POTENTIAL FOR
REUNIFICATION OF THE KOREAS
AND THE IMPACT ON U.S. POLICY

BY

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**Abstract:**

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AN INDIVIDUAL STUDY PROJECT BY

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ABSTRACT

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INTRODUCTION

One striking effect of the collapse of communism is the redrawing of national boundaries. The end of the cold war has brought fragmentation of the Soviet Union, Yugoslavia, Czechoslovakia and a dramatic reunification of East and West Germany. When the meetings of the Prime Ministers of the Republic of Korea (ROK) and the Democratic Peoples Republic of Korea (DPRK) produced the Agreement on South-North Reconciliation, Non-aggression and Cooperation, many inside and outside of the Koreas became hopeful of a new peace on the peninsula.

Asia is not Europe, however, and has not seen a collapse of Communism, progress toward reunification of Korea, or a reduction in the suspicion and rivalry which has developed for centuries in the region. North Korea continues to enjoy support (though much reduced) from China, the other Asian nation still ruled by 1st generation revolutionary leaders. There is no evidence from the North of any widespread popular movement for reunification, or even economic and political change. North Korea remains resistant to external supervision of its nuclear weapons program and indifferent to influence by world opinion.

This paper will examine the historical and current trends in the quest for reunification between the Koreas, including a discussion of the political, military and economic forces affecting reunification, a comparison to the German precedent and discussion of interests of regional powers.
HISTORICAL BACKGROUND

Korea's strategic location has, for centuries, placed it in the path of major power competition. Around the turn of the last century, it was part of a struggle between major powers for hegemony over Northeast Asia. Russia and Japan twice attempted to negotiate the division of Korea between them, once at the 38th and then at the 39th parallel. Both negotiations failed however, contributing to the Russo-Japanese War with the Japanese occupation of the peninsula in 1910.

The Japanese occupation of Korea continued until the end of World War II, and remained a matter of interest for both China and Russia. China, which at one point sheltered the Korean Government in exile, is said to have influenced Roosevelt to press for guarantees of Korean independence after the war. At the Tehran conference, Roosevelt proposed independence to occur following a period of international trusteeship, having in mind the Philippine example. Stalin reluctantly agreed and provisions for Korean independence were specified in the Cairo Declaration.

The allies had been pressuring Russia for months to enter the war in the Pacific, when, on 8 August 1945, Russia declared war on Japan. The Russians were by then in full control of Manchuria and quickly moved forces to sweep the Korean peninsula. Fearing Russian designs on Korea and wanting to prevent a Russian occupation, the U.S. presented a hastily prepared plan which divided Korea into two zones of occupation, with the Russians occupying the peninsula north of the 38th parallel and the United...
States the South. To the surprise of the U.S., Russia accepted the proposal. By 26 August, the Russians controlled the territory down to the 38th parallel. Japanese forces south of the 38th parallel formally surrendered to U.S. forces on 9 September 1945.

The division was not intended to be permanent, but was a means to establish and maintain order until a Korean government could be constituted. The international trusteeship never came into being, partly because of factionalism among the Koreans, and partly because each of the occupying powers wanted to ensure the new government would be politically and ideologically acceptable to itself.3

In 1947 the United States was eager to disengage from Korea, and sought help from the United Nations. Over Soviet objections the U.N. formed a commission to negotiate a reunification of the peninsula. The North Korean administration, controlled by the Soviets, refused to admit the U.N. commission, and the initiative died.

Eager for disengagement, the United States prepared to accept the existence of two Koreas. In May 1948 South Koreans elected representatives to a National Assembly. The Assembly adopted a constitution on 12 July and elected Syngman Rhee as President of the Republic. Finally, on 15 August, the government of the ROK was inaugurated and the authority of the United States Army Military Government in Korea ended. All but a handful of U.S. advisors were withdrawn.
In early 1950, the United States sent clear signals interpreted by North Korea to mean that it would not defend South Korea from an invasion by the North. In January, Secretary of State Acheson made a speech at the National Press Club in which he described U.S. interests in Asia. Conspicuous by omission was the Republic of Korea. Later, in May, Senator Tom Connally (Chairman of the Foreign Relations Committee) was asked, if South Korea should be invaded by the North would the United States would intervene? His answer was that the U.S. could do nothing about such an invasion.4

North Korea, which had been undergoing a massive military build-up with the support of China and Russia, decided to attempt reunification by force and launched an attack on 25 June 1950. The withdrawal of U.S. forces was by then complete, and the North Koreans apparently counted on U.S. indifference in a war which was not a threat to its announced interests.

President Truman decided to commit forces, ultimately under the U.N. flag, and thus began a 3 year war which ended in over 4 million Korean, Chinese, U.S. and allied dead.5 The war ended with an armistice which makes no reference to eventual reunification, but served to provide ground rules for the ensuing 40 year Cold War.6

Representatives of both sides convened in Geneva, as agreed in the Armistice. The U.S. position was that there should elections in both Koreas, supervised by the U.N., in which both Koreas would elect representatives to a conference to determine the government of a unified Korea. The number of representatives
was in proportion to population, an important issue as the South had twice the population of the North. The North Korean position was that the United Nations troops should first withdraw, and the Koreans should elect representatives to a national conference with both Koreas represented equally, then the national conference would then work out a reunification solution. The South Korean delegation had its own reunification plan which allowed elections, but held the Republic of Korea was the only legally constituted government of the people of Korea. The Geneva Conference failed because both North and South Korea were, by then, controlled by ideologically different regimes, each of which was more interested in perpetuation of itself than in reunification, and because of the influence of the major powers, each of which wanted a reunited Korea constituted as a member of its political camp. This outcome characterized North-South Negotiations for the remainder of the cold war.

Tensions remained high after termination of the Korean War, causing U.S. forces to remain. For several years, North Korean Guerillas continued the fight, with over 80,000 killed by South Korean Forces. Until 1960 the official policy of the South was "pukchin t-ongil" (march north for unification). The U.S. was not eager to see regional stability jeopardized by an attack of either side on the other, and it was said U.S. presence served to keep the South Koreans from going North as well as the North from going South.

In August 1960, Kim Il Sung, President of the DPRK, proposed the formation of a Confederal Republic of Koryo, including two
independent Koreas in a lose confederation to handle common interests. This proposal, re-stated and expanded in 1980, remains a central North Korean theme today. Changes in U.S. posture during the early 1970s affected the attitude of both the North and South Korean leaders. The U.S. withdrawal from Vietnam, opening to China, and detente with the Soviet Union stimulated a wave of renewed negotiations between the Koreas, resulting in the Joint Declaration of 4 July 1972. In this agreement, both parties agreed to several new principles. These include: (1) unification through peaceful means; (2) independence from foreign influence; and (3) the quest for national unity. Unfortunately, negotiations were abruptly broken off by the North in August 1973.

Efforts at Korean reunification have frequently been characterized as a "dialog of the deaf," with each side making proposals which met either counter-proposal or rejection from the other. Three events of the 1980s signalled a subtle but genuine change.

First, in 1980 President Kim presented a more developed restatement of his confederation proposal made earlier in 1960. This was countered in January 1982 when President Chun Doo Hwan proposed an exchange of visits by top officials of the two Koreas. This proposal was the most plausible approach put forward by South Korea in that it, for the first time, implicitly recognized the equal status of the North.

Second, the selection of South Korea as host of the 1988 Olympic Games established the ROK as a player in the
international community and stimulated a wave of negotiations seeking a role for the North. The DPRK proposed, in the spring of 1984, that it field joint sports teams to compete in the 1984 games, a proposal which had been made previously by the ROK and ignored by the DPRK. Though it was too late for the 1984 games, both sides agreed to negotiations for future events (these negotiations proved unsuccessful). The North then demanded to be co-host for the games. Several meetings were conducted in Lausanne, Switzerland. The Olympic committee eventually offered, with South Korean support, to move several games to Pyongyang, but the North demanded more. Though these negotiations ended unsuccessfully, it's interesting that the South supported a role for Pyongyang.10

Finally, an important event occurred in September 1984 when the DPRK offered to provide relief supplies to victims of severe flooding in South Korea. Seoul accepted assistance from the North, a first since World War II. In 1985, the South accepted an offer of the North to have 50 families from South Korea visit relatives in the North from whom they had been separated since the Korean War.

Just as external events (detente and the opening of China) previously stimulated dialog between the Koreas, world events are now pushing them to reach an accommodation. South Korea has experienced great economic growth and prosperity during the 1980s and is heralded as another Japan. The disintegration of the Warsaw Pact and the Soviet Union, as well as the opening of the
U.S.S.R. and China to capitalist development, leave North Korea increasingly isolated and ostracized from the rest of the world.

Recent events between the Koreas raised hopes, then dashed them. In December 1991, they reached two agreements, first for nonaggression and greater exchanges of people and communications, second on a prohibition of nuclear weapons production, possession or deployment by either. These were followed in January 1992 by North Korea’s signature on a Nuclear Safeguards Agreement with the International Atomic Energy Agency (IAEA) of the United Nations. This progress was apparently made possible by President Bush’s initiative in December 1991 to withdraw U.S. nuclear weapons from South Korea.

While these breakthroughs inspired speculation and hope, hope almost immediately faltered. The IAEA issued a report in June 1992, based on a tour of Yongbyon in May, that North Korea had already produced plutonium and was building a reprocessing plant in violation of its Joint Declaration with the South. This is supported by U.S. intelligence sources which say the North is pursuing a nuclear weapons program.

In August, the North cancelled promised visits by separated relatives. The North has long opposed these visits based on fear of "ideological contamination" from the South. Meanwhile while Pyongyang increased anti-South propaganda in violation of the December Basic Agreement between the parties, with Pyongyang radio denouncing the South Korean Government as "anti-reunification fascist regime," and a "puppet regime" of the Americans.
It's worthwhile to remember that Kim Il Sung has tried twice to assassinate leaders of South Korea. The latest attempt came in 1983 when his agents tried to assassinate President Chun Do Huan in Rangoon, Burma. The attempt killed 17 South Korean Leaders, including 4 Cabinet members. President Huan escaped.

While failing to live up to its promises, North Korea continues to call for unilateral concessions from the South, such as withdrawal of U.S. troops and release of North Korean sympathizers from South Korean jails.

The recent apparent breakthroughs in inter-Korean relations have again been followed by disappointments and seem to indicate the recent accords were entered into in bad faith by the North. South Koreans speculate that the North's gestures towards reconciliation were simply a tactical defense, to solicit economic help and to remove outside pressure during a transition of power from Kim Il Sung to Kim Il Jong. Others speculate that Kim is waiting to deal with Roh's successor, Mr Kim Young Sam, after his 25 February inauguration. Whatever the North's motivation, it seems that nothing has changed since 1953 and Kim is still determined to convert, or subvert, South Korea to communism.

POLITICAL CONSIDERATIONS

After nearly 50 years of separation the two Koreas have developed adversarial political systems which tend to work against unification.
From the establishment of the original North Korean administration under the Soviet's regime in 1945, Kim Il Sung has made a concerted effort to indoctrinate the North with his political philosophy. North Korea is a doctrinaire Marxist society which stubbornly resists change long after Russia and China have begun accommodation with capitalism.

A center of political gravity is the personality cult of Kim Il Sung. North Korean citizens are constantly barraged by messages about Kim, the great military leader, the statesman, and the infinite source of wisdom and benevolence. His birthplace has been proclaimed a national shrine. To some degree, this attitude has been internalized by the North's citizens. A frequently told story in the South is of a religious leader who met his North Korean sister on a family exchange visit in 1985. The religious leader "thanked God for the reunion, but his sister corrected him and thanked Kim Il Sung." 17

Kim introduced, in the 1950s, his ideology called Juche, or self reliance, which holds that the North should be self sufficient agriculturally, industrially, economically and militarily. The ideology casts the North perpetually standing alone against the world, and could be viewed as a euphemism for isolationism as it allows Kim to insulate his population from information about the outside world and his regime from comparison with others. 18 This ideology opposes the idea of economic or political compromise with the South and is an obstacle to reunification.
Very little is known about any political opposition to Kim. Even so, occasional reports and indicators of discontent leak out. The Japanese press reported that North Korea ceased bus service on Saturdays and Sundays in order to prevent its citizens from assembling to stage riots over shortages of food and other necessities.\(^{19}\) It is widely believed that assassination attempts were made on President Kim in 1986 and 1987. The Economist reports that the long planned succession of Kim Il Sung by his son, Kim Jong Il, is opposed by high officials in the North’s government.\(^{20}\) A failed coup attempt was reported by Pyongyang radio on 7 February 1992 and cryptically described in the party paper Nodong Sinmun the following week.\(^{21}\) Some sources hold that there is opposition to the Kims in the military, but the strength of such opposition is unknown.\(^{22}\)

Kim IL Sung is now in his 80s, thus no political issue may have more bearing on progress toward reunification than the Succession of Kim Il Sung by his son, Kim Jong Il. We can assume that Kim Il Sung will avoid at any cost the kind of transition of power experienced by the Soviet Union—-with changes to the form of government and economy. Plans for succession by his son have been developing for over a decade and are nearing the final stages. Kim Jong Il now holds important positions in the Politburo Standing Committee, the 15 man Central Military Committee of the Korean Workers Party (KWP) and the 11 Man Secretariat. Problems for the Kims include domestic factionalism and dissent, about which we know little, but which could erupt and affect a peaceful transition of power. The younger Kim has a
lack of military experience, a problem in that the military is part of his father’s power base and would undoubtedly play a major role in any kind of power struggle. He apparently also lacks the leadership and personal charisma of his father.\textsuperscript{23}

Whether or not Kim Jong Il will perpetuate the revolutionary regime of his father may be too close to call. The elder Kim has set out in a determined way to prepare the transition. The KWP retains tight control of the North Korean People and it is certainly in its interest for the Kim regime to continue. Throughout the existence of the regime any form of opposition has been excised and denied the opportunity to develop. The wild cards that make succession too close to call now are the current economic crisis, with traditional patrons of China and Russia unable to be of much help, combined with an unknown degree of internal dissent.

South Korean politics have always reflected a blend of indigenous, Chinese, and western values. While South Korea was established as a democracy in 1948 by U.S. sponsors, it has still been an autocratic regime in the Asian tradition and is not what we would consider a mature democracy.

Westerners understand the word "democracy" to mean that a nation operates by rule of law—the government evenhandedly exercises authority given to it by the people and is responsive to the people. However, Koreans have historically lived "without protest in an autocratic system as long as its leaders govern effectively and with reasonable concern for the public welfare."\textsuperscript{24} Not surprisingly then, South Korean democracy is not
American style. From 1962 to 1987, the ROK had only two presidents, both of whom had taken power in military Coups. Political opposition to the government was frequently dealt with harshly. In the words of Eberstadt and Bannister in Asian Outlook in 1991:

"From the discrimination that it tolerates against its alien resident population to its extralegal harassment of local Western business to the arbitrary and politicized manner in which it dispenses benefits to business and supporters, the current South Korean government continues to demonstrate that it does not consider itself to be a state fully bound by the rule of law--as this concept is understood in the West."25

Imperfect as we may see South Korean Democracy, it has come a long way since 1953. In 1987 and again in 1992 it held democratic and contested presidential elections. President Kim Young Sam, elected last December, will be the first non-military president since 1960. A South Korean middle class has grown stronger, and authoritarianism is on the decline. "Under the Generals...most people did what they were told. No Longer."26 Progress has been made to institutionalize democratic institutions in the South. However if South Korea is to command sufficient confidence of the North to engage in an effort at reunification, it must demonstrate a continued commitment to institutionalizing the rule of law.

South Korea is experiencing a rebirth of nationalism and national pride. Interest in study of Korean history and culture among the youth is rising--the traditional alphabet of Hongul is making a comeback, partially supplanting Chinese characters.27 South Korean students are promoting reunification, some even
endorsing the ideas of Kim Il Sung. A down-side of nationalism is mistrust of foreigners. Anti-Americanism is strong among the left, who claim that America "has perpetuated the division of the Korean nation, forcing them, on top, to endure the miseries of capitalism, decent food and consumer electronics." Even stronger is Korean's hatred of Japan, whose occupation and exploitation of Korea for the first half of this century is deeply resented and mistrusted.

Politically, there are several dynamics which tend to work against reunification:

1. Each of the Koreas has a deep seated distrust and suspicion of the other because of the war and the ensuing 40 years of internalizing cold war rhetoric in which each cast the other as an evil twin.

2. Each has taken an ideological point of view that makes compromise difficult or impossible. Kim Il Sung takes the position that Korea is one Nation, divided under two systems because of American Imperialism, and therefore has logically called for complete withdrawal of American Forces and a peace treaty between the U.S. and Pyongyang. Seoul has equal claim for legitimacy and considers the U.S./U.N. presence as a stabilizing factor against aggression from the North. Further, South Korea has shown a strong anti-communist bias and would surely oppose any reunification formula which calls for accommodation with communist ideology.

3. On each side of the 38th parallel, there is a loyal political elite which enjoys privilege and influence as a result
of this status. Notwithstanding the merits of reunification, these elites tend to dogmatically adhere to party lines as a means of preserving status. Overcoming the resistance of these elites is no small matter. In North Korea the Korean Workers Party has a monopoly on political power, along with access to better food and consumer goods, housing, education, and opportunity for their children—all or much of which would be lost upon reunification with the South. The Government of the South includes an extensive bureaucracy, where nearly 650,000 people are government employees who, thanks to the effects of Confucianism, enjoy considerable status. Reunification would mean loss of some plum jobs as the two governments are merged.

ECONOMIC CONSIDERATIONS

The most striking difference between the Koreas, and a potential problem for reunification, is economics. Recent economic events leave the DPRK virtually bankrupt and economically isolated, while the ROK emerges as economically robust, "another Japan."31

All this occurs in a post-cold-war era of declining military confrontation among major powers, in which economics is the new forum for international competition and will strongly influence reunification of the Koreas and stability in the region.

Immediately after the Korean War, the North was economically stronger, far outstripping the south and attaining an annual Gross National Product (GNP) growth of 20%.32 For a combination of reasons, economic growth in South Korea outstripped that in
the North. First, while the North's central planning approach worked fairly well prior to the 1970s, it became an obstacle as the economy expanded and became more complex. In the South the market mechanism proved more effective at balancing supply, demand and prices. Second, Kim's efforts to build a self-reliant economy in accordance with his "juche" ideology seriously weakened growth potential. His unwillingness to join in a growing global economy limited the north to a small domestic market, protected industries from the healthy effects of competition and limited the flow of investment capital and new technology. Third, the emphasis on defense spending in the North, up to 21% of GNP, has consumed a disproportionately large share of the nation's wealth and created an imbalance in favor of heavy industry. Defense spending in the North is only half of the South's in absolute terms, but as a share of GNP is nearly five times larger.

North Korea's strongest external trade ties have been to China and the U.S.S.R. 70% of its foreign trade has been with socialist countries, 50% going to the Soviet Union. With the decline of communism and the collapse of the Soviet Union, North Korea's economy has suffered severely.

The Soviet Union was North Korea's only supplier of several key raw materials and industrial technologies, and was her largest export market. Relations began to sour in 1991 when the U.S.S.R. established full diplomatic relations with South Korea, over the loud protests of the North. The Soviets had problems of their own and needed South Korea's trade and technical
assistance. During the unsuccessful Soviet Coup of 19 August 1991 the North issued a statement supporting the Coup plotters, a move which cost North Korea dearly. Russia now demands hard currency payment for oil. Of 19 major Soviet aid projects to North Korea scheduled to be completed by 1990, 12 are uncompleted and 4 are yet to begin as of January 1992.35

Understandably, North Korea has moved to strengthen economic ties to China. But North Korean trade with China is much smaller than with Russia (11-13% compared to approximately 51%), and won't be able to make up the difference. President Kim made a trip to China in October 1991 to seek economic aid. China, however, has problems of her own, including a population growth of 17 million per year and grain shortages of 25 million metric tons for 1991. While China refused to give Kim the kind of aid he requested, it did approve emergency stop-gap aid of one million tons each of crude oil, coal and grain. Interestingly, Chinese officials took Kim on a field trip of Chinese cities to show him the results of China's successful experiments in economic reform. Currently, China allows the DPRK to purchase about half of its 42,000 barrels per day of oil imports at market price and the other half at its "friendship price." But total oil imports are 1/12 of previous levels, a serious constraint on industry and the military.

In 1991 North Korea experienced a 3.7% reduction in GNP and suffered from enormous commodity shortfalls. Grain short fall was 1.6 metric tons. Crude oil imports were only 2.1 million tons, or 37% of its requirement for that year. Industry operated
at no more than 45% of capacity and the DPRK, due a lack of foreign exchange, was having trouble meeting its foreign debt payments.36

U.S. Government statistics indicate the declining DPRK economic growth rate and the rising ROK rate crossed about 1975.37 Most estimates of GNP now put the South’s rate at about ten times that of the North, or about five times per capita. (See table 1)

TABLE 1: COMPARISON OF KOREAN ECONOMIES (1989)38

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<th>NORTH</th>
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<tr>
<td>Gross National Product ($ billion)</td>
<td>210.1</td>
<td>21.1</td>
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<tr>
<td>Per Capita GNP ($)</td>
<td>4,968</td>
<td>987</td>
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<tr>
<td>Population (million)</td>
<td>42.4</td>
<td>21.4</td>
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<tr>
<td>Defense Expenditure ($Billion) (% of GNP)</td>
<td>9.2 (4.4)</td>
<td>4.5 (21.3)</td>
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<td>Total trade ($ billion)</td>
<td>118.2</td>
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<tr>
<td>Exports</td>
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<td>56.8</td>
<td>2.84</td>
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<tr>
<td>Foreign Debt (gross, $ billion)</td>
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<tr>
<td>Power generation (billion kwh)</td>
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<tr>
<td>Coal production (million ton)</td>
<td>20.8</td>
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<td>Crude oil imports (million ton)</td>
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<td>Length of roads (1,000 km)</td>
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<tr>
<td>Highways</td>
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<tr>
<td>Paved roads</td>
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TABLE 2: TRENDS OF ECONOMIC GROWTH: SOUTH AND NORTH KOREA39

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<td></td>
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<tr>
<td>SOUTH</td>
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<td>252</td>
<td>1592</td>
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<td>286</td>
<td>758</td>
<td>765</td>
<td>936</td>
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A better indicator of peoples' economic well being is private consumption, which is less than half of GNP in the North, and over 65% of GNP in the South. The tables at figures 1 and 2 make it clear South Korea has outstripped the North economically and has evolved today into a major regional economic power.

There are several reasons for this performance. Park Chung Hee, who assumed control in a military coup in 1961, established a degree of discipline in the economy through his Economic Planning Board (EPB), which was instrumental in strong economic growth. Under Park's regime a close relationship developed between business and government, with government subsidies and preferential treatment for key industries. The role of the EPB is less today and Korea's increasingly complex economy is driven more by law of the marketplace and less by government fiat.

South Korea has an educated and skilled work-force, with a greater proportion its youth attending college than either Japan or Germany. Its people have a strong work ethic. Though South Korea has experienced an economic slowdown the last few years, its economic challenges are those of other fundamentally healthy economies during a slowdown of the world business cycle.

Despite the seeming incompatibility of the economies of the North and South, there have been signs of an economic rapprochement. There has been some trade between them, mostly indirect through Hong Kong, exceeding $150 million in 1991.
There is a complementary relationship between their resources and needs which would be beneficial in a reunited Korea. The natural resources and labor force of the North would provide a boost for South Korean Industry, while there is tremendous unsatisfied demand for consumer goods in the North.

Korean reunification would present several major economic tasks. The first is rebuilding and modernizing the North. North Korea has stayed isolated throughout its existence, with its major source of technology the Soviet Union. While the North has been heavily industrialized, it likely needs modernization and is not likely to produce economically competitive goods for the world market. Its paved road network is virtually non-existent and will require significant expansion in order to carry on intercourse with the highly industrialized South. Telecommunications and postal infrastructure in the North is years behind the South. South Koreans have seen the German precedent where direct costs of rebuilding amount to multiples of original estimates, about $40,000 to $80,000 per East German.

Younger Koreans born since the war feel less attachment to relatives in the North and are not eager to assume that kind of burden. Second is the task of converting the economies of both Koreas to peace. The Koreas have a combined total of 1.5 million men under arms, with a significant portion of GNP devoted to defense. North Korea is one of the most heavily militarized countries in the world, and consequently has one of the most distorted economies with virtually no capacity for consumer good production. Defense reductions will ultimately result in savings
which can be used to finance reunification, but will result in high unemployment and turbulence as industry converts.

Finally, combining the economic systems will likely be a complex and costly undertaking. Industries will have to be privatized, arrangements for private property worked out, banking systems combined and currency exchange determined.

A reunified Korea might get assistance from the outside world, but probably not on the scale needed. Japan conducts trade with both Koreas and is the South’s largest outside investor. A reunited Korea would be a regional economic rival and Japan may not be enthusiastic about underwriting its development. Koreans view Japan with suspicion and may be reluctant to give Japanese the influence accompanying increased investment in their country.\(^4\)\(^5\)

In summary, economics is critical to the reunification question. It is the principal force driving the North to an accommodation and is the largest post-unification problem to be addressed.

**MILITARY CONSIDERATIONS**

The inter-Korean Demilitarized Zone is possibly the most heavily armed frontier in the world—an anachronistic vestige of the Cold War. The heavy militarization of both sides comprises a threat to peace. Estimates of North Korea’s defense forces vary but the total is probably over 700,000 active members.\(^4\)\(^6\) North Korea currently spends about 20% of its GNP for defense\(^4\)\(^7\) and, according to the commander of U.S. Forces Korea, Gen Robert W.
RisCassi, has "the 5th largest army, the 6th largest air force, the sixth largest submarine force, the 10th largest tank force, 4th largest artillery force and the 2d or 3d largest special operations force" in the world.  

TABLE 3: Comparative Military Strength and Equipment of North and South Korea, January 1986, (including U.S. Military forces)  

<table>
<thead>
<tr>
<th></th>
<th>North Korea</th>
<th>South Korea</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personnel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ground Force</td>
<td>785,000</td>
<td>500,000</td>
<td>27,000</td>
</tr>
<tr>
<td>Air</td>
<td>55,000</td>
<td>70,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Naval</td>
<td>38,000</td>
<td>20,000</td>
<td>300</td>
</tr>
<tr>
<td>Reserves</td>
<td>5,000,000</td>
<td>3,000,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>Weapons and Equipment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tanks</td>
<td>3,500+</td>
<td>1,200</td>
<td>150</td>
</tr>
<tr>
<td>Armd Per Carriers</td>
<td>1,700</td>
<td>600</td>
<td>100</td>
</tr>
<tr>
<td>Towed Artillery</td>
<td>3,300</td>
<td>2,600</td>
<td>40</td>
</tr>
<tr>
<td>S.P. Artillery</td>
<td>2,000</td>
<td>80</td>
<td>40</td>
</tr>
<tr>
<td>Anti-Acft Arty</td>
<td>10,000</td>
<td>1,300</td>
<td>80</td>
</tr>
<tr>
<td><strong>Aircraft</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jet Fighters</td>
<td>350-650</td>
<td>400+</td>
<td>100+</td>
</tr>
<tr>
<td>Bombers</td>
<td>65-85</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Transport Aircraft</td>
<td>100-250</td>
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<td>n/a</td>
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<tr>
<td>Helicopters</td>
<td>260</td>
<td>300</td>
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<tr>
<td><strong>Ships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destroyers</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Patrol frigates</td>
<td>6-8</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Amphibious craft</td>
<td>100-110</td>
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<td>0</td>
</tr>
<tr>
<td>Missile attack boats</td>
<td>18-35</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Patrol ships/boats</td>
<td>n/a</td>
<td>70</td>
<td>0</td>
</tr>
<tr>
<td>Submarines</td>
<td>6-8</td>
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<td>0</td>
</tr>
<tr>
<td>Torpedo boats</td>
<td>175</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Midget submarines</td>
<td>35</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mine warfare vessels</td>
<td>n/a</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Auxiliary ships</td>
<td>n/a</td>
<td>20</td>
<td>0</td>
</tr>
</tbody>
</table>

**North Korea:** 480 MiG 15, 17, 19; 20+Mig 23.  
**South Korea:** 65 F-4; 50 F-86; 250 F-5; 20 OA/A-37; 8 RF-5.  
**United States:** 24 F-4; 48 F-16; 13 OA/A-37; 24 A-10; 5 RF-4.  

The North outnumbers the South in each of these categories, though much of its equipment is aging Soviet and Chinese design.
It possesses a formidable chemical arsenal with both tube and rocket artillery delivery systems. The North has a large and nearly self-sufficient arms industry and is an active weapons exporter to third world countries.\(^5\) Weapons sales are a main source of North Korean hard currency.\(^5\)

The loss of North Korea's traditional allies and suppliers, as both China and the Soviets realize needed economic benefits from association with the ROK, is undermining the military readiness.\(^5\) MIG 29s are said to fly no more than 6 hours per year because of fuel shortages and the country's heavily mechanized army is even more constrained. The U.S. Central Intelligence Agency (CIA) worries that North Korea, in order to finance more oil purchases, may try to sell nuclear technology to Iran, Iraq or Libya.\(^5\)

The South Korean military, on the other hand, is strong and becoming stronger. It has an active force of roughly 500,000, smaller than the North. South Korea spends about 6 percent of its GNP on defense, in absolute terms more than the North. South Korea's defense industry is growing and developing foreign markets. The majority of this industry is devoted to land-based systems such as small arms, ammunition and military vehicles. There is also a growing naval industry which recently produced the first Ulsan class frigate for Korea's mostly coastal navy.

South Korea's defense-industrial relationship with the U.S. has matured from that of client to partner. In 1990 South Korea bought $1.45 billion worth of defense equipment and supplies from the U.S.. Korean desire to see more of that money spent at home
generated projects like the KF-X fighter program. In this project, Samsung Aerospace will buy 12 U.S. F-16s off the shelf, assemble another 36, and produce 72 under license from General Dynamics. This improves Korean defense self reliance while promoting domestic economic growth. Arms industries from other countries are beginning to worry about Korean competition, and speculate that it's only a matter of time before Korea becomes "another Japan in terms of technological development and another France in terms of exporting prowess."

A major ingredient in the defense of South Korea has been the United States' commitment and the continuing presence of U.S. troops, which guarantees the peace against a numerically superior North Korean Force and allows the government of South Korea to focus elsewhere. President Carter decided in 1977 to withdraw military presence, due in part to limited economic interests in Korea and because of reluctance to provide military support to a regime with such a poor human rights record as Korea's. He later reversed that decision, partly because of pressure from Japan, already nervous after America's abandonment of Vietnam. Reduction of forces began again under the Bush administration, but was frozen at 37,000 because of North Korean nuclear weapons activity.

Militarization factors into reunification in a number of ways. Each of the Korean governments, in order to legitimate its own existence, has cast the other side as an "evil empire" intent on aggression. This has legitimiz ed large forces to defend against each other. These forces help perpetuate the power of
the current regimes. In both Koreas the military compromises one of the largest vested interests in their states. A second order result is the rhetoric which legitimizes the military has fueled the suspicion and antagonism of each side, making peaceful accommodation less likely. A major reduction of the ability to threaten each other militarily is an important step to introducing more peaceful relations, even without reunification.

One of the North's principal objections has always been the stationing of U.S. troops in the South, claiming that the ROK government is merely a U.S. "puppet regime." North Korea strongly objects to major exercises such as Team Spirit which normally disrupt ongoing diplomatic negotiations. One could argue that given the growing strength of the South, especially when reinforced by Japan based air forces, the extent to which economics has crippled the forces of the North, and the ability of the U.S. to project forces to Korea in time of conflict, the presence of U.S. forces is becoming increasingly symbolic. Now is an appropriate time to consider some reduction.

Arms control represents the largest single threat to rapprochement between the Koreas. North Korea's full safeguards agreement with the IAEA and its agreement to mutual inspection of nuclear facilities were indicators of good faith on the part of the North. U.S. intelligence sources are convinced North Korea has concealed new construction at a large nuclear complex near Yongbyon, despite denial by Pyongyang. Sources cite "irrefutable evidence" of North Korean secret construction and it is feared the North may begin to export nuclear weapons technology as a
desperate means of obtaining hard currency. The U.S. and South Korea will want North Korea to submit to more and complete inspections by the IAEA before progress toward reunification can be made.

COMPARISONS TO GERMAN REUNIFICATION

Events surrounding the end of the Cold War, especially the reunification of Germany, inspire hope for the Koreas. However, a close look shows reunification was considerably more traumatic than anticipated, and Koreans wonder openly whether it is worth the trouble for them. There are striking differences between the German and Korean situations.

The two Koreas have vastly different ideologies. Both Korea and Germany were divided as a result of superpower occupation at the end of World War II. West Germans thought of the east as part of an extended family cut off from contact by an occupying foreign force. But in the Korean instance, the two halves fought a bloody war against one another, creating antagonisms and polarization. That polarization intensified during the ensuing 40 years, in part from both government's propaganda. The Korean war and the ensuing Cold War created a high degree of suspicion and rivalry between the North and South. This adversarial relationship is magnified by North Korea's isolation. Kim's ideology of Juche has indisposed the North against expanding contact with other countries. While East Germany had unavoidable contact with the West in Berlin, along its border with West Germany and through broadcast media, North Korea is bordered by
China, the Soviet Union and the sea, making it far easier for President Kim to isolate his people from Western ideas and a desire for Western prosperity.

Second, German reunification occurred with the withdrawal of Soviet support, the near collapse of the East Germany economy and overwhelming public demand in the East. It was executed "in an act of total submission of East Germany's fate to the will (and currency) of West Germany."\(^58\) It was, therefore, not a merger between equal partners, but an annexation of the East by the West under a provision of the Federal Republic's constitution. Reunited Germany is 100% West German in its name, constitution, political structure, currency, federal system, legal system, diplomatic corps and military structure. It is unthinkable that Kim Il Sung or his son will accept a similar arrangement.

Economic aspects of reunification are daunting. Since we can assume the South wouldn't willingly subject itself to Communism and a reversal of its standard of living, the ensuing restructuring and rebuilding would be a costly undertaking. Roads, communications and other infrastructure will have to be built to economically integrate North and South. Vast state industries will have to be privatized and converted to capitalism. Monetary union will have to be worked out, a very expensive proposition as seen in the German precedent. Unemployment will rise as defense production and massive armed forces are reduced. The immediate costs of German reunification were much more than expected.\(^59\) Korean reunification based on the German model will cost up to $26,000 per South Korean.\(^60\) It
is dawning on South Korean leaders that the South doesn't have the economic resources to absorb North Korea as West Germany did with the East.\footnote{61}

One lesson learned of the German precedent is worth considering and planning for by the Koreas. In reunified Germany differences in economic wealth created a socio-economic division between "Ossies and Wessies", with differences in income, wealth, and standard of living causing resentment and effects on social stability. Signs of this are seen in German neo-fascist gangs, white supremacist organizations, xenophobia, drug consumption and crime.\footnote{62} In the event of Korean unification, the same inequities are likely to exist and would likely be highly disruptive.

INTERESTS OF REGIONAL POWERS

Korea was originally divided because of conflicting interests of major powers, and the Korean war was fought with the blessing, support and participation of those powers. The involvement of these powers will continue to influence the prospects for peace of the peninsula and progress toward reunification.

Korea has been an important interest of China for centuries. China provided a home for the exiled Korean Government during the early Japanese occupation and was instrumental in securing guarantees of Korean independence in the Cairo Agreement. As Korea, China suffered under the hands of the Japanese during World War II. Within the last decade China has moderated its hardline Stalinist ideology, becoming a more multidimensional
regional power. It has established economic ties throughout the region and with South Korea in particular. Significantly, the PRC did not veto the South's application for U.N. membership, and has distanced itself from the North's terrorist activities. China benefits from the division of Korea by having another communist-governed country along its 800 KM southern border while enjoying economic trade with the South. It is not likely to support reunification though it may not actively oppose it.63

Still under the control of 1st generation communist leaders, China remains paranoid about the outside world, especially the United States. Chinese blame the U.S. for subverting communism in Europe, and resent U.S. support of British demands for political reform in Hong Cong.

Chinese consider the U.S. responsible for fomenting unrest which precipitated the Tiananmen Square incident, embarrassing the Chinese during the historic Gorbachev visit of 1989. Since then, China has been rearming at a rate which alarms its neighbors, increasing defense expenditures 50% since 1989 and reasserting its claim over disputed islands in the South China Sea. China has purchased SU-27 aircraft from Russia and entered into a co-production agreement with them.

China is likely to be the key regional player in the Koreas. Still dedicated to Communism, China is North Korea's only real ally. It has a legitimate security concern since North Korea occupies 800KM of its southern border, and would feel highly threatened by a reunited Korea dominated by Japan or the United States. If there were a political or economic collapse in the
North, it would be in China’s interest to intervene and restore order, rather than allow South Korea or the U.S. to do so.

Occupying the Northern part of the peninsula after the war, Russia worked with Korean nationalists to establish a stalinist government similar to its own. However, during the inter Korean war it was not the Soviets who intervened but the Chinese. Russia wasn’t prepared to enter a war for North Korea and is clearly not prepared to do so now. Russia is very interested in Korean investment and technical assistance and possible use of its ports—so it will be unenthusiastic about reunification as it reduces South Korean investment in the Russian economy. Russia is an old enemy of Japan and could not tolerate a reunited Korea dominated by Japan.

Many Koreans suspect that Japan does not want to see Korea reunited. This can be partly attributed to suspicion of Japan because of its occupation of Korea, partly to Japan’s growing economic ties to the North, and partly because a reunified Korea would rival Japan as a regional power. The current divided Korea does suit Japanese interests, in that it helps perpetuate an American military presence under which Japan has enjoyed protection for so many years.

Japan now conducts a significant amount of trade with both Koreas and is the South’s largest outside investor. A reunified Korea would eventually rival Japan as an economic power, with natural resources from the North and entrepreneurship from the South. Indeed, it’s likely Japan would adopt a
protectionist policy and divert investment money away from a reunified Korea.  

It's not likely Japan would openly oppose reunification because of the effect on relations with Korea. But it's economic interests are best served by a divided Korea. Japan feels threatened by recent security developments in the region. One is the Chinese defence buildup and territorial assertiveness in the region. Another is the Russian fire-sale of military equipment to other powers, especially China. The Russians have moved a large part of their forces to eastern Russia, under terms of the CFE Treaty, putting them in a position to threaten Japan. Finally, Japan has a close eye on the North Korean Nuclear program.

Japan wants a continuing U.S. presence in order to maintain regional stability. One high ranking Japanese official, speaking under conditions of anonymity, told U.S. sources that if the U.S. were to withdraw forces, conflict between Japan, China and Russia would be "inevitable." Japan may be inclined to remilitarize under a future government, and could easily employ existing nuclear technology to create its own nuclear weapons program. Japan could view a reunited Korea itself as constituting a threat. A reunified Korea would have the 3rd or 4th largest military in the world, the 11th or 12th largest economy, and would definitely rival Japan's dominance.
CONCLUSIONS

This paper has examined the prospects for reunification and the implications for U.S. Policy. I have reached two conclusions.

The first is that the North and South are moving slowly toward reunification and could be reunified within ten years. South Korea, which was once transfixed with reunification as a primary national objective, is now in no hurry. South Koreans are preoccupied with pursuing economic prosperity and political reform. Fewer living South Koreans have memory of relatives in the North. German reunification stands as a stark example of the economic and social costs. Still, the South would find it hard to say no to reunification under the right circumstances; a gradual political and economic reunification with the North, little or no accommodation to communist ideology, and security guarantees from the U.S..

North Korea is being torn by strong and conflicting forces, most importantly the loss of its traditional supporters in the communist block. The Soviet Union is no more. China, which has been North Korea’s most important ally, is itself fliriting with capitalism. More to the point, China refuses to underwrite North Korea’s resistance to change, leaving Kim Il Sung isolated and swimming alone against the strong tide of world change. Kim Il Sung has dedicated the last 40 years to communism and is not likely to back down from his extreme ideological position. He has a strong power base in the Korean Workers Party, the military
and other groups with an interest in the status quo. The result of these opposing forces in the North is uneven movement towards reconciliation with the South, illustrated most recently by the North’s failure to live up to important agreements reached with the South and the United Nations only a year ago. We don’t know whether Kim Il Sung has been negotiating in good faith or maneuvering to achieve some advantage, but there will probably have to be a generational change of leadership before we see enduring progress between the Koreas.

My second conclusion is that China and the U.S. will be the most important external players in reunification. Scenarios for Korea include a breakdown of authority in North Korea, or that North Korea, finding itself out of political and economic options, may initiate an attack on the South. In either instance the South, and possibly the U.S., will be tempted to reunite the peninsula by force. This would be a dangerous mistake. The chronically paranoid Chinese would interpret this as a threat to their security, especially with U.S. involvement. We could quickly have a replay of the 1950 war, which would be much more dangerous as China and North Korea now have weapons of mass destruction. Chinese and North Korean boldness will be limited by the U.S. demonstration of resolve to stay committed in the region.

I recommend a three part security policy for Korea. First, the U.S. should maintain a reduced, but capable, presence in Korea and Japan. This presence will signal to other regional powers our intent to remain a player in Korea, offsetting fears
of U.S. disengagement from the region. The strength of our presence is determined not only by the size of the force, but by the degree and visibility of involvement in exercises with the host nation and the U.N. Command. The size of the force permanently stationed in Korea could be substantially reduced from current levels, as long as the presence is exercised in other ways.

Second, the U.S. should announce our support for Korean self-determination. While we support reunification to the extent that both sides can agree to it, we will not allow subversion or aggression by the North or South, or any other power. This element of policy is especially important in relation to China and North Korea.

Third, we should make a commitment to respect the legitimate security interests of Japan, China and Russia and oppose a reunited Korea under the domination of any external power. The key element of this policy is U.S. evenhandedness and respect for the security concerns of regional powers, especially China. The U.S. must be prepared to provide security guarantees as part of a reunification agreement in order to satisfy the concerns of both the Chinese and North Koreans. Such a guarantee could take the form of a U.S. offer to put troops in the southern part of a reunited Korea and Chinese troops in the North, with both phasing out in due course and under certain conditions. This could satisfy North Korean concerns about domination by the U.S., and Chinese concerns about border security.
For this strategy to be effective, it must be clearly and forcefully articulated now. To not do so will invite the kind of miscalculation which resulted in the North's 1950 invasion and Chinese involvement.
ENDNOTES


2Donald Stone Macdonald, The Koreans (Boulder: Westview, 1990), 270.


7Donald Stone Macdonald, The Koreans (Boulder: Westview, 1990), 279

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10Ibid., 282.


13Ibid., 433.

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23 Ibid., 163.


27 Ibid., 26.

28 Ibid., 26.


31 Paul Beaver, Dr Young Koo Cha, and Julia Ackerman, "Across the North-South Divide," Janes Defence Weekly 18, No. 6 (8 August 1992): 19.


35 Ibid., 631.

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39 Ibid., 27.

40 Ibid., 24.


48 Paul Beaver, Dr Young Koo Cha, and Julia Ackerman, "Across the North-South Divide," *Janes Defence Weekly* 18, No. 6 (8 August 1992): 26.


51 Paul Beaver, Dr Young Koo Cha, and Julia Ackerman, "Across the North-South Divide," *Janes Defence Weekly* 18, No. 6 (8 August 1992): 26.

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55 Ibid., 25.


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68 Anonymous East Asia expert, speaking at the U.S. Army War College under conditions of non-attribution.

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