Non-Proliferation Treaty] or any comparable internationally binding commitment not to acquire nuclear explosive devices, except in the case of an attack on the United States, its territories or armed forces, or its allies, by such a state allied to a nuclear-weapons state or associated with a nuclear-

weapons state in carrying out or sustaining the attack.⁵

This often-repeated statement would appear to offer reassurance to North Korea that it has nothing to fear from U.S. nuclear weapons as long as Pyongyang complies with its obligations under the NPT. Nevertheless, several nonnuclear weapons states, including North Korea, have not been satisfied with this U.S. policy statement.

To begin with, as critics have pointed out, while the United States insists that non-nuclear weapon states adopt an "internationally binding commitment" not to acquire nuclear weapons, the most it will offer in return is a non-binding statement of national policy that can be reversed, without warning, by any American government at any time. Again, as long as North Korea is in any way allied or associated with the governments of Russia or China, it cannot be completely certain that the U.S. policy against use of nuclear weapons would apply in the event of renewed hostilities in Korea.

A formal, legally binding commitment from the United States not to be the first to use nuclear weapons in Korea would meet a long-standing demand on the part of Pyongyang that the United States stop "threatening" it with nuclear weapons. At a minimum, the North could regard this as a considerable propaganda victory, while from the U.S. point of view it would merely codify existing declaratory policy. Such a commitment might be entered into as a protocol to the Joint declaration on the denuclearization of the Korean peninsula already signed by the North and South. The United States has already ratified a similar no-first-use pledge in the context of the Latin American Nuclear Weapons Free Zone (the Treaty of Tlatelolco).

The United States could also offer to lower the visibility of the "United Nations" character of its command in Korea. Under a 1950 Security Council resolution, the United States is authorized to use the United Nations flag, symbol, and name in Korea, but it is not required to do so. Without abandoning its UN-sanctioned role, the United States could remove the United Nations flag from U.S. military headquarters in the South, as well as from the uniform of its military personnel at facilities in Panmunjom. For North Korea, this would lessen a humiliating symbolism that suggests it is opposed by the entire world.

More symbolic than substantive, such measures could begin to reassure the North Korean government, while requiring no real shift in the U.S. commitment to South Korean security. A minimum requirement for these measure should be that the North Korean government has truly turned its back

5. Statement of Secretary of State Cyrus Vance, June 12, 1978, before the UN General Assembly Special Session on Disarmament. This policy was reaffirmed by subsequent U.S. administrations in 1985 and 1990.

on the policies that led to the breakdown of the 1953 arms control provisions, and is now committed to a policy of good faith arms control and confidence-building. If early measures to increase military transparency and lower tensions on both sides of the Demilitarized Zone succeed, then, and only then, should the United States offer to negotiate substantial cuts in its military capabilities in Korea, such as the final termination of the Team Spirit exercises or limits on the deployment of combat aircraft.

When the Clinton administration took office in Washington, the Cold War had already ended everywhere else except in Korea. Considering President Clinton's determination to focus on domestic policy issues, it is likely that he would support any reasonable step to bring the two Koreas closer together and reduce American military involvement on the peninsula. It remains to be seen whether the North Korean government will, in good faith, take the constructive steps necessary to liquidate the last vestiges of the Cold War.

7

Korean Arms Control in the Regional Context*

Ronald D. McLaurin
Chung-in Moon

Although the Korean conflict is a product of the cold war, the struggle on the peninsula has outlasted the superpower rivalry that created it. Its survival is not merely a question of lag-time; instead, it reflects the fact that the Korean conflict had already undergone a number of fundamental structural changes, beginning as early as the 1950s. These changes transformed the nature of the conflict on the peninsula, while leaving it cloaked in much of the same outward apparel. The cold war became a reinforcing mechanism, rather than the cause, of the continuing crisis.

This is not to deny that the revolutionary transformation of global power relations has affected the situation in Korea. In a sharp departure from the previous pattern of almost unremitting military confrontation and mutual denial, both Korea have in the last few years resumed high-level political talks and in 1991 reached a Basic Agreement on Non-aggression, Reconciliation, and Cooperation. The agreement was followed by the joint declaration of a nuclear free zone on the peninsula. Moreover, the two governments agreed to form a military committee to manage inter-Korean con-

* We would like to thank the United States Institute of Peace for supporting this research. This paper is part of a larger research project on arms control on the Korean peninsula which is funded by a grant from the United States Institute of Peace.

flict through confidence-building and arms control.¹

The new atmosphere of peaceful coexistence and uneasy detente on the peninsula slowed as a result of increased concern among some officials in South Korea, the United States, Japan, and elsewhere regarding the status of North Korea's nuclear program.² In the wake of the resumption of large U. S.-South Korean military maneuvers,³ North Korea announced its decision to withdraw from the nuclear non-proliferation treaty (NPT) and to refuse additional inspections of any of its nuclear facilities.

The North Korean action overshadows all the recent progress made on the peninsula and has had the effect of replacing most of the attention on conventional arms control with a unique focus on its nuclear dimension. Yet, inter-Korean arms control involves complicated interactions of international, regional, inter-Korean, and domestic interests and processes.⁴ Resolving the current nuclear question is only one of several preconditions for the edification of an inter-Korean arms control arrangement.

The regional context has been particularly important. The resilience of the Korean conflict even as the cold war has passed into the pages of history books can be attributed in very large part to the northeast Asian regional security environment, which has consisted for some years of a series of political and military balances rather than a single overarching division to which other divisions are subordinate. As regional actors' autonomy has facilitated and constrained the Korean conflict, so too they can facilitate or constrain the process of inter-Korean confidence-building and arms control.

1. On inter-Korean arms control, see Byung-joon Ahn, "Arms Control and Confidence-Building on the Korean Peninsula," in Andrew Mack (ed.), *Security and the Korean Peninsula* (Boulder: Lynn Rienner, forthcoming); Chung-min Lee, "The Future of Arms Control in the Korean Peninsula," *The Washington Quarterly* 14 : 3 (Summer 1991): 181-197; Chung-in Moon, "Managing the Inter-Korean Conflict and CBMs," *Korean Observer* 22 : 1 (Spring 1991); James Wendt, "Conventional Arms Control for Korea: A Proposed Approach," *Survival* 34 : 4 (Winter 1992-3): 108-124; Young-Koo Cha, "Arms Talks on the Korean Peninsula: A Korea Perspective," *Korean Journal of International Studies* 21 : 2 (Summer 1990): 231-248.

2. Andrew Mack, "North Korea and the Bomb," *Foreign Policy* 83 (Summer 1991): 87-104; Leonard S. Spector and J. R. Smith, "North Korea: The Next Nuclear Quagmire," *Arms Control Today* 21 : 2 (March 1991): 8-13.

3. South Korea and the United States carried out the joint TEAM SPIRIT exercise on an annual basis over many years, often with small participation or observation by third countries. The exercise, to which the North has always objected, was suspended in 1992 to encourage more rapid movement in the two countries' talks. In March 1993, U.S. and Republic of Korea forces once again participated in TEAM SPIRIT.

4. See Chung-in Moon and Ronald McLaurin, *Arms Control on the Korean Peninsula: Domestic Perception, Regional Dynamics, and International Penetration* (Washington, D. C.: United States Institute of Peace, forthcoming).

This chapter explores the dynamics of regional politics surrounding inter-Korean arms control. The first section addresses the links between the Korean conflict and regional actors. The second delineates the mechanisms through which regional actors can foster or impede the process of arms control on the peninsula. The third part examines the political calculus of the principal actors as each relates to inter-Korean arms control. The chapter concludes with a comparative assessment of regional actors' policies on peninsular arms control and suggestions for policy options.

The Korean Conflict and the Regional Context: Implications for Arms Control

If the structure of the contemporary Korean conflict grew out of the U.S.-Soviet rivalry, the dynamics that have perpetuated and reshaped the conflict are much older, reflecting the historic geopolitics of the Korean peninsula. Located at the crossroads of continental and maritime forces, much of Korean history reflects the competition between China, the continental power, and Japan, the maritime power. For China, the Korean peninsula was the stepping stone to project its power into the Pacific, especially toward Japan. Similarly, Japan needed Korea as a springboard to expand onto the continent. Russia and the United States are much more recent participants in this age-old struggle. Russian interests were shaped initially by the search for warm water ports and later by ideological considerations; American engagement was primarily driven by the logic of strategic containment of the Soviet Union.

The geopolitical dynamics of the peninsula have far-reaching implications for the Korean conflict in general and for inter-Korean arms control in particular.

First, bipolarity in east Asia disappeared with the advent of the Sino-Soviet split in 1959. With the end of bipolarity came the end of any applicability of an extended deterrence system as the driving force of military developments. This system of autonomous regional balances is sometimes referred to as "finite deterrence."⁵ For each Korean government, the immediate threat is on the other side of the demilitarized zone (DMZ). However, both Koreas regard Japan, China, and Russia as potential sources of threat as well. A unified Korea would predictably upgrade the level of these potential threats. It is the autonomy of regional military and political balances that

5. James R. Kurth, "The Pacific Basin versus the Atlantic Alliance: Two Paradigms of International Relations," *Annals* 505 (September 1989): 34-45.

complicates inter-Korean arms control. Neither Korean government can arrive at a solution that addresses arms reduction to satisfy each other yet provides for sufficient power to cope with potential threats expected to increase in the future.

Second, in the security environment where four regional actors compete with each other, both Koreas have sought external patrons and protectors. The United States has been the ultimate patron for South Korea, though Japan has played an important supporting role in recent years. The patron-client ties for North Korea have been much more complicated, which for years skillfully exploited the Beijing-Moscow rivalry to derive optimum benefits from its linkages to China and the Soviet Union.

The finite deterrence situation and patron-client relations have probably magnified the role of regional powers. The United States, the principal U.N. component in the Korean war and a signatory to the armistice agreement of 1953, is an active party to the Korean conflict. Since then, the U.S.-ROK Mutual Defense Treaty and the presence of American troops in South Korea have deepened U.S. involvement in the conflict. The American security commitment has clearly been a key element in the strategic equation on the peninsula.

Yet, the American role may also be a major barrier to inter-Korean confidence-building and arms control. North Korea has consistently called for the withdrawal of American forces as a precondition for inter-Korean arms talks. Moreover, the United States has been the primary source of advanced military hardware and defense technology to the South. These transfers have substantially altered the military balance between the Koreas and have contributed to the inter-Korean arms race.⁶

Japan's role is much more ambiguous. Article 9 of Japan's peace constitution precludes Japan's active security engagement, and military cooperation with South Korea has therefore been minimal, indirect, and circumventive. Nevertheless, both Koreas perceive Japan to be a major actor. To North Korea, it is seen as a hostile participant due to the U.S. forces based in Japan which could easily be used against the North. Despite indirect security consultation under the U.S. umbrella, even South Korea views Japan ambivalently, seeing the country as a potential threat in case of U.S. disengagement or Japanese remilitarization.

China has played a considerably more active role. Eighteen Chinese divi-

6. See Chung-in Moon, *The Structure of the Korean Conflict and Withdrawal of American Forces in South Korea* (Seoul: Korea Policy Development Institute, 1990) (in Korean). For a recent excellent treatment of inter-Korean arms race, see Taikyung Hahn et. al., *North-South Korean Arms Race and Arms Reduction* (Seoul: Kyungnam University Press, 1992) (in Korean).

sions fought in the Korean War, and China signed the armistice agreement at its conclusion. Although Chinese forces withdrew from North Korea in 1958, the two countries entered into a new relationship with the signature of a Treaty on Friendship, Cooperation, and Mutual Assistance in 1961. This treaty formalized their military alliance with a paragraph providing for "immediate intervention and assistance in the case that either one of the parties to the treaty is invaded by a nation or group of nations."⁷ As a result of the Korean War experience and the subsequent North Korean-Chinese treaty, the South long considered China an enemy.

In spite of the military alliance, China has played a limited role as a supplier of military hardware and technology to North Korea. Instead, the North has relied on China primarily for oil, raw materials, and some intermediate goods (e.g., steel) essential for its defense industry. In part, this reflects the inferiority of China's military technology by contrast with Russia. Beijing has filled important gaps, however, either supplying material during periods the Soviets refused to do so or providing types of equipment Moscow did not. In any event, China-ROK diplomatic normalization in August 1992 has fundamentally transformed the Chinese role, and even the South now looks upon China as a promising balancer and broker.⁸

The Russian role has also changed. The North Korean regime was established under the Red Army occupation and was consolidated with Soviet support. Although the Soviet Union did not dispatch troops to the North during the Korean War, recent archival data in Moscow has revealed that Stalin did personally approve Kim Il Sung's proposal to invade the South, and that the Soviets sent military advisors to the North during the conflict. The two countries signed a treaty on "Friendship, Cooperation and Mutual Assistance" in 1961, and consistent Soviet support for the North forced the South to look upon Moscow as an enemy.

Moscow's principal role in the arms control question has been as the primary supplier of military materiel to North Korea. The bulk of the North's weapons were made in the Soviet Union, and Moscow was supplying relatively advanced weapons systems -- MiG-29 and Su-25 aircraft, SA-5 missiles, and early warning systems -- to the North as recently as 1988. In addition, the Soviet Union was the source of the North's nuclear technology. In return for its support, Moscow obtained use rights at selected ports. The two countries' forces also participated in joint military maneuvers from time to

7. The provisions of the treaty are stronger than those in the U.S.-ROK agreement, which stipulate that parties will provide military assistance after taking constitutional procedures.

8. Chae-jin Lee, "China's Military Policy on North Korea," in Young-Nok Koo et. al., *Structure of Peace and North-South Korea* (Seoul: Bubmumsa, 1990), pp. 203-230 (in Korean).

time.⁹

The collapse of the Soviet Union and sharp change in Russian politics have altered the Russian role in the Korean conflict. Diplomatic normalization between Moscow and Seoul in September 1990 has been followed by a reduction in the traditional military ties between Moscow and Pyongyang and last year with an agreement on military exchanges between Moscow and Seoul.

Likewise, regional actors have played a variety of roles in the Korean conflict and arms race. It is reasonable to suppose that since their participation in the conflict has been structural, regulatory, and facilitative, these are also the roles their participation in arms control are most likely to productively assume.¹⁰

Regional Actors and Arms Control on the Korean Peninsula

The Structural Dimension

One telling result of the nexus of conflicting interests, historic suspicions, and multiple autonomous military balances ("finite deterrence") is to limit the effectiveness of any single bilateral compromise on conflict management. This factor is an important hurdle in the inter-Korean arms control context. For example, agreeing on force reduction levels has proven impossible. North Korea has traditionally advocated an unconditional mutual reduction of force levels to 100,000 for each of the two Koreas. However, strategic planners in the South object to this proposal on the grounds that inter-Korean force levels must be anchored in regional security requirements, too. They argue that Korea, whether divided or united, must maintain a level of force consistent with effective deterrence against potential regional enemies such as Japan.¹¹ Divergent threat perceptions between North and South, reflecting their very different political, economic, and security interests, relationships,

9. Young-whan Kihl, "Military Relations between the Soviet Union and North Korea," in Koo, *Structure of Peace*, pp. 183-202.

10. On the role of regional powers in inter-Korean arms control, see James Goodby, "Confidence and Security-Building in the Korean Peninsula: The Negotiating Agenda," in The Institute of Foreign and National Security Affairs ed.), *Arms Control on the Korean Peninsula* (Seoul: IFANS, 1990), pp. 114-115; Thomas J. Hirschfeld, "Building Confidence in Korea: The Arms Control Dimension," *The Korean Journal of Defense Analysis* 4:1 (Summer 1992): 23-56; Kang Choi, *The Prospect of Arms Control in Northeast Asia: A Contextual, Procedural, and Perceptual Approach* (Columbus: Ohio State Univ., unpublished Ph.D. dissertation, 1991).

11. Interview with General Yong Ok Park, Director General of Arms Control Bureau, Korean Ministry of National Defense (August 2, 1992, Seoul); Ji Man-won suggests a level of 300,000,

and projections, have stymied progress on a structural arms control agenda which, if it were limited to the two protagonists, would be much more manageable.

Improving the prospects for structural arms control in Korea probably requires several preceding steps to attenuate the impact of regional finite deterrence. The most elusive—because it is the most intangible—element in this context may be the transformation of regional actors' threat perceptions. Declared positions notwithstanding, regional actors in northeast Asia tend to have hostile perceptions of each other. Political differences and military tensions and uncertainties among the three regional giants—China, Japan, and Russia—are a continuing reality in the interstices of which the international relations of the area are played out. Sometimes the problems are subtle; sometimes they are of global crisis proportions. Always they reflect the underlying interplay of the several power centers. Reducing the degree of uncertainty and potential threat would help attenuate the impact of this multi-dimensional tension on the Korean arms control situation.

Force postures are also a critical factor. In spite of the tensions in east Asia and the continuing confrontation in Korea, and except for the United States, most of the regional actors' force structures are essentially defensive in nature. For some, it is in fact the U.S. presence that is largely responsible for current force planning. This is not only the case with respect to those nations who depend upon the U.S. defense umbrella. Even countries allegedly hostile to Washington often view the American presence as a salutary restraining influence on their potentially threatening neighbors. In other cases, domestic political and economic constraints have produced similar results. However, with a widespread expectation that the United States will disengage, or at least significantly reduce, its military presence in the region over the next five to ten years, governments are rethinking their force postures. A workable Korean arms control equation may depend upon evolving a better regional understanding that will permit current defensive force postures to retain that character.

Of course, some form of collective security or regional arms control regimes may be the best means of overcoming the constraints imposed by finite deterrence. Many commentators and officials as well have proposed some sort of northeast Asian or Asian CSCE (the European model). Collective efforts to institutionalize regional confidence-and security-building measures could certainly contribute to the climate for arms control on the

which is comparable to Japan. See his *Korean Military, Where to Go?* (Seoul: Gamyoungsa, 1992), in Korean.

Korean peninsula.¹² Indeed, it is almost inconceivable that such a regime could be effected without a principal focus on the peninsula.

However, the resistance of the structural factors to management and the sheer number of powerful actors in this now highly decentralized subsystem argue against the practicability in the foreseeable future of far-reaching arms control regimes in east Asia. Thus, if Korean arms control is to be dependent upon a larger regional system, it is probably doomed.

The Regulatory Dimension

Even though the Korean conflict has taken on a life of its own, regional actors can play a role in regulating the intensity and immediacy of the conflict and thereby in facilitating a climate conducive to arms control. The most obvious means by which this may be done are (1) through minimizing or avoiding direct intervention and intimidation and (2) through arms and spare parts limitations. The United States, for example, controls the levels of its own deployments, and can determine such issues as whether joint exercises involving its forces will be conducted, as well as their location, content, and level. Each regional actor determines when, whether, and how to exert influence on a specific situation, including threatening moves whether implied or overt. Through regulation of these components, regional actors can limit potential conflict escalation and support inter-Korean confidence-building measures and arms control.

Of course, both Koreas themselves are major military powers. But regional actors can diffuse inter-Korean conflict potential by regulating their cooperation with any offensive, or potentially offensive, action of either party. In view of the salience of alliance considerations and weapons and logistics limitations, many observers question whether either Korea is in a position to initiate sustained offensive action unilaterally.

South Korea has weapons, logistic infrastructure, and wartime materiel stocks to begin offensive operations. However, it is inconceivable at this time that Seoul would do so without U.S. encouragement both because of the combined force structure and the follow-on logistic support that would be necessary in any sustained hostilities.

North Korea is less constrained by its alliance structures, but is much more

12. See Andrew Mack and Paul Keal (eds.), *Security and Arms Control in the North Pacific* (Sydney: Allen & Unwin, 1988); Geoffrey Wiseman, "Common Security in the Asia-Pacific Region," *Pacific Review* 5:1 (1992): 42-59; William Tow, "Northeast Asia and International Security: Transforming Competition to Collaboration," *Australian Journal of International Affairs* 46: 1(May 1992): 1-28.

limited by the quality of its armament, reliance on spare parts and components from other sources, and acute energy shortages. Short of logistical support and assured resupply from China and Russia, a northern offensive against the South would be doomed.

Recent wars have demonstrated that modern combat techniques and weapons systems produce extraordinarily intense and sustained combat that is consumptive of human and materiel resources at unprecedented levels. These requirements generate dependency relationships that provide additional leverage to regional actors in regulating conflict potential. If regional actors do not endorse or support offensive actions, both Koreas might find it much easier to come up with new and effective approaches to arms control.

Regional actors have another potential regulatory role--self-regulation. In other words, just as the Korean conflict has taken on a life of its own, so too the process of tension reduction appears to have developed some self-sustaining momentum over the last few years. It is important that regional actors exercise self-restraint in not impeding this process. This non-interference principle poses a fundamental dilemma for the United States. Because its forces are deployed in South Korea, Washington is bound to be involved in the peninsular arms control process. It would be unrealistic to argue that American troop withdrawal is a precondition of successful arms control, particularly since several regional actors view American forces as stabilizing rather than destabilizing and might react to precipitate withdrawal in ways that would doom, not help, arms control. However, it is not unreasonable to suggest that long-term U.S. interests are best served by eschewing direct interference with inter-Korean negotiation processes, i.e., by allowing the Korean parties to identify a path toward conflict reduction and resolution.

The Facilitative Dimension

There are at least two channels through which regional actors can facilitate inter-Korean arms control talks: honest brokerage and technical support. The role of honest broker in the Korean context would involve impartial third-party intervention to bring both Koreas to the negotiation table, to identify causes of stalemate, and to suggest alternative solutions. This role could be played on either a unilateral or a multilateral basis.

In view of the number of regional actors on good terms with the United States and the confidence they repose in its diplomatic intentions on the peninsula, Washington could be an ideal honest broker if the North did not look upon it with such suspicion and hostility. The official and apparent preconditions to reduce these barriers are U.S.-North Korean diplomatic normalization and a peace treaty to bring to a formal end the Korean War. However,

given the nature, breadth, and depth of U.S. linkages to the South, bonds are likely to remain even if the American presence is substantially reduced or withdrawn. It is difficult to imagine that the North will readily see Washington as other than suspicious and hostile as long as North-South relations themselves remain tense. On the one hand, officials in the North, perhaps reflecting their own experiences with China and Russia, do not appear fully to understand how deeply rooted have become U.S.-South Korean relations. On the other hand, these officials may also lose some interest in the United States when they grasp more accurately the limits of American influence over the South, leverage that will only shrink with time.

Multilateral broker formats could take diverse forms, including the "four-plus two" formula¹³ or Korea-oriented elements of regional arms control regimes or institutions. The isolation of the North and the anomalous status of the United States and the United Nations as conflict parties currently places certain unusual and unfortunate limits on the flexibility of multilateral honest brokerage.

The second general category of facilitation involve technical support. Contemporary confidence-and security-building measures, and arms control more broadly, involve sophisticated techniques and technologies to implement surveillance and verification. Intelligence collection through satellite and other overhead surveillance, use of sensors to monitor force movements in buffer zones, and other electronic technologies to reinforce CMBs and arms control accords have become central to transparency, predictability, and stability. At present, both Koreas lack the expertise and hardware necessary to these processes. North Korea, in particular, would be heavily dependent on regional actors for adequate technical support in this regard.¹⁴ However, this dependency also implies that the North would have to trust the data it received, and past behavioral patterns suggest that the officials from the North have maintained a healthy skepticism concerning the intentions of their "friends."

The foregoing demonstrates that there is no absence of constructive roles awaiting regional actors in supporting the improved control of arms and tension on the Korean peninsula. There is, however, a significant distance between the roles those parties could play and their actual postures.

13. James Baker, Secretary of State under Bush, suggested the formula during his visit to Korea in November 1991, which involves a loosely structured-multilateral forum. "Four" refers to The United States, Japan, China, Russia, and "two" refers to North and South Korea.

14. Technical issues may emerge as a major barrier in actual arms control processes due to asymmetry of verification technology and equipment between the North and the South.

The Dynamics of Political Calculus : Regional Actors and Inter-Korean Arms Control

The United States

American strategic objectives in east Asia have been to maintain regional stability, to prevent the emergence of a regional hegemon, to safeguard critical sea lanes of communication, and to ensure market access for the United States. For the bulk of the period since World War II, checking Soviet military moves was a principal focus of these goals. As the Soviet threat receded and then disappeared with the collapse of the U.S.S.R., other efforts, which had earlier enjoyed a secondary or derivative importance, moved to the fore—e.g., deterring North Korean military provocation, blocking North Korean nuclearization, limiting Chinese military development. More generally, however, the U.S. interest in regional security and stability has led the American government to try to act as an honest broker and balancer in the region.¹⁵

Structural Contribution Potential

The United States has been among the most active regional parties in the arms control issue, but its regional posture complicates its role on the peninsula. In spite of its commitment to supporting regional security, the United States is likely to reduce its military presence in east Asia, both because of shifting security parameters and changing and diminishing threats, on the one hand, and because of mounting domestic pressures to reduce defense spending, on the other. The current American defense posture in east Asia reflects the cold war period, and is based on strategic concepts of deterrence including forward deployment and coalition warfare.¹⁶ The nature and extent of U.S. disengagement have not yet been decided, and they will probably only become clear over the next five years or more. While a drawdown of American forces might appear to contribute to inter-Korean arms control discussions, since it will begin to meet North Korean conditions, an American military

15. U. S. Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking Toward the 21st Century* (April 1990); James A. Winnefeld et al., *A New Strategy and Fewer Forces: The Pacific Dimension* (Santa Monica: Rand, 1992).

16. Ronald McLaurin and Chung-in Moon, *The United States and Defense of the Pacific* (Boulder: Westview 1989); Edward A. Olsen, "A New American Strategy in Asia," *Asian Survey* 31:12 (December 1991). For alternative force structures and deployment patterns, see Winnefeld et al., *A New Strategy*—; William Crowe Jr. and Alan D. Romberg, "Rethinking Security in the Pacific," *Foreign Affairs* (Spring 1991).

withdrawal from the Korean peninsula would probably only follow, rather than precede, a viable arms control accord. Moreover, virtually all parties, including neutral observers and Pyongyang's allies, have privately remarked upon the highly rhetorical nature of the North's demands in this regard; they remain skeptical that the substance of these demands is serious.¹⁷

And indeed, in the medium to long term, a U.S. disengagement could prove more negative than positive for effective inter-Korean CBMs and arms control. The United States fulfills certain critical defense roles in several regional countries. It is difficult to see how the withdrawal of this American role would not engender a regional arms race as countries previously protected by the American umbrella hastened to fill the resulting gaps in their capabilities, and then potential adversaries reacted in turn to these acquisitions with procurements or manufactures of their own. Even though much or most of this process would occur outside the peninsula, it would inevitably ramify on the very sensitive military balance of the two Koreas, making inter-Korean arms control even more difficult to modulate.

Some have suggested that, given this dilemma, the United States itself should take the initiative, shaping a broadly defined regional arms control regime comaprable to the CSCE.¹⁸ Certainly, both Koreas and the other principal regional actors would be critical elements of this regime. However, the varying nature of the autonomous balances in the region, the highly complex and shifting alignment enmity patterns, and the multifaceted nature of the U. S. role suggest that this approach is probably chimeric, and that a regional arms control regime would probably be more elusive than a more limited arrangement on the peninsula.

A good example of the multifaceted U.S. role lies in the nuclear arena. The U.S. presence has provided a nuclear umbrella for countries that clearly have the technological capability and capital to produce nuclear weapons in a short time--countries like Japan and South Korea. And if the issue of an Asian CSCE involved these and other non-nuclear countries, that dimension would be more manageable. However, the United States being absent, Japan is left without a nuclear umbrella to face its two principal threats, Russia and China, both of which are nuclear powers. Many in Russia and China are afraid that the pressure to move toward nuclea weapons would be irresistible--and that this in turn would drive South Korea to nuclear weapons. The

17. North Korea has shown a much more flexible attitude on the withdrawal of American forces from South Korea. The actual withdrawal will deprive North Korea of the ultimate bargaining leverage over the South, limiting the scope of its maneuver for political purposes.

18. Andrew Mack, "Superpower Arms Control in the Pacific," in Miles Kahler (ed.), *Beyond the Cold War in the Pacific* (San Diego: IGCC, 1991), pp. 71-92.

South Korean case is even clearer, since it was U.S. pressure that forced that country to discontinue a clandestine nuclear weapons program under way in the 1970s. In the absence of the United States, Seoul would have both strong reasons to resume such a program, and of course not undergo the same kind of pressure from its erstwhile nuclear protector. These same kinds of arguments could be made in terms of many dimensions--navy, strike aircraft, long-range missiles, for example. In many respects, U.S. military retrenchment will be one of the biggest threats, rather than encouragements to a viable regional arms control regime.

Regulatory Contribution Potential

U.S. ability to restrain the Korean arms race and suppress conflict escalation potential also appears limited. A cutoff of U.S. military materiel to South Korea, whose defense is tightly connected to the United States at critical points, would be a one-sided benefit for the North and probably very destabilizing. At the same time, short of this, the United States will continue to be the principal arms supplier to one side of this protracted conflict. Indeed, as it has cut back on the size of its force presence on the peninsula, and has decided that South Korea is prepared to stand on its own militarily, Washington has begun to allow the transfer of advanced technologies and systems that were previously embargoed, at least *de facto*, for the ROK.¹⁹

Virtually every government in Asia and beyond considers the U.S. role in South Korea defensive and stabilizing. However, the North Korean position is quite at odds with this perception. The North insists the U.S.-South Korean military cooperation is designed to undertake offensive military actions against the North. Pyongyang points to behaviors that might be qualified as intervention, intimidation, and interference--for example, the U.S. troop presence, TEAM SPIRIT exercises or the recent threat of a "surgical strike," and the condemnation of the Kim Il Sung regime, respectively. The North blames the United States specifically as the principal cause of the arms race and military tension on the peninsula.

Thus, there is limited room for maneuver between the Scylla of withdrawal (defined everywhere but Pyongyang as a destabilizing act) and the Charybdis of continuity. At various times, the United States has taken actions that could be used to modulate the intensity of its role, whether or not that was their intent at the time: it has suspended TEAM SPIRIT, withdrawn

19. This reflects growing American confidence in the success of the democratization movement in South Korea, as well as a broad conclusion that there is virtually no support in the South today for "liberating the North," a major concern of Americans for many years.

U.S. nuclear weapons from the peninsula, reduced U.S. forces, altered rotation patterns, and undertaken diplomatic initiatives with the North. In some cases, these actions appear to have had significant positive effects; in other instances, they have yielded little if any tension reduction. The fact that there have at times been positive results suggests that this may be some room for American structural contributions.

A principal roadblock to exploration of the room for structural maneuver is the limited contact between the two parties. As the European negotiations showed, even in earlier and gloomier days, expanded discussions can produce far better understanding and can open the door to constructive exploration of tangible alternatives. The indirect means by which U.S. structural incentives must now be developed is inefficient and much more likely to produce frustration and exacerbate tensions. Thus, a regular, discreet forum for dialogue between the North and the United States might conduce to the identification of limited, sequential, and interactive structural incentives. There is certainly no shortage of subjects for discussion, given the presence of U.S. forces in this heavily armed environment. The United States could make clear its intention to share fully with its South Korean allies what occurs in these discussions. This approach is also least likely to be viewed as threatening or destabilizing by other regional actors. Without a systematic exchange of views, there is reason to doubt the extent to which isolated actions, however well intended, will produce optimal results.

Facilitative Contribution Potential

The United States is perhaps the only actor able to facilitate inter-Korean arms control through positive engagement. At the regional level, however, Washington has resisted or opposed most attempts at comprehensive regional CBMs and naval arms control. It has largely ignored Australian and Canadian proposals on regional CSBMs. The American government appears to have serious reservations about the relevance, appropriateness, and value of these proposals.²⁰ Moreover, current defense budget cutbacks in the United States may produce American drawdowns in the east Asia/Pacific area that vitiate or undermine other agreements. In any case, the complicated pattern of rivalry, threat, and military balances has persuaded that regional security arrangements are more urgent and perhaps more workable as confi-

20. Wisema, "Common Security..."; Paul Dibb, "Confidence Building and Conflict Reduction in the Pacific" a paper presented at the 6th Asia-Pacific Roundtable, Kuala Lumpur, Malaysia (June 21-25, 1992); Andrew Mack, "Superpower Arms..." For an opposing view, see James A. Winnefeld, "The Pacific Arms Control Drama," in Kahler, *Beyond the Cold War...*, pp. 93-106.

dence-building measures at this stage than structural arms control accords.

With respect to the Korean situation *per se*, the Bush administration did propose a "2+4" formula to foster inter-Korean dialogue and reassure regional actors. However, South Korea rejected the suggestion on the grounds that the overall military environment was premature for such an approach.

If, as we suggest, the United States has only limited room for maneuver in promoting Korean arms control through structural or regulatory means, and has shown reticence in facilitating artificial formulas at the regional level, still no one doubts the critical facilitative role Washington must play to implement arms control agreements on the peninsula should they be reached in spite of the obstacles. The United States has a broad array of proven technical means vital to monitoring implementation. Although North Korea has rejected American technical support in the area of IAEA inspections, parallel technologies are available through other actors possibly more acceptable to the North.

Japan

Japan has traditionally pursued a security policy of defensive defense. The strictures of the peace constitution compel Japanese adherence to the United Nations Charter and to a rather narrow definition of self-defense. Consequently, Japan emphasizes its security alliance with the United States as a primary guarantor of its strategic defense, while maintaining cordial relations with China and South Korea. Japanese strategic objectives can be summarized as the defense of the Home Islands, contributing to regional security primarily through non-military means, and maintaining economic growth and prosperity.²¹

Despite close and extensive security cooperation with the United States, Japan has threat perceptions which diverge at points from those of its senior strategic partner. The principal threat remains the strong Russian naval and air presence in the region.²² Taken together, the failure to resolve the Northern Territories issue and the exploitation of this issue by Russian nationalists and certain military circles in Moscow to whip up anti-Japanese sentiment appear to justify Japanese concern, particularly since Russian Pacific force structure has not changed appreciably (as has occurred in certain other areas).

21. See Japanese Self-Defense Agency, *Defense White Paper 1991* (Tokyo: Self-Defense Agency, 1992), pp. 83-92 in Japanese; Mashashi Nishihara, "Japan's Gradual Defense Buildup and Korean Security," *Korean Journal of Defense Analysis* 1:1 (Summer 1989), pp. 99-112.

22. Noburo Yamaguchi, "A Post-Cold War Power Struggle?: Regional Security in East Asia," (Cambridge: John Olin Institute for Strategic Studies, 1992, mimeo); Tsuneo Akaha, "Japan's

A second source of threat lies in the South China Sea whose security is vital to maintaining sea lines of communication on which Japan's economy is heavily dependent. In view of burgeoning Chinese-Japanese economic cooperation and the absence of issues as divisive and intractable as the Northern Territories problem, China itself is not placed on the same level of threat as Russia. Still, the size and increasing sophistication of China's military inventory, the Chinese nuclear program, and its continuing interest in surrounding territories and waters are considerations that Japanese strategic planners understand they must prudently take into account. At this stage, they are more concerned with maintaining the security of the key waterways in the region in general than with confronting any specific threat to them mounted by an individual littoral state such as China.

At present, however, the Korean peninsula may be the most serious source of threat to Japanese security. Japan's concerns in this regard are threefold: the peninsular arms race combined with conflict escalation potential, nuclear proliferation, and the unknown and unpredictable behavior of a unified Korea.

By itself, the inter-Korean arms race would not be a problem. After all, both China and Russia have inventories and capabilities far in excess of anything either of the Koreas can boast. However, even in the tensest days of the Sino-Soviet dispute the likelihood of full-scale hostilities was relatively remote. By contrast, the kindling point on the peninsula has never seemed very much beyond the temperature of the continuing confrontation there. Moreover, both Korea look upon Japan as a much more direct and relatively powerful threat than do either China or Russia, both of which are great powers with larger inventories than Japan and with territorial extensiveness that Japan could not easily cope with.

If North Korea's alleged quest for nuclear weapons is not arrested or disproved, the South will almost certainly pursue its own nuclear option. This would confront Japan with a very different threat environment. For the present, anti-nuclear forces in Japan enjoy far greater public support than those who endorse a military nuclear option--this in spite of the Russian and Chinese nuclear capabilities. Faced with continuing territorial disputes with nuclear Russia, continuing enmity and confrontational language from a nuclear North Korea, a nuclear China slowly flexing its increased influence in areas vital to Japan's security, and an ambivalent relationship with a nuclear South Korea that remains profoundly distrustful of Japan and sees Japan as its principal long-term threat, public attitudes could shift and force the government to move on its own nuclear program. This would of course be even more reasonable in the context of a *de facto* withdrawal, or diminishing

credibility, of the U.S. nuclear umbrella.

Finally, there are serious Japanese voices pointing to the rise of a unified Korea as a major threat to Japanese security.²³ Those articulating this threat do not believe Korea would become an expansionist state looking hungrily at Japan. Rather, they argue that postwar history demonstrates clearly the staying power of anti-Japanese sentiment among the Korean people. Consequently, they continue, a unified Korea would quite likely consider Japan its major security threat and act accordingly in terms of force structures, weapons acquisitions, and alignment patterns. In this scenario, Japan would have no option but to follow suit.²⁴

These regional and Korea-specific factors limit the range and potential of Japan's ability to foster inter-Korean confidence-building and arms control.

Structural Contribution Potential

The Japanese hope that they can continue to depend upon the U.S. security guarantee and engagement. Under these circumstances, their own military requirements will remain limited, even if they grow somewhat, and they can retain a defensive defense posture. Even in these circumstances, Japan could contribute to inter-Korean arms control through persuading the United States to support regional CBMs and arms control regimes and by placing the Korean issue in that context.²⁵

By contrast, if the Japanese were to react to U.S. disengagement with remilitarization this process would almost certainly have a distinctly adverse effect on Korean arms control possibilities. Japanese remilitarization would reinforce the fissiparous tendencies produced by the multiplicity of autonomous conflict dyads, and would certainly accelerate and diversify regional arms races. Notwithstanding the fears of its neighbors, Japan is unlikely to engage in systematic or large-scale rearmament while the United

23. A major source of the controversy is Kenichi Takemura's *Nihon no Higeiki (The Tragedy of Japan)* (Tokyo: Shodensha, 1991) which argues that a unified Korea is a formidable threat to Japan. For a contrasting view, see Imazu Hiroshi, "Uniting a Divided Korea," *Japan Quarterly* 27:2 (1990): 136-144.

24. Although these developments seem implausible, this approach in fact enjoys some commonalities with the perspectives of ultraconservatives in both Koreas.

25. Masahiko Asaka, "Confidence-Building Measures in East Asia: A Japan Perspective," *Asian Survey* 28:5 (May 1988): 489-508; Yukio Satoh, "Reduction of Tension on the Korean Peninsula," *Korean Journal of Defense Analysis* 3:1 (Summer 1991): 101-115; Satoshi Morimoto, "Japan's Interests in Security on the Korean Peninsula in a Post-Cold War World," in Mack (ed.), *Security and the Korean Peninsula*. However, Professor Takehiko Tanaka of Tokyo University argues that a multilateral solution to the Korean arms control is difficult and unrealistic because of divergent

States remains engaged and credibly committed to its defense.²⁶

Even if the United States remains, Japan may continue a sort of incremental remilitarization and a growing involvement in international security affairs. This is probably the most likely long-term prospect. At present, any remilitarization is destabilizing. The challenge to Japanese (and perhaps American) policy is to find means to overcome neighboring countries' present concerns, which are deeply rooted in past experiences, regarding Japan's rearmament.²⁷

Regulatory Contribution Potential

Because Japan has not been a party to the Korean conflict and is internally prohibited from engaging in arms transfers, Japan's regulatory capabilities are negligible. Indeed, Japan's alliance with the United States and its indirect and direct support of South Korea have in effect made Japan a party to the conflict without being a party. Pyongyang sees the U.S. Fifth Air Force and the U.S. Seventh Fleet, both based in Japan, as targeted against North Korea. Japan and South Korea maintain a menu of security cooperation involving joint maneuvers and personnel exchanges under U.S. auspices, but the scope of the activities remains very limited. Exchanges have generally been restricted to defense attaches, military intelligence, and junior officers (for training purposes).

Nor is Japan in a position to support offensive operations that may be undertaken by either Korea. It would certainly not try to support a South Korean offensive against the North, even if this offensive were intended to "unify" the peninsula.

It is by using its real strength, which is economic, that Japan can best provide regulatory support for arms control on the peninsula. North Korea is in desperate need of Japanese economic assistance. Japan could link its response to these needs to specific types of progress in arms control—to the identification, negotiation, acceptance, and implementation of certain types of CBMs, for example. Japan could grant economic assistance to North Korea in return for accommodation of international nuclear inspections.

interests of regional actors (Interview, July 24, 1992, Tokyo).

26. Domestic debates on the peacekeeping participation reflect the breadth of internal opposition to remilitarization. For an overview of Japanese security policy and domestic political dynamics, see Michael Mochizuki, "Japanese Security Policy beyond the Cold War," in Kahler, *Beyond the Cold War...*, pp. 57-70.

27. See Chalmers Johnson, "Japan in Search of a 'Normal' Role" (San Diego: IGCC Policy Paper, Univ. of California, July 1992).

Japanese overseas development assistance can also be employed as a bargaining leverage to slow North Korea's defense spending.²⁸ At the same time, it should be recognized that this kind of interference could generate a negative backlash by exacerbating North Korea's anti-Japanese sentiment.²⁹

Facilitative Contribution Potential

There is perhaps greater room for efforts at the facilitative level, though at present Japan appears not to have any concrete ideas in this regard. There are three contending views on how to contribute to Korean arms control.³⁰ The first could be described as "following the U.S. lead."³¹ The perspective, widely shared in government circles, argues that Japan should support the U. S. approach in issues concerning Korean arms control. For now, maintaining security takes precedence over active engagement in arms control. This school of thought tends to manifest deep mistrust of North Korean intentions, activities, and statements. Its adherents do not believe any breakthrough on arms control is really possible during the Kim Il Sung regime. Nevertheless, even those who support this line agree that if North Korea were to agree to intrusive inspections and to positively cease development of a nuclear option Japan could shift its posture to at least limited assistance of the North in economic areas and in technical support for CBMs and arms control verification.

The second approach is characterized by a "wait-and-see" mentality.³² Its assumption, much more positive in tone, is that notwithstanding the absence of formal agreements inter-Korean arms control is in fact taking place. North Korea's failure to further modernize and upgrade its arsenal and its economic difficulties that sharply reduce the potential for increased defense spending are a *de facto* arms reduction. South Korea, the argument goes, is readjusting accordingly, and its democratic transition is also placing unprecedented constraints on the ability to increase defense budgets there. Thus, there is no need for Japan to engage itself directly in formal arms control processes or

28. Professor Takehiko Tanaka suggested this option. Interview (July 24, 1992, Tokyo).

29. Given North Korea's economic difficulties, Pyongyang might be willing to risk the danger of Japanese interference. However, since the political demise of Kanemaru Shin, the powerful pro-North Korean patron in Japan, Pyongyang has lost its political connections with Japan.

30. Professor Takehiko Yamamoto of Waseda University provided us with useful insights in elucidating Japan's contending views on the Korean arms control issue. Interview (July 25, 1992, Tokyo).

31. Interview with government officials (Japanese Ground Self-Defense Force J-5 / Northeast Asia division, Ministry of Foreign Affairs / Defense Research Institute) who wish to conceal their identity.

32. Interview with Shunji Taoka of Ashahi Shinbun (July 25, 1992, Tokyo).

institutions, since the reality is a fait accompli process. Japanese involvement could in fact prove counterproductive, since one or both parties could interpret it as Japanese interference.

The third school of thought endorses positive engagement.³³ According to this view, Japan should make every effort to facilitate inter-Korean arms control without concern over the U.S. position. Japan could take two types of actions in this view. First, it could take the initiative in proposing multilateral CBMs or arms control regimes. Second, it could provide technical support for South Korea in any resulting agreements.³⁴

For the present, Japan is likely to continue on its current path, which most resembles the first approach. Japan will seek a low profile on the Korean peninsula issue by supporting U.S. policy initiatives. So long as this is the preferred or *de facto* "policy," Japanese contributions to inter-Korean arms control are likely to be quite limited.

China

China is a major player in the east Asian theater with formidable conventional and considerable nuclear forces. Foreign analysts have widely diverging interpretations of the meaning and potential of China's strategic posture.³⁵ However, it appears that Chinese strategic objectives include maintaining a stable domestic and regional environment, modernizing the country's armed forces, neutralizing regional threats, and continuing to act as a balance between Russia and America. A strategic doctrine of "imminent war" to cope with the once-rising Soviet military power of the 1970s has been changed recently to "limited war" that incorporates both "local war" (jubuzhazhen) and "contingencies" (tufa shijian).³⁶

33. A group of Pacifist scholars such as Maeda, Seki, and Sakamoto take this line of thinking.

34. This support could include aerial photographic technology, sensor technology, and other related electronic technologies, equipments, and associated training. See Koro Matsumura, "Arms Control Verification and Japan's Role," *Shin Boekironshu* 19 : 3 (1991) : 61-62, in Japanese.

35. See Samuel Kim (ed.), *China and the World: New Directions in Chinese Foreign Relations* (Boulder : Westview Press, 1989) ; Barber B. Conable, Jr. and David M. Lampton, "China : The Coming Power," *Foreign Affairs* (Winter 1992), pp. 142-147 ; William Tow, "Northeast Asia...", pp. 3-6 ; Roxance D.V. Sismanidis, "China's International Security Policy," *Problems of Communism* 40 : 4 (July-August 1992) : 49-62.

36. See Weixing Hu, "China and Asia Pacific Security: Beijing's Security Strategy in a Changing World," *Pacific Focus* (forthcoming) ; J. Mohan Malik, "Chinese Debate on Military Strategy: Trends and Portends," *Journal of Northeast Asian Studies* 9 : 2 (Summer 1990) ; Chi Wei Ma et.al.,

These changes reflect shifts in Chinese threat perceptions. Threats deriving from hegemonic confrontation no longer appear imminent or likely. More proximate today are threats involving border conflicts, maritime conflicts over contested seas and islands, enemy air attack against poorly defended Chinese outposts, intermittent probes of Chinese territory by hostile land and naval forces, and punitive counterattacks against a neighboring aggressor's territory. In the east Asian context, the most likely geographic regions affected by these threats are deemed to be the land north of the Yalu River (e.g., in a potential clash with Korea), areas in the vicinity of Japan (such as might be affected by clashes over the Senkaku Islands), and the extensive border areas along the long border with Russia.³⁷

Structural Contribution Potential

China has traditionally pursued a defensive strategic posture, though Chinese intentions have been viewed as suspect by its neighbors. For example, since China launched its open door policy in the late 1970s, Chinese defense spending declined for many years. Since 1990, however, China has begun to increase its defense spending (15.2 percent in 1990 alone), which has alarmed its neighbors.

China's threat perception of Russia has significantly diluted over the past several years. However, Chinese security planners and the Chinese people are much more concerned about Japan and its remilitarization.³⁸ The reciprocal threat perceptions of China and Japan have far-reaching significance not only for Asian stability and security broadly, but for the Korean peninsula as well. China regards Japan as a potential regional hegemony and spoiler, particularly if the United States should disengage from east Asia. For its part, Japan sees China as a potentially destabilizing actor in the region. This mirror image is a legacy of the recent history of finite deterrence and, more pro-

Chung-kuo ti Kuofang Kou Hsiang (Concept for China's National Defense) (Beijing: PLA Press, 1988); PLA Academy of Military Science, *Zhanzheng yu Zhanlue Wenti Yanjiu (Studies on the Issues of War and Strategy)* (Beijing: Junshikexue Chubanche, 1988).

37. Weixing Hu, "China..."

38. Interviews with General Zhu Chun, Deputy Secretary General of Beijing Institute for International Strategic Studies (August 22, 1992, Beijing), Professor Guo Simian of People's University and Advisor to Center for Peace and Development Studies (August 21, 1992, Beijing), and Tao Bingwei, Senior Research Fellow of China Institute of International Relations (August 23, 1992, Beijing). Also see Jonathan Pollack, "The Sino-Japanese Relationship and East Asian Security: Patterns and Implications," *The China Quarterly* 124 (December 1990): 714-729.

foundly, of centuries of geopolitical competition.

China's views of Japan are likely to yield a negative operational Chinese contribution to Korean arms control possibilities, at least on the structural level. Any form of arms race or covert or overt military tension between China and Japan will ramify adversely on the region as a whole. Diplomatic normalization with South Korea in August 1992 provided a vehicle to officially endorse peaceful resolution of the Korean conflict.

Since China is increasingly concerned about Japanese intentions and capabilities, a regional or multilateral collective security or arms control regime that would allow careful monitoring of the regional states' inventories, deployments, and other developments might address Chinese uncertainties on Japan and contribute to security and stability on the Korean peninsula as well. However, China has eschewed an active position in seeking or endorsing calls for such approaches.

Officially, the Chinese position endorses peace and stability in the region through collective efforts. However, the operational Chinese policy is much less favorable to regional arms control, either nuclear or conventional. The reasoning behind this actual position diverges sharply from Western thinking on arms control³⁹:

- China is militarily inferior to the principal powers in the region.
- It is therefore they, rather than China, who should take the lead in arms control—if they are sincere.
- If Russia and the United States genuinely reduce their nuclear and conventional forces in the region, China is willing to respond positively to these actions.

This skeptical and, in effect, negative position on regional arms control does bode ill for China's active participation in structural arms control activities in Korea.

Regulatory Contribution Potential

China is in a position to play an important role in preventing conflict esca-

39. General Zhu Chen and Xu Xian Zhong of Beijing Institute for International Strategic Studies, Wang Ji-si of the Chinese Academy of Social Sciences (August 20, 1992, Beijing), and researchers at the Center for Peace and Development expressed this view.

lation in Korea. Although China was a major participant in the Korean war and is a party to the armistice agreement of 1953, actual military involvement in Korea has been minimal since the late 1950s. Diplomatic normalization between Beijing and Seoul in 1992 has altered South Korea's view of China as an adversary, in spite of the bilateral defense treaty between Beijing and Pyongyang. China is not believed likely to support North Korean offensive military action,⁴⁰ and has been only a minor supplier of weapons to the North. Since China is no longer providing oil to Pyongyang at the "friendship price," it seems unlikely that the North could depend upon oil for military operations—a vital necessity. Until an additional supplier is found, this puts China in the position essentially to foreclose a viable military option for the North.

Facilitative Contribution Potential

China is likely to be indirectly favorable to inter-Korean arms control processes. That is, it will neither interfere with nor circumvent them. Beijing has every reason to support arms control on the peninsula, since it would foster regional stability and minimize a potential threat to China. This would be even clearer in the case of Korean unification. China is concerned about the nuclear situation on the peninsula already, and does not want both Koreas to possess nuclear weapons. Security planners in China believe that North Korean possession of nuclear weapons will lead to the acquisition of similar capabilities by both South Korea and Japan—a worst case scenario for China. Consequently, if the Chinese leaders should become convinced that North Korea is at or near the nuclear weapons threshold, they are likely to take a more active posture to dissuade Pyongyang from this course.

Overall, and given China as the most acceptable of the major regional actors to both Koreas, Beijing is in a unique position to influence positively the course of conflict and the prospects for arms control on the Korean peninsula. However, China has been anything but active on these issues. This passivity appears to result from a decision paralysis caused by the neutralizing effect of two contending schools of thought on Korean arms control. The first tendency favors the status quo. It recognizes and accepts the American role as regional stabilizer, and it tends to advocate inter-Korean solutions under the U.S. umbrella. Those oriented along these lines see

40. There is a strong pro-North Korean element in the People's Liberation Army. In the event the North were attacked by the South, it is likely that this element would press, quite probably successfully, to honor China's treaty commitments and provide direct military support to the North. However, this pro-North Korean element is not likely to endorse any offensive military actions by North Korea.

immediate breakthroughs on Korean arms control issues as very unlikely, and argue that China therefore cannot get any real benefits from greater involvement in the issue at this time. The Korean problem has proven intractable even in the face of a broad consensus among Russia, Japan, and the United States; why should China become mired in the problem when the country is already beset with enormous problems?⁴¹

The second tendency takes a more active, even interventionist stance. Its proponents argue that the military balance on the peninsula now favors the South, and that therefore Beijing, with its new influence on Seoul, should persuade the South to take unilateral initiatives to slow defense spending and acquisitions from abroad. This group believes such restraint would facilitate inter-Korean CBMs. At the same time, advocates of this approach argues that China would thereby be enhancing its trust from the North and be in a position to exercise more influence there as well.⁴²

Russia

Russia is the only regional actor other than the United States for which east Asian, and certainly Korean, affairs are a limited subset of its national strategy, rather than the predominant component. Indeed, the sweeping changes that have transformed Russia have significantly reduced the priority, or at least of attention, attaching to east Asia *per se*.

In part, this is a function of the view, currently dominant in Moscow, that the United States has no designs on Russia; and that since Russia has none on America either, and in fact depends heavily on the present and future of U.S. support, there is no significant realistic American military threat to Russia. Without the strategic threat posed to Russia through the power of the U.S. Pacific Command, Asia's overall strategic priority declines. Although the same change has not occurred to the same degree with respect to China and its leaders, the myriad of traumas along Russia's other borders and its overwhelming domestic problems have substantially reduced the concern about China as well.

Russia today is a country in such rapid flux that it is dangerous to hazard any categorical statements about policies that are not clear. (Even those that are firm depend upon the continuity of the current Russian government, anything

41. This view was expressed by young, pragmatic officials in Chinese security and foreign affairs machinery. Interview with Chen Zhiya, Deputy Director of Foundation for International and Strategic Studies (August 23, 1992, Beijing). Wang Ji-si also endorsed this idea.

42. Older generations who have close ties with Pyongyang have shown this line of thinking. Interviews with Zhu Chen, Xu Xian Zhong, and Tao Bingwei.

but a certainty.) Open policy conflicts between and among elements of the government lead to contradictory "official" statements.

Judging from announced plans for the restructuring of its military forces--plans that will probably never be implemented systematically, anyway--the current Russian leadership recognizes that the country now can only claim great power, not superpower, status. Since the overriding goal of the Yeltsin government is to reform the economy and society, those in tune with the president have little interest in challenging this demotion. Yeltsin and his foreign minister, in particular, have been accused of being overly deferential to the United States, in effect of subordinating Russia's own legitimate interests to those of Washington. While it is clear that Russia has chosen to follow the lead of the United States on most issues of importance to the latter, including cases where Russian perceptions and inclinations in fact diverge from those of Washington, the Yeltsin/Kozyrev thinking is clearly to place a first priority upon working with the United States, even at some considerable cost to other interests and values, as a means to secure the support necessary to carry forth the reforms, rebuild the country, and restore it to its rightful stature.

Consequently, Russia's official posture on issues surrounding the Korean question is not distinctly different from that of the United States. Most Russians appear concerned about the possibility of a nuclear-armed North Korea,⁴³ and like the Chinese they fear that a nuclear North inevitably means a nuclear South and a nuclear Japan. Even though Russia is no longer concerned about becoming embroiled in a war on the peninsula, it is quite clear that the prospects of extensive proliferation in east Asia are seen as a definite threat to Russian security.

While Russians agree that its location gives Korea an inherent importance to Russia, relative to other countries Korea is certainly not among the first priority issues. Antipathy toward the government in North Korea, which remains an ally, is now laid next to dramatically improved relations with the South, which was for so many years portrayed as an American puppet. Most informed Russians appear to view the leadership in Pyongyang with distaste, but feel that Russia has interests in both Koreas and should not necessarily lean so much toward one side or the other.⁴⁴

There is also a growing, if still largely quiet, uneasiness in many Russian circles about Japan.⁴⁵ On the one hand, Japan is a vital factor in plans for the

43. Interview with Sergei E. Blagovolin, President, Institute for National Security and Strategic Studies (Russian Academy of Sciences), September 22, 1992, Moscow.

44. E.g., Sergei Agafonov and Igor Golambiovsky commentary in *Izvestia*, November 12, 1992 (p. 4) and November 13, 1992 (p. 13).

45. Interview with Gennady Chufrin, Deputy Director, Institute of Oriental Studies (Russian Academy of Sciences), September 23, 1992, Moscow.

development of the Russian Far East. On the other hand, more and more Russians look with suspicion at signs they interpret as indicative of Japanese remilitarization. They are concerned about certain Japanese materiel acquisitions, and are more concerned than the Chinese (perhaps because they themselves are more technically sophisticated and aware of the capabilities involved) about Japanese ventures in militarily-relevant advanced technologies.⁴⁶ Instead of viewing the American military presence and role as a threat, there is now a large body of opinion among Russian experts perceiving the United States as a restraining influence on Japan.⁴⁷

The continuing dispute with Japan over the Kurile Islands or Northern Territories is a reflection of how difficult it is at present to analyze "Russian policy" or "Russian perceptions." Many of the advisors close to the president who have an input on the issue favor a more forthcoming posture than the current one. They tend to play down the importance of the islands, and put no stock in a Japanese military "threat."⁴⁸ Other elements in the government, and particularly in the military, argue that Japan has built up its forces in nearby areas, and may be planning an invasion of Russian territory. They insist that the islands are Russian, and cannot be relinquished both for reasons of national pride and because this would only be the beginning of the unraveling of Russia as a whole. Russian policy has vacillated between these two poles, and the president's decision choices often appear now to be more a function of domestic political considerations than of substance.

The dominant group today in Russia has little positive to say about the North Korean government or its leadership. Elite feelings about Stalinism being what they are today, Kim Il Sung and his government are spoken of with nothing but disdain. In fact, Russians have never shown any respect for North Korea⁴⁹ or its government, but avoided public criticism for policy reasons (the North being a staunch ally against the United States).⁵⁰ Interpersonal relations between North Koreans and Russians have never been good or par-

46. Interview with V. S. Miasnikov, Deputy Director, Institute of Far Eastern Studies (Russian Academy of Sciences), September 24, 1992. Moscow.

47. E. g., S. M. Rogov, V. A. Mazing, and M. G. Nossov, *Novye podkhody k probleme ukrepleniya bezopasnosti na Dal'nem Vostoke* ("New Approaches to the Problem of Security Enhancement in the Far East") (Moscow: Institute of the U.S. and Canada Studies, 1991), p. 5.

48. Interview with Valery K. Zaitsev, Head, Centre for Japanese and Pacific Studies, Institute of World Economy and International Relations (IMEMO) (Russian Academy of Sciences), September 22, 1992, Moscow.

49. See, e. g., Ralph N. Clough, "The Soviet Union and the Two Koreas," in Donald S. Zagoria, ed., *Soviet Policy in East Asia* (New Haven: Yale, 1982), pp. 179-180.

50. Since Soviet glasnost, Russian experts' writings on North Korea have made a 180 degree turn and generally range now from critical to scathing. See, e.g., Andrew Buchkin, "Koreans Under

ticularly friendly. At the same time, many observers, including some quite uncomfortable with the North Korean regime itself, have criticized the Yeltsin government for going too far in the other direction--i.e., for building Moscow-Seoul relations on the destruction of Moscow-Pyongyang ties. They argue that both intra-Korean interests and Russian interests lie in balanced relations with both Koreas.⁵¹

Most analysts in the Russian elite believe that the progress that has been registered in detente on the peninsula is a sham. They see North Korea as unchanged and unchangeable, and argue that the regime would lose its *raison d'être* and the justification for its extraordinary controls on the rest of society were it to cease demonizing the South.⁵² Some are equally skeptical about the sincerity of the South in arms control negotiations, but many insist that North Korean demands are mere propaganda.⁵³ There is a widespread view that the North Korean regime is doomed, and that both sides are marking time until it is swept away or undergoes fundamental, sweeping change.⁵⁴ They exclude the possibility of any serious, significant, or sustained progress toward a meaningful arms control regime on the peninsula.

Like China, Russia is in a strong position to exert a positive influence on the arms control environment in Korea. Russia normalized with South Korea earlier than China, and has an active and extremely diverse economic relationship with South Korea. Moreover, Russians look to the South as a very important potential economic factor in their own east Asian development needs. At the same time, Russia has been the principal arms supplier and an important energy supplier to North Korea. Nevertheless, the Russians have been less successful than Beijing in maintaining at least the appearance of balance between the two Korean governments.

Communism," *International Journal on World Peace*, VII, 7:4 (December 1990), esp. pp. 28-31.

51. See, e.g., Yuri Glukhov's commentary in *Pravda*, November 24, 1992.

52. Aleksandr Zhebin and Vadim Tkachenko of the Far Eastern Institute of the Russian Academy of Sciences have elaborated extensively on this argument. Cf. *Nezavisimaya Gazeta*, February 17, 1993, p. 4.

53. Interview with Alexei V. Zagorsky, Head of Section, Centre for Japanese and Pacific Studies, IMEMO, September 23, 1992, Moscow. Also see, e.g., Alexei V. Zagorsky, "Confidence-Building Measures: An Alternative for Asian-Pacific Security," *The Pacific Review*, IV, 4 (1991), p. 356.

54. Some Russian experts on Korea feel that a civil war is inevitable because of the nature of the society created there: they predict unavoidable violence. (Interview with Andrew A. Buchkin, Senior Researcher, Centre for Japanese and Pacific Studies, IMEMO September 22, 1992), Moscow. Cf. Buchkin, "Koreans..." p. 31.

Structural Contribution Potential

Russian forces have not been considered a factor in the Korean equation itself for some time, and changes in Russian deployments or force posture in east Asia is unlikely to impact directly on the Korean arms control situation. Because of the size and diversity of the forces it currently deploys in the region, Russia theoretically is in a good position to make deployment concessions in either materiel or manpower that would contribute to broader regional confidence and induce others to move toward regional regime for arms control. However, it is unclear that such actions would have any real relationship to Korea.

For economic reasons, the Yeltsin government will continue to cultivate good relations with South Korea.⁵⁵ However, Russia will also continue to honor its contractual commitments, including the provision of follow-on spare parts, to North Korea. Russian interests argue strongly in favor of encouraging any arms control regime that may eventuate on the Korean peninsula, and of discouraging any further nuclear proliferation in east Asia. The continuation of the Kuriles/Northern Territories dispute will probably affect Russian policy toward the Korean problem.

Regulatory Contribution Potential

Perhaps reflecting the success of the CSCE experience, a number of Russian experts feel that the most appropriate arms control approach in Korea is restrictions on offensive activities. Such limitations might prevent the initial aggressive action that could lead to a larger war. They feel that the United States and Russia, as the leading suppliers to the South and North, respectively, are in the best positions to apply these measures. Similarly, they feel that restrictions on the deployment of offensive systems are the most appropriate at this early stage of arms control negotiations.⁵⁶

55. Russians have been quite disappointed in the level of their economic exchange with South Korea. While the growth in trade is impressive, it is still very limited (only one percent of ROK foreign trade). Relatively few joint enterprises have emerged, and Korean economic problems will probably prevent the level of economic assistance and credit Russians had hoped for. Some in Russia also thought Korea might take the lead in developing Sakhalin, which could then be used as leverage on Japan. However, the Koreans informed Japan they would not get significantly involved in Sakhalin development. See Agafonov and Golambiovsky commentary, *Izvestia*, November 13, 1992, p. 13.

56. Blagovolin and Zagorsky interviews.

In a secret trip to Moscow in 1983, Kim argued that the rapid American military buildup of South Korea's military capabilities required a Soviet response--a major modernization of North Korea's military capabilities. Yuri Andropov was concerned about the military escalation with the United States, but was equally concerned about North Korea and its history of independent action. He saw in Kim's request an opportunity to reestablish greater Soviet control, but had not made a final decision when he died and was replaced by Konstantin Chernenko. Chernenko paid less attention to the issue, and the Soviet military and North Korean military officials quickly reached agreement on a modernization program lacking any of the constraints Andropov had apparently been considering. When Mikhail Gorbachev came to power, the USSR was already bound by this agreement, which provided for significant transfers of fairly advanced arms over the period of the five-year plan (1986-1990). The Soviet Union lived up to the agreement, and fulfilled almost all of it, producing major improvements in North Korean forces' electronics and other areas.⁵⁷

Although North Korea produces a large percentage of the weapons it uses, it has looked to Russia for its most advanced systems. This puts Russia in a position to limit the flow of new weapons to North Korea, and to limit the supply of spare parts for weapons already provided. However, if North Korea can pay for its purchases, the pressures in Russia are such that the country will probably provide military hardware of almost any sophistication for hard currency.⁵⁸ It will continue to honor its military contracts with the North. On policy grounds, the current leadership prefers to cease and prohibit any transfer to the North of sophisticated weapons. However, there is substantial opposition within the military to this position,⁵⁹ and the economics argue against it when the North can pay.⁶⁰ During his trip to South Korea in November 1992, Boris Yeltsin indicated that Russia would deliver no more offensive materiel to the North, and suggested that the Russian defense commitment to Pyongyang should be annulled or revised.⁶¹

57. Interview with Vasily V. Mikheev, Deputy Director, Center for Asian Studies, Institute for Economic and Political Studies, September 24, 1992, Moscow.

58. Yevgeny Aleksandrov and Vyacheslav Kolbin discuss the continuing power of the military export industry and the fact that few of the military industrial plants have been closed (12 out of 5,000 in December 1991): *Izvestia*, June 16, 1992, p. 3.

59. Blagovolin interview.

60. While the DPRK is about \$3 billions in debt to Russia, some Russians argue that it is of considerable importance as one of the very few countries purchasing machinery and industrial equipment of Russian manufacture. (The North Koreans barter ferrous and non-ferrous metals, agricultural products, and light industrial goods for these purchases.)

61. In fact, however, the commitment (contained in Article 1 of their treaty) is not as broad as Yeltsin implied. In a subsequent visit to Pyongyang in February 1993, Deputy Foreign Minister

Like China, Russia is also a provider of energy, and is therefore in a position to prevent any offensive action by cutting off the fuel necessary for sustained offensive operations.

Facilitative Contribution Potential

Because of its linkages to the superpower conflict, the arms race in Korea had little likelihood of regulation before the U.S.-Soviet rivalry abated. It would have been impossible to leverage the global confrontation, or its more important European component, from Korea, and impractical to attempt to deal with Korea on its own. Many commentators have pointed out that without the coming to power of Mikhail Gorbachev—or someone of his orientation—in Moscow, even the now-celebrated CSCE approach would have continued in futility. In east Asia, too, political change in the Soviet Union altered the attitudes of government toward arms control and focused attention on the explosive potential of that region, with the possibility that a government in Moscow dedicated to ending the confrontation with the West could yet be drawn into a deadly military conflict.

Since the advent of Gorbachev, the Soviet Union and then Russia have enthusiastically supported arms control regimes in the Asia-Pacific region, and specifically the application of confidence-and security-building measures. In his famous Vladivostok Speech, in July 1986, Gorbachev himself called for a “Pacific conference along the lines of the Helsinki conference.”⁶² Indeed, in the years that followed the Soviets proposed several bilateral (U. S.-Soviet), trilateral (including Japan), and multilateral (e.g., Soviet-Chinese-Japanese-Korean) initiatives, primarily focusing on naval arms limitations.⁶³ When Yeltsin visited Seoul in November 1992, he said:

We consider it important to begin the formation of a mechanism for multilateral talks in the Asia-Pacific region, to work out a system of conflict resolution in order to prevent an increase in military tension in this region, and to create, together with other interested states, a

raised the question of treaty revision; his North Korean counterparts promised to “study” the issue.

62. Text of speech by Mikhail Gorbachev, Vladivostok, USSR, July 28, 1986.

63. See Trevor Findlay, “Asia-Pacific CSBMs: A Prospectus” (Canberra: Peace Research Center, Australian National University), Working Paper No. 90 (1990), who refers to some of these proposals (with references).

center for the prevention of conflict situations. As a first step, this process could be started within the framework of northeast Asia.⁶⁴

Frustrated by the lack of reaction to multilateral proposals, Moscow also suggested using the United Nations Security Council as a vehicle to discuss arms limitations in the region.⁶⁵

Of course, the possibility that Russia could be drawn into an unwanted war with the United States in the East has diminished since the breakup of the Soviet Union and the end of the U.S.-Soviet conflict. The remaining dangers to Russian security are much more limited, much less existential. This reality, combined with the political divisions in Moscow and the socio-economic and political crises gripping Russia as a whole, have sharply lessened the attention available to promoting east Asian or Korean arms control. At the same time, the current leadership of Russia continue to strongly endorse the desirability of arms control and tension reduction in Korea, and would almost certainly support any responsible proposal in that direction. This leadership would, however, be very reluctant to see the withdrawal or substantial drawdown of American forces in Korea or elsewhere, since today it sees the U.S. presence as one of the principal bulwarks of stability in the region and one of the factors most critical to deterring the rise of other regional powers.

Conclusion: Comparative Assessment and Policy Alternatives

The Regional Environment and Korean Arms Control: Structural Dead-end

In spite of the disappearance of the cold war and the emergence of a new era, however enduring, of cooperation among the world's most important military powers, inter-Korean arms control negotiations do not appear likely to produce any short-run breakthroughs. The CSCE model, which continues to influence thinking, negotiating, and behavior patterns, seems largely inapplicable to Korea. The principal problem preventing its application is the structure of finite deterrence—or, in other words, the existence of overlapping threat perceptions and related military balance calculations—in east Asia. This complex subsystem is characterized by sharply divergent estimates of interests and strategies among its several major actors.

64. Boris Yeltsin speech before National Assembly of the Republic of Korea, Seoul, November 19, 1992.

65. *Ibid.*

The end of the cold war has placed regional rivalries, suspicions, and distrust in much sharper relief. If a regional security environment must, as some argue, be favorable in order to bring about arms control in Korea, then the most serious barrier to Korean arms control is the absence of such an environment. The current structure of perceptions among China, Japan, and Russia seems to rule out moving toward inter-Korean arms control on a regional basis.

All regional actors except Japan (which is not a supplier of military technology to either party) are in positions to make some contribution to regulating the Korean conflict, specifically to limiting or suppressing the arms race or to limiting escalation potential. Neither China nor Russia is likely to provide logistic or necessary weapons and spares support for any North Korean offensive operations. While both continue to provide weapons systems to the North periodically, these transfers have diminished considerably and do not really threaten to alter the peninsular balance. The role of the United States is not as clear. While Washington presumably would not support an unprovoked South Korean attack on the North, the United States continues the transfer of advanced arms and military technology to the South; it is the principal arms supplier to the peninsula. If these transfers can be linked to American redeployment off the peninsula, then they could be viewed as responsive to broader North Korean concerns. However, in the context of the pledge that U.S. forces will remain on the peninsula until the threat subsides, the U.S. arms supply relationship impedes the arms control process.

Regional actors have shown very little interest in facilitating inter-Korean arms control. The most involved, by any measure, has been the United States, which interacts extensively with the South on these issues at many levels, both informally and formally. The United States, like most countries, has tended to defer to South Korea's own strong views about the strategies and tactics of promoting arms control in Korea. Yet, South Korea is ambivalent about U.S.-North Korean dialogue, generally, and even more uncomfortable with the concept of the United States dealing directly with North Korea on arms control issues affecting principally North and South Korea. In part, these are status issues, but in part they also have to do with concerns about the United States and about differences, or potential differences, between Seoul's interests and those of its more powerful ally. As for the United States, because its contact with North Korea has been limited Washington has tended to focus on either more immediate issues or much broader ones in these discussions. Certain stylistic elements of these meetings also impede their moving effectively into problem-solving modes on the specific subject of arms control.

An Alternative: Korea First

There is reason to believe that progress is possible in arms control on the Korean peninsula on the basis of the improved climate there over the last three years. Most parties agree that it is important to seize upon these improvements and try to generate momentum toward a broader reduction in tension. There is also something of a consensus in the region that the United States is the key to arms control in Korea, as it is to stability in northeast Asia.

The presence of American combat forces in Korea has played an important role for over 40 years. However, over those years that presence has declined from many divisions of war-fighting troops to today's 40,000 personnel. There is disagreement over whether and on what terms these forces will remain on the peninsula, but few doubt that the number will continue to decline. Given the size of the standing armies of the two Koreas, American forces deployed on the peninsula constitute less than three percent of the total combat forces there. Their strength lies neither in the firepower of the one division plus of ground forces nor in the more formidable air capabilities of the two combat wings (mostly F-16s), but in the fact that they symbolize and in a sense guarantee American readiness to arrive on the scene to support the ROK in the event of an attack.

However, there are other means available to ensure a rapid American response to contingencies in Korea, particularly now that those contingencies are more limited in number due both to the inability of either side to fight for extended periods without external resupply and to the relative weakness of the political system in the North by contrast with that in the South. It may be time for the United States seriously to consider such options.

The United States should initiate a dialogue with its South Korean ally on the restructuring of American forces in east Asia, taking full account of

- treaty commitments and moral responsibilities
- the regional consensus on the vital nature of a U.S. military presence in east Asia as a buffer and balancer among the regional actors
- the end of the cold war
- American domestic priorities and requirements and the resulting reordering of U.S. missions worldwide and restructuring of American forces.

At the same time, the United States could begin bilateral discussions with other regional powers about the steps each could take to facilitate an improved climate on the Korean Peninsula. These steps should not be inherently preferential to either Korean government: the purpose is to help create

conditions more conducive to an easing of tensions, not to try to push the parties toward concessions or decisions they consider contrary to their interests.

This approach could insulate Korea to some extent from the divisive forces at work in the region, and would prevent the exacerbation of tensions that would follow a broader American withdrawal or force drawdown. The continued regional presence of powerful American forces is clearly desirable to most parties at this time. While most fear an American departure, it is not the departure of the troops in Korea per se they are concerned about, but rather the diminution of the American ability to restrain and reassure various countries through a powerful military presence in the region. The real fire-power in the American presence in northeast Asia today is not the 40,000 combat troops in Korea; it is the combined strength of the air division headquartered in Japan and the forces associated with the Seventh fleet--primarily the striking power of its aircraft.

If tension reduction and arms control are desirable on the Korean peninsula, there are other steps the United States and South Korea could take to restore some movement in the talks with the North. The nature, location, and level of TEAM SPIRIT exercises are clearly variable, for example. In Europe, some parties proceeded eventually with unilateral actions to increase transparency. Washington could indicate through its own channels with Pyongyang that the United States or South Korea, depending upon the action, were prepared to consider these options if North Korea were to respond favorably to such changes in the American presence in Korea as were agreed between Washington and Seoul.

We have already indicated that there are those in Russia, the United States, and South Korea who are convinced that the DPRK will never acquiesce in significant or far-reaching arms control measures, and that Pyongyang in fact sees tension reduction as a mortal danger to internal security. Clearly, the steps outlined above would not necessarily lead to movement in arms control discussions if these perceptions are accurate. Yet, North Korea remains incapable of sustained offensive operations due to energy shortages and resupply/spares dependencies. Economic and other incentives to engage in the arms control process could still yield results--even if reluctant results--that would place additional constraints upon war-making capacity; this is a net benefit for the region, and an important guarantee that hostilities will not erupt on the peninsula.

8

The North Korean Nuclear Issue: The Second Stage Problems

Ho Young Ahn

North Korea's nuclear program has long been a focus of intense and widespread attention due to its potential military implications. The concern of the general public has been accompanied by concerted efforts on the part of governments of several countries to prevent the North Korean program from going military. As I argue in this paper, the North Korean nuclear issue has successfully completed Stage I and is now in the introductory phase of Stage II.

The problem South Korea and the international community faced in the initial stage was North Korea's flat stonewall tactic. North Korea, denying it had a nuclear weapons program, continuously rejected the conclusion of the IAEA nuclear safeguards agreement, required under the Non-Proliferation Treaty, which North Korea signed in December 1985.¹

The first goal of the international community in resolving the issue was to have North Korea acknowledge the presence of the issue. To accomplish this, South Korea insisted on two tracks: first it called on North Korea to conclude the nuclear safeguards agreement with the International Atomic Energy Agency (IAEA) at the earliest possible date; and second, it proposed the implementation of mutual inspections of nuclear and related facilities within each party's territory as a further effort to remove any nuclear suspicion.

Whereas the goals of the first stage were more or less met, with North Korea concluding the safeguards agreement with the IAEA in January 1992, the goal of the second stage--the elimination of nuclear suspicions--has not

1. The Non-Proliferation Treaty obligates its members to conclude a nuclear safeguards agreement with the IAEA within 18 months of the date of acceding to the NPT agreement.

been met and is still in the introductory phase. Furthermore, the progress of the two important components of the second stage, namely the IAEA and mutual inspections, has been uneven. The IAEA has now conducted several round of ad hoc inspections in North Korea, but they left as many questions unanswered as those answered. For one thing, no satisfactory conclusion has been reached regarding North Korean allegations that the original fuel rods are still in their five megawatt reactor at Youngbyon after six years of operation.² For another, the IAEA suspects that a pilot plant would have been built in North Korea preceding the so-called "radioactive chemical laboratory" at Youngbyon, but has failed so far to reconcile that suspicion with the flat denial of the North Korean government.³ The progress of Stage II efforts in terms of mutual inspections between South and North Korea has been even more halting and slow. The two Koreas did not make any substantial progress on the nuclear inspection regime and the mutually imposed deadline of late May 1992 has passed.

In this essay I will identify some of the issues related to the second stage of North Korea's nuclear program. In so doing I will argue that (1) mutual inspections between South and North Korea are quintessential and (2) a challenge inspection is necessary to make the whole inspection regime credible and dependable. A challenge inspection would be loosely defined as an inspection to be conducted "any place, any time." Although South Korea proposed the inclusion of a challenge inspection in the inter-Korea inspection regime, North Korea has resisted this.

I will also advocate that in the second stage we should begin to look ahead to the third stage and beyond. This is important because the resolution of the North Korean nuclear issue will have a far-reaching impact on inter-Korea relations as well as regional politics in Northeast Asia at large.

Why Do We Need a Challenge Inspection?

The IAEA has enjoyed a long record as guarantor of the peaceful use of

2. The critical point is how much plutonium North Korea has accumulated so far. Since plutonium can be obtained only from spent nuclear fuel, North Korea cannot have accumulated significant amounts of plutonium, if its contention is true.

3. If North Korea had built, as IAEA suspects, a pilot reprocessing plant before the "radioactive chemical laboratory," which IAEA Director General Hans Blix termed as "a reprocessing plant in our terminology" in his press conference in Beijing on May 16 after his visit to North Korea, there arises a strong possibility that North Korea would have accumulated more plutonium than its claim of several grams. An IAEA report on Mr. Blix's visit to North Korea said on this point: "The timetable of the operations and the industrial logic seemed to suggest that a small pilot plant should have preceded the 'Radiological Laboratory.' The existence of any such pilot plant was categorically denied by the DPRK." IAEA Travel Report: Visit to the DPRK, 11-16 May 1992, pp. 5-6.

nuclear energy throughout the world. It has done this mainly through the inspection of nuclear facilities and scrutiny of stocks of nuclear materials at various stages of the nuclear fuel cycle. The IAEA has an accumulation of experience, institutional strength, and prestige as an international organization. Even though its efficiency has been questioned recently in the Iraqi case, the IAEA as an institution should be strengthened as nuclear nonproliferation emerges as an even more important issue in the post-Cold War era. South Korea sincerely hopes that IAEA activities in North Korea will shed as much light on the North Korean nuclear program as possible.

The past few months have seen the emergence of a view that mutual inspections between South and North Korea were not necessary when North Korea cooperated faithfully with the IAEA and when it accepted special IAEA inspections—even including undeclared nuclear facilities in the North. One presidential candidate in South Korea reportedly supported such a view, even though this was soon followed by a disclaimer from the candidate's party.⁴

According to one policy analyst based in Washington, D.C., mutual inspections between South and North Korea, and a challenge inspection in particular, are important in view of (1) the high threshold of political decision making at the IAEA (that is, a need to present a "cause" to prove the necessity of special inspections); and (2) the unavoidable logistical delay, which would provide time to conceal sensitive facilities and materials.⁵ According to another policy analyst the mutual challenge inspection between South and North Korea is one way of complementing the institutional limitation of the IAEA since it deals with states with sovereign immunity and does not have an independent intelligence-gathering arm.⁶

Any would-be nuclear inspector would encounter practical problems in North Korea. It is general knowledge that North Korea has more than 10,000 underground tunnels, the use of which is not known to any outsider. Hans Blix, director-general of the IAEA, is possibly the only Westerner who has been allowed into the tunnels, and he was only allowed to see one, when he visited North Korea in May 1992. With ritualized routine inspection alone, it would be almost impossible to inspect these suspicious tunnels.

It is a mistake to believe that North Korea has already accepted special inspections of its nuclear facilities by virtue of an inspection of undeclared

4. *Hankuk Ilbo*, 16 June 1992. The episode arose from Mr. Chung Ju-Yung's interview with a Japanese news magazine, "SAPIO."

5. Mr. Specter's comment at the Georgetown University-hosted conference, "Rethinking the Korean Peninsula," Georgetown University, Washington, DC, on May 26-27, 1992.

6. Gongdan Oh at the 8th International Conference on "Inter-Korean Relations in the New Era of Reconciliation and Cooperation," Crystal Gateway Marriott Hotel, on July 3-4, 1992.

facilities by the IAEA official. North Korea has never accepted special inspections. What it did was to commit to the idea that IAEA officials (not inspectors) would be allowed to visit (not inspect) any sites in North Korea.⁷ Admittedly, such a commitment is a smart move to boost North Korea's image at the IAEA, but it is a long way off from challenge inspections, which we need to remove suspicions of the North Korean nuclear program. There will be an added bonus if and when we have challenge inspections between South and North Korea. As Mr. Blix said at a new conference in Beijing on May 16, 1992, mutual inspections will provide further openness and confidence between South and North Korea.⁸ When a group of inspectors from each side visits each other's nuclear and military sites on a regular basis, it cannot help but increase the transparency of each side's nuclear and military capability, thereby promoting confidence between them.

Some could argue that inspection would more likely lead to confrontation than to confidence. According to many former inspectors involved with various East-West inspections during the more hostile years of the Cold War, the chemistry of inspections is such that it usually begins with a very cold temperature, but repetition of the process invariably warms up the environment. There is no reason to think that the same process would not take place in inter-Korea inspections.

Planning for Stage III and Beyond

When South and North Korea agree on the mutual inspection regime, they will have made significant progress toward removing suspicions over the nuclear issue. Even as we put forth our best effort to resolve the issue of challenge inspections, we need to think about Stage III and the problem of inter-Korean relations and regional politics in Northeast Asia. Stage III is loosely defined as a series of endgames to adjust relations among the countries in the region after the North Korean nuclear issue has been resolved. Since timing is an important factor, an early start in planning will be helpful.

The resolution of the North Korean nuclear issue will provide a tremendous sense of relief to the countries concerned. There will even be an urge to "reward" North Korea for its good behavior, especially since the nuclear issue has been seen as "linked" to the improvement of relations between North Korea and many of its regional neighbors. Below I will give some illustrations of the problems of Stage III.

7. "IAEA Travel Report: Visit to the DPRK," May 11-16, 1992, p. 4.

8. Hans Blix's press conference at the Beijing Hotel, Beijing, on May 16 after his trip to North Korea.

Inter-Korean Relations

It is not a coincidence that Stage I of the North Korean nuclear issue overlapped with sudden progress in overall inter-Korean relations. Within a month's time, from mid-December 1991 to late January 1992, North Korea agreed to the Joint Declaration on the De-Nuclearization of the Korean peninsula and signed the IAEA safeguards agreement, while agreeing with South Korea on the basic agreement between the two Koreas.⁹ This is not a coincidence if we view the two events as indications that North Korea is trying to come to terms with the reality of changes in the world.

A divergence of views between South Korea and the United States over the North Korean issue was reported by the Korean press late in 1991 and early in 1992. The press speculated that whereas Seoul tended to deemphasize the nuclear issue in order to promote inter-Korean relations, the United States was overly obsessed with the nuclear issue. The real picture seems to have been somewhere in between these two positions juxtaposed by the press. The South Korean position was a two-track approach, i.e., simultaneously promoting inter-Korean relations and the nuclear issue with neither issue lagging too much behind. What is more important is that this two-track approach has been firmly supported by the United States, Japan, and other concerned governments. Today, however, the two-track approach is at an impasse with the JNCC (Joint Nuclear Control Commission)¹⁰ not making any progress. Thus, the *modus vivendi* adopted by South Korea has been to keep open the channels of exchange with North Korea but not to freeze any substantial exchanges pending the resolution of the nuclear issue.

9. The chronology of the event:

December 13, 1991 The South-North Korean Agreement on Reconciliation, Non-Aggression, Exchange and Cooperation was concluded in Seoul on the occasion of the 5th round of Prime Ministerial Talks (tacit understanding made on Non-nuclear Declaration).

December 31, 1991 Non-Nuclear Declaration on De-Nuclearization of the Korean Peninsula was signed.

January 30, 1992 North Korea signed safeguards agreement with the IAEA in Vienna.

10. In order to implement the Joint Declaration of December 31, 1991, South and North Korea agreed to establish a joint committee under the name of JNCC (Joint Nuclear Control Committee). A veteran career diplomat, Ambassador Ro-Myong Gong, was appointed as head of the South Korean side, while North Korea also appointed career diplomat Ambassador Ujin Choi as its head. South and North Korea agreed to adopt an implementation agreement within two months of the first JNCC meeting, and to hold the first inspection within twenty days of the adoption of the inspection regime. As stated above, the deadline of May 19 passed within significant gaps in the positions of South and North Korea, the most important difference being over the concept of challenge inspections.

The visit of North Korean Deputy Prime Minister Kim-Dal-Hyon to South Korea July 19-25, 1992, to meet with South Korean officials and to tour industrial sites in South Korea, attracted much attention. Since Mr. Kim was regarded as a "realist" in North Korea, some Korean press speculated that the visit might even signify the ascendance of realists in North Korea.¹¹ Since Kim Dal-Hyon has close access to President Kim Il-Sung of North Korea,¹² there was a hope that the visit would provide a breakthrough in the nuclear issue.

North Korea-Japan Relations

One of the first indications of a possible change of North Korean foreign policy came from the meeting between Kim Il-Sung and Shin Kanemaru, a leading LDP politician in Japan, who visited North Korea in September 1990. Kim Il-Sung surprised many North Korea watchers by offering to Mr. Kanemaru to normalize relations between North Korea and Japan, one of the most favorite targets of the North Korean anti-imperialist propaganda machine. The motivation of North Korea's Japan initiative is not difficult to fathom. With its former socialist allies swept by the wave of reform and with supply of oil literally drying up, forcing North Korean industries to come to a screeching halt, North Korean leaders seem to have realized what others in Asia have felt for a long time: "With Americans withdrawing and Soviets broke, there are only Japanese samurais to look up to."¹³ North Korea quickly learned that the price for Japanese capital and technology is too high. Presently, the highest price for North Koreans to pay is the resolution of the nuclear issue. It is the official position of the Japanese government that the idea of North Korea-Japan relations not normalizing without a "satisfactory resolution" does not include mutual inspections between South and North Korea.¹⁴ After Prime Minister Miyazawa of Japan met with President Bush at the White House on July 1, 1992, Mr. Douglas Paal, senior assistant to the president for Asian affairs, said in a press background briefing: "The President and Prime Minister both agreed that mutual North-South inspection is a necessary supplement to the IAEA inspection regime in order to satisfy concerns before either side would proceed toward normalization."¹⁵ When South and North Korea agree on mutual inspections, one important barrier

11. *Kyungghyang Shinmun*, July 17, 1992.

12. *Choongang Ilbo*, July 18, 1992.

13. Ambassador Kishore, vice foreign minister of Singapore, at the Pacific Roundtable, a conference hosted by the ISIS, Kuala Lumpur, June 1989.

14. *Mainichi Shinbun*, July 3, 1992.

15. Mr. Douglas Paal, at the White House Briefing Room on July 1, 1992.

will have been removed from the North Korea-Japan normalization talks.

North Korea-U.S. Relations

Seoul's policy on the North Korean nuclear issue has been criticized by some who say that the obsession with the nuclear issue allows the North to get more political mileage out of it. These critics are skeptical of the seriousness of North Korea's nuclear threat. As examples of political benefits garnered by North Korea, the critics point to (1) the U.S. withdrawal of tactical nuclear weapons from the Korean peninsula; (2) the cancellation of the Team Spirit exercise in 1992; and (3) the high-level contact between North Korea and the United States.

Several interesting points are raised by this criticism. First, the fact that all these examples involve the United States in one form or another suggests the central role the United States has to play in resolving the North Korean nuclear issue. This point is particularly interesting in connection with another line of criticism in South Korea that suggests the government is following the American call in resolving the nuclear issue. The South Korean government emphasizes the central role South and North Korea should play in resolving the nuclear or any other inter-Korean issue for that matter. The impression of the so-called "American call" comes from the geopolitical context of the Korean peninsula and the historical security ties and alliance relations maintained between South Korea and the United States.

Second, if tactical nuclear weapons had been withdrawn from the Korean peninsula, it was a result of a global application of President Bush's initiative, as announced on September 27, 1991, rather than a result of smart maneuvering by North Korea. What is important, though, is that President Roh firmly stated on December 18, 1991, that there were no U.S. nuclear weapons on the Korean peninsula. The U.S. government, including President Bush himself, reaffirmed this as a fact.¹⁶

Third, all measures taken in dealing with North Korea can serve as both "carrots" and "sticks." The cancellation of the 1992 Team Spirit exercise would be a carrot, but its resumption in 1993 can work as an effective stick.¹⁷ The high-level contact between U.S. Undersecretary of State Arnold Kanter and North Korean Party Secretary Kim Yong-Soon in New York on January 22 was a carrot; the denial of the second meeting was a stick (although it can be resumed as a carrot when the need arises and the conditions are

16. President Bush was asked about the presence of U.S. nuclear weapons in South Korea in his news conference on December 20. President Bush answered by referring to President Roh's December 18 statement and adding: "I'll not argue with him."

17. In his interview with the *Stars and Stripes*, May 31, 1992, General RisCassi, Commander of U.S. Forces in Korea, said that preparations were underway to hold the Team Spirit exercise in 1993.

met).

Fourth, the North Korean nuclear issue, or the issue of inter-Korean relations at large, for that matter, is not a zero-sum game, where the gain of one party is necessarily the loss of the other. The resolution of the nuclear issue will go a long way toward promote exchanges between South and North Korea to the mutual benefit of both. If one party makes a gain at the expense of the other in the process, the asymmetry is only temporary and would be insignificant in view of the enormous benefit that would result from the improvement in inter-Korean relations.

The preceding survey of some of the issues of Stage III makes clear that the resolution of the North Korean nuclear issue will bring significant changes in the matrix of bilateral relations and in the geopolitical environment in Northeast Asia at large. However, it would be premature to think that the resolution of the nuclear issue will give North Korea a clean bill of health and allow it to become a full-fledged member of the international community. A more accurate picture would be that the closeness of North Korea's integration into the world community would depend on its willingness to allow it to take place. The resolution of the nuclear issue would be an important step in this process. However, other issues will also remain unresolved.

Remaining Issues

Some of the notable changes made by North Korea in the past two years include: the call to normalize relations with Japan; its admission into the United Nations; the conclusion of the safeguards agreement with the conclusion of the safeguards agreement with the IAEA; the basic agreement and Non-nuclear Declaration with South Korea; and Kim Dal-Hyon's visit to South Korea. Although encouraging these changes were made as a compromise to pressures imposed on the North Korean political system. Some of the messages coming from North Korea, however, are not too encouraging.

North Korea, for example, remains one of the few places in the world that continues to dispense vintage Cold War rhetoric. Even after the disintegration of the Soviet Union in December 1991, Radio Pyongyang broadcast a commentary entitled "Socialism Will Achieve Victory, But Capitalism Will Surely Perish," with the assertion that the "collapse of communism in some countries is a temporary phenomenon."¹⁸ One could dismiss this as a propa-

18. *North Korea News*, Naewae Press, Seoul, February 3, 1992, p. 4.

19. T. R. Reid, *Washington Post* correspondent in Tokyo, visited North Korea and had this to say about the quality of information North Korean residents have access to: "There are primitive looking

ganda counterweight that the North Korean leaders are desperately making against the substantive changes. However, party propaganda is the only news that a majority of the North Korean population has access to¹⁹ and they still live in the vintage Cold War era, continuously honing their hatred toward Western imperialists and their stooges in South Korea.

Another related question is the long-term repercussions of how successful North Korea will be in its apparent efforts to introduce limited economic reform, while maintaining the same level of political regimentation as China. It is said that the North Korean decision to open special economic zones was announced only through the news media designated for outsiders, and not in the carefully sanitized domestic news provided to North Korean citizens. Furthermore, North Korea is known to request that the special economic zones be secluded from the "unrelated" North Korean populace, and also that all manufactured goods be exported abroad.²⁰ As long as North Korea sticks to such a position, we cannot expect to see genuine reform in North Korea or a substantial increase in its economic relations with the outside world.

Such a "minimalist" approach is apparent not only in its economic policy but also in every aspect of North Korean behavior. South and North Korea, according to an agreement between their prime ministers, opened a South-North liaison office on May 18, 1992. Originally, South Korea wanted to open its liaison office in Pyongyang, with North Korean office in Seoul. The expectation was that having a permanent physical presence of South and North Korea in each other's capital would be a significant symbolic breakthrough and an important mechanism for confidence-building measures (CBMs) between the two. However, North Korea would not accept the CBMs. The second option South Korea proposed was to open a South Korean liaison office in the northern part of Panmunjom with the North Korean office in the southern part, with the expectation that South and North Korean diplomats crossing the military demarcation line once every morning and once every evening would be a significant symbolic move that would chip at the monolith image of the line and the national division it symbolizes. North Korea would not agree even to that. Thus, now South and North Korea have their liaison offices in their respective areas of Panmunjom. Such a "minimalist" mentality and approach will obviously need to change.

A related policy question is whether it will be possible for regional neighbors, South Korea in particular, to make it easier for North Korea to break

radios on sale in the few department stores, but their dials have been set so that the only stations you can tune are the government stations." (*Washington Post*, July 5, 1992.)

20. *North Korea News*, Naewae Press, Seoul, January 27, 1992, p. 4.

out of its isolationist mold, political regimentation, and minimalist mentality, and if so, how. Some argue that South Korea should avoid confronting North Korea by raising touchy issues such as UN membership, nuclear issues, human rights, and missile proliferation in the initial stage of inter-Korean relations, on the grounds that adherence to these issues will turn North Korea away from the dialogue table. Others argue that North Korea understands only the language of power politics and therefore it should be driven hard on difficult issues if it is to change its ways at all.

These hypotheses obviously cannot be tested. Actual policy has been somewhere in the middle between these two contrasting views. In the process, some lessons have been learned. One of them is that shying away from fundamental issues is not necessarily helpful in bringing North Koreans to the dialogue table and that it would be meaningless and even dangerous in the long run to give a false sense of relief to South Korean citizens and outside watchers. After all, inter-Korean relations have become more productive in the past two years, as South Korea has consistently emphasized the issue of UN membership for the two Koreas and the North Korean nuclear program.

Unresolved issues on the horizon include missile proliferation and human rights in North Korea. With North Korea virtually the only country in the world exporting long-range, high-payload missiles outside the Missile Technology Control Regime (MTCR), and with nonproliferation fast emerging as one of the most important security issues in the post-Cold War World, North Korea will have to rethink its missile export policy. At the same time, if North Korea genuinely wishes to be a full-fledged member of the international community, it will have to consider the fact that the concept of human rights has become truly universal with the rapid development of worldwide communications and transportation and the closer integration of the global economy.

Conclusion

Returning to the present, the North Korean nuclear issue remains stuck at the initial phase of Stage II. The North Korean tactic at this stage seems to be one of avoiding mutual inspections with the South by fully cooperating with the IAEA and at the same time developing closer ties with the United States by expanding direct talks with it on the nuclear issue.

It was the concerted efforts by the international community that pressured North Korea to acknowledge its nuclear program as a problem. What we need in Stage II is to appreciate the progress we have made in Stage I, reaffirm the goal for Stage II, and make renewed efforts to achieve it. In this

regard there have been encouraging developments recently throughout the world. After the U.S.-Russia summit on June 17, 1992, and again after the U.S.-Japan summit on July 1, 1992, both Presidents Bush and Yeltsin and Prime Minister Miyazawa issued statements calling for the implementation of mutual inspections between South and North Korea. At the same time, EC leaders meeting in Lisbon on Jun 29, 1992, and G-7 leaders meeting in Munich on July 7 also issued statements to the same effect. In closing, we are looking ahead to a new era in Northeast Asia with the removal of Cold War tensions on the Korean peninsula. The new environment is favorable, but there are many remaining issues to be resolved. The successful resolution of the nuclear issue will only be a good start in that long and important process.

9

The DPRK and Economic Reforms: Bridging the Chasm and Prospects for Inter-Korean Economic Cooperation

Robert Warne

This essay on bridging the chasm in inter-Korean relations and prospects of inter-Korean economic cooperation will examine some aspects and problems related to North Korean economic reforms. Four specific topics and dimensions of the challenge of promoting inter-Korean economic relations will be analyzed: (1) an assessment of North Korea's economy and prospects; (2) an analysis of the South's economy and prospects; (3) a comparison of the two economies; and (4) comments on prospects for Inter-Korean cooperation. The essay will conclude with a brief survey of the Democratic People's Republic of Korea's (DPRK's) economic conditions and related issues.

North Korea's Economy and Prospects

As indicated in a recent study by Hongtack Chun,¹ there are no accurate estimates of North Korea's economy. Most economists agree, however, that the economy's growth has slowed in recent years due to several factors. These include the loss of key markets in former socialist economies and a reduction of concessional financing from its former allies, especially the former Soviet Union. Also to be mentioned are a shortage of energy imports caused by revised pricing and credit policies of the former USSR and a DPRK shortage of foreign exchange. Moreover, the North's inability to find major new export markets, especially in the West, is a serious problem. A

1. Hongtack Chun, "Estimating North Korean GNP by Physical Indicators Method," Korea Development Institute (Seoul, Korea, 1992).

number of factors contributed to this result, including the continued U.S. trade embargo; the North's poor credit record; the lack of appreciable foreign direct investment, and the coordinated Western effort to restrict North Korean trade. Hongtack Chun estimates that the per capita GNP of the North amounts to \$1,269, using data based on physical indicators.

The North's self-reliance policy, *juche*, focuses on self-sufficient, internal development rather than export-led growth. However, several problems are created by an essentially inward-looking policy. These include:

(1) The North's trade has grown only five percent per annum during the postwar period while the South's has grown about 30 percent per annum from 1962 to 1989;

(2) Trade amounts to 8.9 percent of GNP in the North, while in the South trade accounts for 43 percent of GNP;

(3) Total trade in the North amounted to \$4 billion in 1989 compared to \$124 billion in the South;

(4) The North has run a persistent trade imbalance since 1970, causing it to acquire a relatively large foreign debt of \$6.8 billion, 32 percent of GNP in 1990. In comparison, foreign debt in the South is \$39 billion, 14 percent of GNP in 1991. The North has fallen into arrears on its debt, which has reduced its ability to borrow internationally. The South enjoys an excellent credit rating;

(5) The North has relied heavily on socialist countries for its trade; about 70 percent of its trade in 1989 was with those states—50 percent with the former USSR, 11-12 percent with China, and 7 percent with other socialist nations. Trade with developing countries accounted for 15 percent, with Japan, 10 percent, and with other Western countries, 5 percent.

The aforementioned trade is critical to North Korea's sustained development. Imports such as machinery, transportation equipment, semi-manufactured goods, and energy (petroleum and coal) are needed for expanded production. The leading exports, other garments and apparel, also depend on imports of yarn, wool, and sewing machines. Thus, the lack of established socialist markets, unfavorable exchange rates, and credit terms has had a crippling effect. Many estimate the economy has declined 3-3.5 percent in each of the last two years.²

2. Robert Scalapino, "Divided Korea: Report of the Asia Society Study Mission," The Asia Society (New York, 1992).

Inter-Korean Trade: Until recently, there has been virtually no direct trade and little indirect trade between the two Koreas. South Korea entered into a 100,000-ton rice counter-trade arrangement in 1990 for which it would import cement, metals, fish products, and other goods. Only a small part of this agreement has gone forward because of the South's reluctance to expand economic cooperation until the North agrees to carry out nuclear weapons safeguard inspections. Barter trade boomed in 1991, exceeding an estimated \$100 million. Inter-Korean direct trade also increased sharply, reaching over \$25 million last year. (Since these goods are transshipped through third countries such as China, the trade data tend to be skewed.) The South is focusing on several DPRK products: zinc, steel, copper, anthracite coal, marine products, gold, and rare metals. The South has a wide variety of products of interest to the North: so far it has exported *inter alia* polyethylene, light oil, textiles, and soap.

Foreign investment: The North adopted a Joint Venture Law in 1984 to promote foreign direct investment and transfer of technology. While current, accurate data are not available, the ROK National Unification Board estimates there have been 86 joint ventures concentrated in services and light industry. The bulk of these have been Japanese, followed by Soviet, Chinese, and several other Western ventures.

Proposed Joint Ventures with the South: The North has proposed development of special economic zones to attract investment and to create development poles focused on trade and commerce. The leading zone is the Tumen River area in which the UNDP has taken the lead in drawing up multinational development programs. The initial plan, for which a feasibility study has yet to be completed, would involve over \$30 billion in multinational investment to construct industries, establish rail and port facilities, and create communication facilities. The North has indicated willingness to cooperate with South Korea as well as with Russia, China, Japan, and others in the development of the Tumen River project. It has also cited several other possible joint inter-Korean projects. These include expansion of tourism and development of tourist-related resources (linking Mt. Kumkang and Mt. Surak, for example); the reestablishment of rail, road, bridge, and telecommunications connections; agriculture projects to draw on new technologies; expansion of direct trade; and joint investment in light industries (the Daewoo Corporation has identified six or more such projects).

So far, however, the Republic of Korea (ROK) government has not approved South Korean enterprises' proposals in any of the above areas. The ROK is cooperating with other Western countries in restraining any

major economic activities with the North until the nuclear weapons issue has been resolved. As a result, despite growing South Korean commercial interest, actual economic cooperation between the two countries continues to stagnate. But a clear potential exists for substantial trade and investment.

North Korea's economic prospects are gloomy because its growth strategy has reached its limits. Moreover, North Korea's economy is stagnating and its primary markets have been curtailed. Additionally, its infrastructure, manufacturing capacity, and technology are outdated and misoriented on heavy industry and defense. The North is falling further behind most of its neighbors, especially South Korea: the South's GNP is ten times as large as the North's, its per capita GNP is about six times higher, and its growth rate has averaged about 8 percent per annum over the past thirty years while the North's has averaged about 2-3 percent.

The South is emerging as a fully industrialized developed economy while the North's prospects are sharply limited. The North continues to plod along as a middle-level developing economy. Its current problems are causing it to slip to a subsistence level: food and fuel shortages are causing severe hardships. There are limited opportunities for sustainable growth without a restructuring of the economy and an infusion of capital and technology. In short, the North must cease its autarkic, inward-directed policies and open itself up to global economic forces if it is to develop. The North must reorient and restructure its economy to regain economic growth.

South Korea's Economy and Prospects

Although it is not the purpose of this paper to review the economy of South Korea, the South's extraordinary economic accomplishments will have a major impact on North Korea. The ROK's GNP per capita has reached \$6,200. Prospects remain bright for continued growth at a projected rate of 7.5 percent per annum through the seventh five year plan, 1992-96. But the ROK also faces several challenges, which raise questions about its economic objective: a successful transition this decade to a fully industrialized economy. These challenges and obstacles may be summed up as follows:

—First, South Korea is no longer a low-cost producer; a near doubling of wage rates in the past four years is causing it to shift to high-technology, value-added production in order to maintain its international competitiveness. But it is having difficulty acquiring the technology that it needs.

—Second, South Korea has relied on two principal markets—the United States and Japan—for both its exports and the acquisition of

capital goods and technology. South Korea faces rising U.S. protectionism and a chronic trade imbalance with Japan, in part because of difficulties in accessing its market.

—Third, South Korea's economy is overheated: inflation is rising at a double-digit rate, there is a shortage of labor, and a simultaneous boom in construction and consumer demand. The trade account has deteriorated rapidly.

—Fourth, the ROK's economic system needs reform: capital controls need to be removed, interest rates should be deregulated, governmental direct intervention should be changed to indirect macroeconomic management, and regulation and standards should be made transparent and consistent with international norms.

—Finally, South Korea must restructure its economy if it is to attain its long-term objectives.

The two Koreas, therefore, face tremendous economic disparities that have developed over the last 40 years as the two countries pursued diametrically opposed economic models. South Korea's economic success has given it confidence, international respect, and credibility. No longer should it focus on competition with the North. The ROK has secured international prestige through its economic performance. It should now use these accomplishments to achieve both political and economic security.³

A Comparison of the Two Economies

After over a millennium of unity and development of a common heritage, Korea has been divided for nearly 40 years. The past four decades have been marked by virtually no economic relations. Trade has been almost nonexistent, telephone and postage communications have been severed, and there has been no tourist traffic. Despite this isolation, there are many forces drawing the Korean people together. In the South, there is a keen desire for reunification;⁴ and the two countries have a homogeneity in language, values, and traditions. The two Koreas are complimentary in several other ways as well. First, the North has minerals and available, relatively low-cost and unemployed labor. Second, the South lacks raw materials but has capital and technology, and a need for skilled labor. Third, both need to diversify their trade; the North away from the former socialist countries and the South

3. Dillip K. Das *Korean Economic Dynamism*, (New York, NY: St. Martin's Press, 1992).

4. Kwang Soo Choi, "Korean Unification and Future Prospects," *Korea in the 1990s: Prospects for Unification* (New Brunswick, NJ: Transaction publishers, 1992).

away from the United States and Japan. Finally, the two sides have mutual interests in cooperating. The North seeks to accelerate its economic development by acquiring capital and technology and obtaining access to new markets; the South, in turn, looks for skilled, low-cost labor, raw materials, and an expanded market.

These forces of complementarity can be overdrawn, of course, as the reunification of Germany demonstrates. German Chancellor Helmut Kohl stated the problem: "Socialism's legacy is very much more devastating in both material and non-material ways than could be foreseen. Everybody underestimated the extent to which the economic and above all ecological substance of eastern Germany had been destroyed. The state of the railroads and highways are unbelievable. But the main problem is human."⁵ In short, North Korea may not prove to be the favorable market the South Korean investors expect because of the following four reasons:

- (1) The infrastructure needs major rebuilding;
- (2) North Korean centralization and socialist policies have affected public and labor attitudes;
- (3) The industrial base may be totally inefficient and misdirected into heavy industry, which is antiquated, environmentally unsound, and no longer needed; and
- (4) The state has directed much of the economy toward defense and heavy industries—over 25 percent of GNP, which may be too costly to convert to civilian purposes.

Prospects of Inter-Korean Economic Cooperation

Rather than seeking rapid reunification, the ROK has now adopted a transitional strategy of cooperation and development; the aim is to help rebuild the North and bring up its level of capacity so that eventual reunification would be manageable and it could avoid the severe burdens that Germany confronted. A smaller, less wealthy country, South Korea would be overwhelmed by the costs of sudden reunification.⁶ The KDI estimates that reunification would cost \$250 billion at today's prices.

South Korea's aim is to build mutual trust through contacts and dialogue. It hopes to change the North's perception so that it regards the South as an equal partner, not an adversary. North Korea should be encouraged to join

5. "Kohl: We are far from one Germany," *Business Week*, May 18, 1992, p.62.

6. Kong Don Oh, "Inter-Korean Relations and the Strategy of Rapprochement," in *Korea in 1990s*, *op. cit.*

the international community because its current isolation is detrimental to the peninsula's stability. Furthermore, the ROK hopes that improved relations with the region's major powers and the former socialist countries will ease tensions by lessening competition and encouraging peace.⁷

Such a transition and systematic approach may be wishful thinking. North Korea fears exposing the weaknesses of its system.⁸ It faces an inherent dilemma: it needs to open its economy to reinvigorate its stagnant economy, but such openness will challenge the established regime and its ideology, which has persevered through isolation and tight centralized control. North Korea has turned in part to the China model, perhaps at the urging of the Chinese leadership. It refuses to undergo political reform while creating economic zones in which economic changes and market-oriented experimentation will be allowed. China faced the challenge of political change at Tiananmen Square three years ago. It demonstrated that it would use force to hold back change that threatens the regime.⁹

Would North Korea be willing to run similar risks? If so, would it be able to constrain the political forces that would be unleashed? One knows too little about the North to assess such possibilities. The common assumption is that the regime will not be seriously challenged as long as the Great Leader is in power. But at age 80, an eventual change in power is imminent.

South Korea is pursuing comprehensive talks with the North that aim to create conditions for cooperation and mutual trust. The potential for trade, travel, investment, and economic cooperation is great. Indeed, the progress of the first eight prime ministerial talks augur well. But few tangible results in terms of actual economic cooperation have resulted. The South continues to pursue a systematic, step-by-step approach: beginning with family exchanges and modest inter-Korean trade and communication channels. The North, on the other hand, is reluctant to take even small steps. The step-by-step approach has led to the first exchange of families in August. Hopefully this will lead to improved cooperation.¹⁰

Conclusion and Future Challenges

North Korea's *juche* strategy has created severe economic conditions. First of all, North Korea's economy is stagnating and it suffered a 3 percent or so decline in growth in the last two years, while South Korea's remains

7. Kwan Kim, "North-South Economic Cooperation," *Korea in the 1990s*, *op. cit.*

8. Kwang Soo Choi, *op. cit.*

9. *Ibid.*

10. Kong Don Oh, *op. cit.*

relatively buoyant and promising. Second, North Korea's self-reliance has isolated or at least impeded the North from obtaining needed foreign investment and technology. As a result, the prospects for recovery are poor unless the North changes its inward-looking policies. Third, North Korea hopes to open its economy under controlled conditions such as promoting joint ventures in special economic zones. Fourth, in restructuring its economy, the North will need Western capital, technology, markets, and know-how. So far, the West is reluctant to do substantial business with North Korea, at least until concerns over possible nuclear weapons programs are resolved. Fifth, the South is pursuing a step-by-step strategy to build mutual confidence and economic cooperation.¹¹ This strategy holds considerable promise because in several ways the two economies are complementary and have mutual interests in cooperating. While the North-South dialogue has generated considerable promise, few real economic results have yet been effected. And finally, the South's economic achievements give it credibility and confidence to take the initiative.

What are the policy issues to be addressed? Despite its pressing economic needs, the North's risks are greater. Can it follow China's example by opening its economy to market forces and the West and still maintain the regime's centralized political control? There are different challenges facing North Korea, but the South also has risks.

—Will a transitional strategy to achieve reunification work or will the North collapse? An "implosion" of the economy could be messy, costly, and perhaps violent.

—Will the North develop and the gap be reduced, or are the impediments to restructuring so great in the North that this transitional approach will fail? Just how complementary are the two economies after 40 years under different political regimes?

—Despite both governments' intentions, do they really have control over events? Eastern Europe demonstrates the pent up feelings of peoples under flawed socialist systems.

—Finally, there is a strong quest for reunification. Is a prolonged, step-by-step process of mutual confidence-building feasible under such conditions?

11. Bon Ho Koo, "The Prospects for Economic Interaction," Korea Development Institute(Seoul, Korea), September 1991.

Table 1. Comparison of Major Indicators (1989)

	units	S. Korea	N. Korea
Population	mn	42.4	21.4
(growth rate)	(%)	(0.97)	(1.64)
Economically active	mn	18.0	9.3
population (participate rate)	(%)	(59.5)	(64.9)
Area	1,000 km ²	99.3	122.1
G N P (A)	\$bn	210.1	21.1
Per capita GNP	\$	4,968	987
Growth rate	%	6.7	2.4
Exports (B)	\$bn	61.41	1.95
Imports (C)	"	56.81	2.85
Trade deficit	"	4.6	0.9
External debt	"	29.4	6.8
(B + C) / A	%	56.3	22.7

Sources : ROK National Unification Board, *An Evaluation of North.*

Korean Economy, 1990.

Table 2. Physical Indicators for Estimating per capita GNP of North Korea

Indicator	Unit	1970	1980	1988	1990
1. Steel (STL)	Kg/head	151.5	194.5	280.9	270.9
2. Cement (CMT)	Kg/head	278.7	444.5	579.9	966.7
3. Energy (ENG)	Kg/head, TOE	1,292.0	1,151.0	1,329.0	1,091.0
4. Electricity (ELT)	Kwh/head	1,008.0	1,167.0	1,351.0	1,294.0
5. Agricultural labor force (AGP)	%	54.7	42.8	35.3	34.1
6. Tractors (TRT)	per 1,000	6.0	13.2	22.0	22.5
7. Animal protein (ANP)	g/head/day	11.6	15.4	18.1	-
8. Life expectancy (LEX)	year	59.1	66.0	68.4	69.0
9. Infant mortality (INM)		57.3	39.5	33.0	31.3
	per 1,000 born				
10. T.V.sets (TVS)	per 1,000	-	-	12.0	12.8
11. Radios (RAD)	per 1,000	-	-	110.0	114.9
12. News print-consumption (NEW)	Kg/head	90.4	72.2	155.0	149.5

Source : 1 - 4, National Unification Board, *North Korean Economic*

Statistics, 1986 ; *State of North Korean Economy*, each year

5 - 7, FAO, *Production Yearbook*

8 - 9, Eberstadt & Banister, *North Korea: Population Trend & Prospect*, 1991.

10 - 12, UNESCO, *Statistical Yearbook*, 1990.

10

Socialist Economies, the DPRK and the International Banking Community

Duck-soo Lee

Socialist Economies

Only a few decades ago, Soviet leader Nikita Khrushchev boasted that the industrial output of the Soviet Union would overtake that of the capitalist world within decades. So thought Chinese leader Mao Ze-dong in the course of his Great Leap Forward movement in 1959. However, what we see in the former Soviet Union today is a wholesale liquidation of the socialist industrial organization. In Russia, the Communist party has now been disbanded and outlawed, and, as in most of the formerly socialist East European countries, the government is trying frantically to privatize government enterprises and also is determined to pursue capitalist policies. In China, the postulates underlying the Chinese version of socialism are being seriously reappraised. The struggle between the reformers and conservatives continues and, in the meantime, the leaders of the two schools of ideology appear to have settled for something less than an ideological consensus. Instead, China's leaders have adopted as their policy goal "Four Modernizations," in industry, agriculture, science and technology, and defense, and have not frontally addressed the question of what would be the most appropriate way of organizing business entities to achieve their modernization policy goal.

In the meantime, virtually all of China's communes have been dismantled; the agricultural sector is now made up of small-holder farms producing whatever crops they consider to be profitable. However, each farm unit is required to dedicate a portion of its production to growing specific crops for

government procurement. Many small businesses in China are now run as private enterprises, and there are two government-licensed stock markets, one in Shenzhen and the other in Shanghai.

A far more fundamental program for changing the "command economy" into a "market-oriented economy" has been carried out under the "Special Economic Zone" scheme, which allows private enterprises in designated areas to conduct business as if they were operating in a capitalist economy. There are about fifteen such zones and the number continues to increase. Initially the scheme covered select South China coastal cities, such as the widely publicized Shenzhen (across from Hong Kong) and Hainan, but the list now includes even remote hinterland cities, such as Lhasa in Tibet. With these reforms, the private sector grew much faster than the state sector; the private sector's share in total output rose from 20 percent to about 50 percent during the last ten years.

Privatization of state enterprises is now taking place all over the world, and not only in countries formerly or presently ruled by Communist parties. For instance, under the rule of the Conservative Party in the United Kingdom, two-thirds of state enterprises have been privatized; Mexico has privatized most of its state enterprises; and India is embarking on an ambitious program to reduce state control of business enterprises.

But why are the "command economies" or socialist economies losing ground? An important part of the answer to this question lies in the fact that they have found it difficult to compete with and withstand mounting pressures from commercial competition in an increasingly interdependent world economy. The volume of world trade is growing about 50 percent faster than global total industrial output. One hears a great deal of complaints about trade barriers, but despite the barriers, international trade, as a share of the total output, has greatly increased. By and large, the barriers have been coming down and, where they persist, businessmen often find ways around them. The primary force in this process is competition. In an increasingly globalized economy, firms cannot survive unless they produce merchandise cheaper or better or both, or come up with new marketable products. The intensity of worldwide commercial competition continues to rise due to progress in technologies facilitating international trade, i.e., information, communications, and transportation. In all of these trade-facilitating technologies, there have been drastic productivity improvements. "Command economies" lost ground in part because they refused to accept competitiveness as the overriding business objective and in part because the bureaucracy inherent in state enterprises often hampers businesses run in a businesslike way.

The DPRK and the World Banking Community

Concurrent with a leadership succession in North Korea, the country is experiencing serious economic difficulties. Industrial production has been stagnating for many years; the food shortage is worsening; foreign aid from the DPRK's former allies has been sharply cut back; the future of its foreign trade, which has been mainly with the former Soviet Union and its allies, is extremely uncertain and problematic; and an increasing number of North Koreans are beginning to sense that their standard of living is greatly inferior to that of South Korea.

The immediate problem of the North Korean economy is its inability to earn enough hard currency to pay for badly needed imports of items such as food, oil, and essential capital goods. According to a recent JETRO estimate, the apparent trade deficit was about \$820 million for 1990, which would have amounted to \$950 million if North Korea were to pay full price for oil it imported at greatly discounted prices from China and the Soviet Union. The actual deficit was probably much less, about \$600 million, if the net surplus from arms trade and the export of gold are taken into account.

A trade deficit of this magnitude would not necessarily be alarming for an economy of North Korea's development potential, but it poses a serious problem today because, due to its very bad credit standing, North Korea cannot raise any loans from foreign sources. Under the circumstances, the trade deficit is the root cause of critical shortages of such essential goods as oil and food.

The DPRK economy is caught in a vicious circle. It cannot reduce imports because just about all of them are essential for maintaining the present level of economic activity. It cannot increase the production of quick-yielding potential exports that North Korea produces, such as coal, iron and steel, zinc, gold, silver, cement, marine products, and garments. This is because it does not have hard currency to pay for importing the capital goods and technical and managerial expertise needed to modernize its production facilities. Therefore, unless North Korea manages to break out of this vicious circle, its economy will continue to stagnate and the average standard of living of its people will seriously deteriorate.

If the political will prevails, however, North Korea might be able to overcome its present impasse. It could take a number of interrelated steps that would be helpful for the purpose of overcoming its economic hardship. First of all, it could drastically reorient its priorities in resource allocation away from economically unproductive construction projects in favor of economically productive investments, such as the improvement of roads and harbors. Second, North Korea must make its best effort to continue to increase ongoing

ing trade with South Korea. Third, North Korea must remove self-imposed obstacles to the normalization of diplomatic relations with Japan and the United States. Fourth, North Korea must step up its efforts to attract joint ventures, including the provision of more specific rules and regulations governing the rights and obligations of foreign investors. Fifth, and most importantly, North Korea must secure membership in such multilateral financial institutions as the IMF, IBRD, IDA, IFC, MIGA, and the Asian Development Bank. The measures suggested above would greatly help North Korea overcome its immediate economic difficulties.

The financial resources expected from Japan, in connection with the ongoing talks on the normalization of relations, are substantial. The amount, estimated to be about \$6 billion, is large and, if wisely used, could help North Korea jump start its economy. This would enable North Korea to fill the current trade gap and provide a hard currency resource base with which to negotiate a workable debt service schedule for its outstanding foreign debts. This also would improve North Korea's credit standing.

Expanded trade with South Korea is also crucial to improvement in North Korea's economy. It would provide a ready market for some of North Korea's principal exports, such as iron, coal, and seafood. South Korea would also be a convenient source of both capital and consumer goods, which the DPRK needs to import.

Membership in the multilateral financial institutions would also enable North Korea to tap additional financial resources, and thus help fill both current and foreseeable foreign trade gaps and also help finance viable investment projects with long-term loans. Besides, these institutions would be reliable sources of technical assistance, which North Korea needs. They could be used to strengthen North Korea's development institutions, such as training those responsible for project identification, preparation, and implementation.

Beginning with the enactment of its Foreign Joint Venture Law in 1984, North Korea has taken some significant steps in an attempt to open its economy. It has attracted a fairly large number of foreign investments, mainly from ethnic Koreans in Japan, some of which appear to be quite successful. In 1989, with the then Chairman Chung Ju Yung of the Hyundai Group, North Korea attempted to launch three joint venture projects. These included the idea of utilizing North Korean workers in a project of Hyundai that is ongoing in Siberia. Another idea was for a rolling stock plant to be located at Wonsan. A third was for the joint development of tourism at the scenic Diamond Mountains, near the DMZ. Then, in 1991, Unification Church leader Rev. Moon Sun Myung was invited to Pyongyang by Kim Il-Sung to discuss the idea of launching a joint venture for tourism.

More recently, in January 1992, Chairman Kim Woo Choong of the

Daewoo Group in South Korea was invited to North Korea to explore the possibility of establishing a joint venture involving eight industrial factories to be located in the Nampo Industrial Zone. In a press interview given upon his return from Pyongyang, Mr. Kim said that he believed North Korea's annual exports could be boosted by as much as \$10 billion within five to six years if the North Korean government took certain required steps.

There is also a new positive development in the so-called Tumen River Basin Project. Together with China, Mongolia, Russia, Japan, and South Korea, North Korea has co-sponsored a preparatory meeting on the Tumen River Basin Development Project. If successful, this will be a mammoth project, which is expected to involve territories in North Korea, China, and Russia for intensive joint investment operations. North Korea recently announced that it would designate its territory in this project area as a Special Economic Zone, which is presumably modeled after the Shenzhen Special Economic Zone in South China.

Most recently, North Korea formally opened itself to organized tourist groups. The first group under this program was shown North Korea's north-eastern provinces near the site of the proposed Tumen River Basin Development Project that had until then been virtually off-limits to foreigners.

Apparently in an effort to repair its tarnished image as a delinquent debtor, North Korea made debt service payments in 1990 of about \$300 million. This was a surprisingly large amount, despite the acute hard-currency shortage.

It appears that North Korea is beginning to see the need to open its economy. Although it has not yet taken bold moves to open its closed society, North Korea must realize that without opening, it will be left further and further behind South Korea and that it will be impossible to keep up with the dynamic economies of Asia and the rest of the world.

Would it not be risky for the regime to boldly open its economy? Yes, it would be risky indeed. It is bound to give rise to popular demands for greater personal freedoms and improved standards of living. This is the most crucial challenge the North Korean government is facing. It must accept this challenge, however, because it does not have any other option that promises to be less risky.

Contributors

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Robert Warne is president of Korea Economic Institute of America.

Duck-soo Lee was director of loan department and an advisor at the World Bank.

Appendix

1. CONFERENCE PROGRAM

RETHINKING THE KOREAN PENINSULA :
ARMS CONTROL, NUCLEAR ISSUES, ECONOMIC REFORMATION

MAY 25-27, 1992

Leavey Conference Center, Georgetown University, Washington, D.C.

ORGANIZERS

Georgetown University:-Asian Studies Program, School of Foreign Service
Institute for the Study of Diplomacy
The Committee on Politics and Law, The International Society for Korean Studies

SPONSOR

Osaka Institute for Management and Information Sciences (OIC)

CO-ORGANIZERS

Young Whan Kihl, Iowa State University
Chung-in Moon, University of Kentucky
David I. Steinberg, Georgetown University

SCHEDULE

May 25 [Monday]

Arrival and hotel check in, Leavey Center, Georgetown University.
6:00 - 8:00 Reception, Georgetown University

May 26 [Tuesday]

9:00 - 9:30 Registration

9:30 - 10:00 Welcome, opening remarks by sponsor, organizers,
administrative procedures

Jun-Hyo Kim, President, Osaka Institute of Management
and Information Sciences (OIC)

Chung-Dal Oh, Vice President, International Society for Korean Studies

Hans Binnendijk, Director, Institute for the Study of Diplomacy

Young Whan Kihl, Chairman, Committee on Politics
and Law, International Society for Korean Studies

David I. Steinberg, Georgetown University

10:00 - 12:30 **PANEL 1** Rethinking the Korean Peninsula: Changes
and Continuities

Chair: **Hans Binnendijk**, Georgetown University

[1] "Changing Domestic Structure and Inter-Korean Relations:
ROK Perspectives and Prospects."

Manwoo Lee, Director, Kyungnam University, Institute for Far Eastern Studies,
Seoul

[2] "The United States and the Korean Peninsula in a Post-Cold War Order:
Change and Continuities."

Daryl M. Plunk, The Heritage Foundation, Vice President The Richard V. Allen
Company

[3] "The New World Order and the Korean Peninsula."

Young Whan Kihl, Iowa State University

Discussants:

Selig Harrison, Carnegie Endowment, Washington

Donald MacDonald, Georgetown University, Washington

12:30 - 14:00 Luncheon, Leavey Center
Luncheon Address: General Edward C. Myer

14:00 - 17:00 **Panel 2** Old Rhetoric and New Reality:
Confidence-Building and Arms Control on the Korean Peninsula

Chair: **Stephen Gilbert**, Georgetown University

[1] "Confidence-Building and Arms Control :
The ROK Perspective"

Tong Whan Park, Northwestern University

[2] "Arms Control and Inter-Korean Relations :
An American Perspective"

Burrus Carnahan, SAIC

[3] "Arms Control in the Regional Context"

Chung-in Moon, University of Kentucky

Discussants:

Alan Romberg, Council on Foreign Relations

Ronald McLaurin, Abbott Associates

18:30 - 21:00 Dinner

May 27 [Wednesday]

9:00-12:00 **Panel 3** The Nuclear Issue and the Korean Peninsula

Chair: **Roy Kim**, Drexel University

[1] "The ROK and the Nuclear Issue"

Jung-Suk Yoon, Chungang University

[2] "The US and the Nuclear Issue"

Leonard Spector, Carnegie Endowment

[3] "The Nuclear Problem in the Light of the Gulf War"

William M. Arkin, Greenpeace International

[4] "A Republic of Korea Perspective"

Ho Young Ahn, ROK Embassy

Discussants:

Ralph Clough, SAIS, Washington

B.C. Koh, University of Illinois, Chicago Circle

12:00 - 13:30 Luncheon

1:30 - 3:30 **Panel 4** The DPRK and Economic Reforms

Chair: **David I. Steinberg**

[1] "Bridging the Chasm and Prospects for Korean Cooperation"

Robert Warne, Korean Economic Institute of America

[2] "Socialist Economies, the DPRK, and the International Banking Community."

Duck-Soo Lee, World Bank

[3] "The U.S. and the DPRK Economy."

John Merrill, Department of State

Discussants:

Donald Henry, Rand Corporation

Kwan-soo Yang, Osaka City University

Hajime Izumi, Harvard University

15:30 - 16:00 Coffee Break

16:00 - 17:30 Wrap-up Roundtable
What Should be Done?

Chairs: **Young Whan Kihl**, Iowa State University

Chung-in Moon, University of Kentucky

David I. Steinberg, Georgetown University

All Participants, panelists and guests

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