

KOREAN UNIFICATION: THE ZERO-SUM PAST AND THE PRECARIOUS FUTURE

Victor D. Cha

With the end of the Cold War and uncertainties about the continued viability of the North Korean regime, the distant goal of national unification may finally be on the horizon. As Korea progresses toward the end of this long and winding road, a sharper focus on the once abstract notion of unification is appropriate. This article offers three perspectives on the topic. First, it analyzes from a historical perspective why unification dialogue between the two Koreas has been largely unproductive. Second, it overviews some of the potential problems and policy priorities in the future process of unification. And third, it assesses the potential impact of a united Korea on the balance of power in East Asia.

With the end of the Cold War and uncertainties about the continued viability of the North Korean regime, the distant goal of national unification may finally be on the horizon. As Korea progresses toward the end of this long and winding road, a sharper focus on the once abstract notion of unification is appropriate. This article offers three perspectives on the topic. First, it analyzes from a historical perspective why unification dialogue between the two Koreas has been largely unproductive. Second,

it overviews some of the potential problems and policy priorities in the future process of unification. And third, it assesses the potential impact of a united Korea on the balance of power in East Asia.

The Zero-Sum Game of Inter-Korean Dialogue

As international relations theorists have argued, interaction between states can be conceptualized in the framework of a game.¹ One of the determinants of cooperation is the degree to which states see potential gains from the game in zero-sum or positive-sum terms. Put very simply, in the latter context, cooperative outcomes can be achieved that make both states better off, while in the former, gains to one state necessarily come at the expense of the other. Cooperation is also harder to achieve when states assess the benefits of interaction with others in relative gains terms—that is, they prefer to cooperate only in those situations that make them better off relative to the other state. On the other hand, states that tend to be absolute gains-motivated will cooperate as long as they enjoy gains regardless of the other side's gains or losses.

Viewed in these terms, the two Koreas have approached unification dialogue in wholly zero-sum, relative gains terms. For nearly two decades following the Korean war, contact between the two regimes was virtually non-existent. Neither recognized the legitimacy of the other, and dialogue did not advance beyond mutual recriminations over North Korean provocations.² Reflecting acute zero-sum attitudes toward cooperation, both governments considered unification only within the context of the overthrow of one system by the other (*sônggong t'ongil*). During the Park Chung-hee years, greater emphasis was placed on ROK economic development; however, this was also within the context of better preparing the ROK for its eventual *sônggong t'ongil*. For North Korea, such policies were made obvious by Pyongyang's military attempt to unify the peninsula in 1950. It was also manifested in the strategy adopted in the 1960s by North Korean leader Kim Il-sung of fomenting a revolution among the "anti-imperialist" South Korean masses that would pave the way for an eventual North Korean takeover.³

The three periods of unification dialogue that followed these early years exhibited a continuation of these zero-sum mentalities. Contacts during each of these periods brought temporary reprieves to the general atmosphere of hostility that had pervaded interaction. However, in most cases, mutual antagonism and distrust terminated dialogue before substantive progress could be made.

Taking place in the early 1970s, the first period of dialogue began with humanitarian talks between North and South Korean Red Cross officials on the reunification of separated families.⁴ Concurrent with these talks, the two governments undertook a separate channel of secret high-level contacts between ROK intelligence director, Lee Hu-rak, and his North Korean counterparts, Kim Yong-ju and Vice-premier Park Sung-chul. These visits resulted in the release of the surprise July 4 (1972) North-South joint communique.⁵

In the communique, Seoul and Pyongyang agreed that unification should be sought through: 1) independent efforts of the two Koreas, and without interference from external powers; 2) peaceful means, not by use of force; and 3) the fostering of a "grand national unity." The communique provided for the establishment of the North-South Coordinating Committee (NSCC) which was to serve as the primary governmental channel for direct dialogue on unification issues.⁶ Finally, to further increase transparency and avert miscalculation, the two governments established a direct telephone "hotline."

These measures represented the first attempt to seek non-zero-sum bases for North-South dialogue. The July 4 communique offered a new vision of unification by discarding the *sōng-gong t'ongil* notion of attaining unity by force, and committing both Pyongyang and Seoul (at least in rhetoric) to the principle of peaceful reconciliation. Moreover, the Red Cross and NSCC talks set the precedent of bilateral conferences and the exchange visits of delegations, rather than slander and subversion, as the primary means by which to achieve this objective. Later proposals by both Seoul and Pyongyang would reiterate the principles enunciated in the July 4th document.

In spite of these events, bilateral dialogue quickly deteriorated into mutual recriminations. By mid-1973, a total of three full-dress NSCC sessions and seven Red Cross sessions (in addi-

tion to countless preliminary meetings) remained deadlocked on even the simplest issue of mail exchange between separated families, and both sets of talks were eventually suspended in August 1973.⁷ Behavior still reflected an entrenchment in zero-sum *sôngong t'ongil* attitudes toward unification despite the semantic changes in the 1972 communique. Premier Kim Jong-pil's statements at the time reflected well this view when he belittled the communique as nothing more than a "piece of paper" that did not change North Korea's basic aspiration to communize the South.⁸

The second period of inter-Korean dialogue took place in the mid-1980s. An unusual gesture of flood relief aid by Pyongyang (as well as Seoul's uncharacteristic acceptance of the offer) set off a spate of contacts in various fields. In October 1984, previously suspended Red Cross talks were resumed, and telephone "hotlines" were reconnected. In July 1985, meetings of a newly-created North-South inter-parliamentary conference produced a joint declaration reaffirming the principles of peaceful unification and non-aggression espoused in the July 4th communique. During the period, representatives from the two Koreas also held meetings on the fielding of united national sports teams for the 1984 Los Angeles Olympics and 1986 Asian Games.⁹ In total, from November 1984 to 1985, sixteen exchanges took place including five economic council meetings, three Red Cross sessions, and two parliamentary sessions.

While these events again represented a promising turn in relations, subsequent developments again reflected and reinforced the zero-sum mentalities on the peninsula. Tensions remained high as a result of the October 1983 Rangoon bombing against the Chun cabinet. As was the case with the NSCC talks, the inter-parliamentary meetings and the economic talks could not reach agreements on even the most picayune of procedural and agenda-setting issues. For both sides, locked in confrontational mindsets, compromise or concession was tantamount to defeat.¹⁰ Pyongyang unilaterally suspended all channels of dialogue in February 1986 to protest U.S.-ROK Team Spirit military exercises.

The third and most promising period of inter-Korean dialogue occurred from 1988 to 1992. Following unilateral declarations by the South for greater openness toward North Korea,¹¹

Seoul and Pyongyang resumed Red Cross talks for a second set of family reunions. A more successful set of sports exchanges followed which included inter-Korean exhibition soccer matches in September 1990, and the fielding of united Korean teams for the ping-pong world championships in Japan, and the world youth soccer championships in Portugal (1991).¹² Economic relations also saw improvement with two-way trade increasing from \$22 million in 1989 (the first year of direct trade) to \$190 million in 1991 and \$213 million in 1992.¹³

Highlighting this growth in inter-Korean contacts were three exchange visits between ROK Premier Kang Young-hoon and his counterpart Yon Hyong-muk in September-December 1990. The Kang-Yon talks broke from past precedent in that both officials were recognized by their prime ministerial titles, and were accorded treatment as formal representatives of their respective governments. These resulted in the signing of two accords: the “Basic Agreement on Reconciliation, Non-aggression, and Exchanges and Cooperation,” (December 13), and the “Joint Declaration on Denuclearization of the Korean Peninsula” (December 31).

The Basic Agreement on Reconciliation had a number of features that distinguished it in both form and substance from the July 4th communique. First, the 1991 accord was a bonafide “agreement” (*habûisô*) that followed the format of an international treaty. It required instruments of ratification and the signatures of both premiers in their official capacities. This technically gave the 1991 accord more binding authority than the 1972 “joint communique” (*kongdong sôngmyôngsô*) which was signed by Lee Hu-rak and Kim Yong-ju without official titles, and only referred to each as “upholding the wishes of their superiors.”¹⁴

Second, the two governments explicated in greater depth and scope the principles contained in the July 4th communique. The document acknowledged the legitimacy of each system, thereby ending decades of mutual non-recognition (article 1). While the 1972 communique envisioned a “grand national unity” for Korea, the 1991 agreement set out more specifically what this would entail, including joint natural resource development, commodity transactions, and joint venture projects. In terms of infrastructure, the document called for the linking of severed railways and highways, and the opening of air and sea

routes. And in the societal sphere, “national unity” meant the promotion of cross-border travel, family reunions, and postal and communication links (articles 15-20). These were positive steps recognizing and ameliorating the zero-sum diplomatic competition that typified both countries’ outlooks.

Third, the Basic Agreement went beyond the provisions of the 1972 communique by laying out an institutional “roadmap” for unification. The document provided for the creation, within specified time periods (1-3 months), of a liaison office at P’anmunjom, and joint committees for security affairs and cooperative exchanges. In a break from past precedent, it also discussed specific confidence-building measures to be undertaken by both militaries, including a military command hot line; prior notification of troop movements and exercises; and the exchange of military personnel and information (articles 12-13). In essence, the 1991 accord represented a more sophisticated understanding of the unification process. The two governments acknowledged that a period of reconciliation was necessary prior to unification, and that the starting point of this process was breaking down decades of distrust, and the acceptance of each other as equal negotiating partners.

Although the Basic Agreement and Denuclearization Declaration constituted the most promising accomplishments in the history of unification dialogue, they were flawed from the outset. First, on technical grounds, although the Basic Agreement carried more authority than the 1972 communique, the document still did not legally bind the parties. Despite its embellishments as an international treaty, it was technically a “gentlemen’s agreement” that was effective only when the two sides expressed the will and intention to abide by it.¹⁵ Second, in spite of commitments to confidence-building measures, neither agreement was capable of resolving conflicts of interest over vital security issues, in particular, the controversy over North Korea’s suspected nuclear weapons program.¹⁶ Pyongyang’s intransigence on submitting to IAEA inspections, and its clear penchant for seeking a resolution to the dispute that excluded Seoul to the greatest extent possible, resulted in a suspension of North-South nuclear talks; failure of the two governments to set up a bilateral inspection regime; and effective nullification of the de-nuclearization declaration.¹⁷ The zero-sum nature of North-South

relations was also evident in attitudes in Seoul and Pyongyang toward implementation of the Agreed Framework, and events subsequent to it. In general, the North complied with those aspects of the Agreed Framework involving the non-proliferation interests of the U.S. (i.e., freezing nuclear activities and allowing IAEA monitoring), but has resisted those that involve cooperation with the South (i.e., accepting ROK-design light water reactors, and improving North-South dialogue). Through the lense of zero-sum competition, acknowledging the South's role in underwriting the North's future energy-generating capabilities is tantamount to admitting defeat. In addition, opportunities to improve relations pursuant to the Agreed Framework also became hostage to zero-sum politics. In 1995 and 1996, Seoul framed the North's international plea for food aid as a political rather than humanitarian issue. They demanded that the North directly request such aid from Seoul (read by Pyongyang as "admit defeat"), and that third country donors refrain from heeding the North's pleas until Pyongyang approached the ROK with hat in hand. Thus, regardless of the agreements reached in 1991, the exchanges in the mid-1980s and the 1972 communique, the zero-sum relative gains nature of inter-Korean relations causes every issue to be framed in competitive terms. Not conceding on any issue is a test of regime legitimacy as each defines its legitimacy in juxtaposition to the other. The result has been the emasculation of all major initiatives and the lack of results in low politics issues like family reunions, cultural and sports exchanges, and economic ties. Ironically, rather than sweeping agreements, it is incremental cooperation on these latter low politics issues that are the most crucial for building confidence and reducing mistrust between the two sides.

The preceding overview of inter-Korean relations has shown that zero-sum mindsets cause unification dialogue to progress at a slow and often tenuous pace. This, however, does not explain what caused initiatives to be made in the first place. Surveying the history, a number of points in this regard become clear. First, as the Korean peninsula sits at the intersection of the geostrategic interests of four major powers (China, Japan, the former Soviet Union, and the U.S.) in Northeast Asia, a necessary condition for the initiation of dialogue on the peninsula has

been a change in the external security environment. For example, the *sônggong t'ongil* policies embraced by both the North and South throughout the 1950s and 1960s clearly reflected the Cold War rivalries of the time. Similarly, the breakthrough in North-South dialogue in 1972 was a function of changes in the external environment. In particular, overtures by the North and South Korean Red Cross in August 1971 were a direct response to Nixon's surprise announcement of his intention to visit China only a few weeks earlier (July 15, 1971). In addition, it was only after the Nixon-Zhou February 1972 summit and the culmination of the Sino-American rapprochement process, that Seoul and Pyongyang agreed to hold the meetings between Lee Hwak and Kim Yong-ju that led to the July 4th communique.

Similar changes in the external environment surrounded the 1991 breakthrough. Sea changes in the international system brought about by the events of 1989 lessened the Cold War security concerns that bound Seoul's unification policy, and generally imbued the South with greater confidence to induce an opening of the North. Conversely, the bankruptcy of communism, and Seoul's recognition by Beijing and Moscow further isolated Pyongyang, prompting greater receptivity to dialogue initiatives on the peninsula.¹⁸ This argument does not purport that the international environment is the sole causal variable in unification dialogue. Other factors, particularly domestic politics, play an important role. For example, North Korea's entering into talks that led to the 1991 agreement was also motivated by its dire economic situation. Similarly, the 1984-1985 initiatives were prompted on the South Korean side by Chun's desire to legitimize his unpopular regime and assure a serene domestic political scene prior to the 1988 Olympics. And on the North Korean side, these initiatives stemmed from the need for foreign investment as well as Kim Il-sung's desire to make some progress on the unification front before the fortieth anniversary of Korea's liberation from Japanese rule. However, while such domestic issues may have provided the incentive for Seoul and Pyongyang to improve relations, the permissive and necessary condition for each to take initiatives has been a thaw in the external security environment.

Second, the inability of the two Koreas to sustain progress after the initiation of dialogue is a function of two factors. In line with the argument above, the first factor is the international

environment. As this becomes less accommodating, continued dialogue between the two Koreas is less forthcoming. Such was the case, for example, in the 1972-1974 period when a deterioration in inter-Korean relations followed the demise of superpower detente and Sino-American rapprochement. Second, even when the international environment is accommodating, an additional obstacle to sustained progress in North-South dialogue is a basic disparity in the strategic objectives of the two sides. Throughout the history of unification dialogue, the South Korean position has been to seek confidence-building measures with the North on less controversial issues as a pre-requisite to agreements in more substantive areas.¹⁹ By contrast, North Korean objectives with regard to inter-Korean talks have been much more ambitious, basically setting out a litany of ROK and U.S. concessions as pre-conditions to “negotiation” or dialogue.

This disparity in strategies has been present in virtually all interaction between the two sides. For example, at the NSCC talks in 1972, the Kang-Yon prime ministerial talks in 1990-1991, and countless other unification proposals by the two governments, the South consistently called for economic cooperation, and humanitarian projects such as family reunions and cultural exchanges as a springboard for future political and military agreements. The North rejected these proposals, and instead called for the following agenda items: withdrawal of U.S. forces from the South; repeal of anti-communist laws; release of all political prisoners; and an arms reduction agreement. This gap in objectives has resulted in a plethora of empty unification proposals, and recriminations by both sides blaming the other for not cooperating.

The Contradictions of “Hegemonic Unity”

Contributing to Seoul and Pyongyang’s inability to maintain productive dialogue is the priority placed by both parties on self-preservation as a prior condition to negotiations. Simply put, the two Koreas genuinely desire unification, and see this as inevitable; however, neither is willing to sacrifice its own well-being for this goal. What results is an unviable and oxymoronic conception of “hegemonic unity” evident in both the Northern and Southern visions of unification, the Democratic Confederal

Republic of Koryo (DCRK) and the Korean National Community Formula (KNC).²⁰

The DCRK and KNC plans differ in their specifics; however, the underlying point in both plans is the same. They each focus on the preservation of two separate political systems as the only acceptable format for unification. This is clearly reflected in the North Korean plan which effectively equates the final stage of integration with two regionally autonomous systems. It is more subtly, but no less clearly reflected in the KNC plan as well. While this advocates eventual unification under one political system, the plan's focus is on the interim commonwealth stage of two autonomous political systems.²¹ Moreover, while both plans outwardly offer a vision of the two systems operating equally under an overarching confederal or commonwealth governing body, each plan implicitly assumes that its system will dominate. This "hegemonic" conceptualization of unification is manifest in the pre-conditions of the North's DCRK plan which stipulate the legalization of communist parties and the establishment of a "progressive government" in the South before a confederal system can be implemented.²² For the South, "hegemonic unity" is reflected in the advocacy of a proportional representation voting system for any bi-national bodies, which given the ROK's 2 to 1 population advantage over the North, would ensure a ROK-dominated commonwealth.²³ Thus, beneath the rhetoric of Seoul and Pyongyang's plans and proclamations lies the conviction that unification is only possible through dominance. Under such zero-sum mindsets and visions of hegemonic unity, the absence of sustained progress in inter-Korean dialogue is hardly surprising.

Korean Integration: Problems and Priorities

Beyond the history of unification dialogue, several questions arise about the actual process of uniting the two Koreas. What will this look like? Will it be a relatively smooth transition? If not, what are the potential difficulties? Two scenarios are generally offered for Korean unification: "gradual" and "sudden." It is difficult to assess which of these scenarios is more likely, although North Korea's current troubles have raised the probability of the

latter. The preferred outcome for the ROK, the U.S., and the major powers in the region is obviously the former, in which policies can dictate events rather than a rush of events dictating policy. The actual process of unification may fall somewhere between the two extremes. However, regardless of which scenario comes to fruition, there are a number of policy priorities and potential problems with which a united Korean government (presumably under Seoul) will have to grapple with.

Infrastructure and Energy

A pre-requisite for the successful marriage of the two economies will be the massive redevelopment of North Korean infrastructure. One priority will be transportation. Despite being some 25 percent larger in area than the South, North Korea has less than a third the total roadway capacity (23,000 vs. 70,316 kilometers respectively). While the South boasts 56,389 km of paved roads and 1,800 km of expressways, comparable figures for the North stand at a paltry 1,717 km (paved), and 354 km (highways).²⁴ Moreover, North Korean railways are highly inefficient, and for the most part, have not been modernized since the Japanese occupation. The upgrading and construction of comprehensive road and railway networks reconnecting a united Korea will therefore be of paramount importance. In particular, all of the North's border and coastal areas would require linking up with Seoul. On the west coast of the peninsula, this would mean road and railway corridors up through Pyongyang to the Chinese border. These would connect Seoul to newly industrializing areas in the North such as Namp'o, and at the far northwest of the peninsula, areas such as Sinûiju, now the major embarkation point for railways to China. On the east coast, extensive road and rail networks would be laid from Wönsan to Najin. These would connect Seoul with the three cities designated by Pyongyang as special-economic zones (Ch'öngjin, Unggi [Sonbong], and Rajin), as well as provide links to the Tumen River project. This corridor would also facilitate commerce at the northeastern border with Russia and along the entire east coast with Japan. As an indicator of the difficulties that transportation links pose to successful integration, recent visitors to the Rajin-Sonbong Free Trade zone, noted that access to the

facilities via overland travel was extremely difficult; that there was only one single lane semi-paved road connecting the two areas (taking 30 minutes to travel 17 kms); and that roads to China or Russia from the zone are unpaved and would be unpassable in less than ideal weather conditions.²⁵ In the in-land areas of the peninsula, the Seoul-Pyongyang corridor will obviously be a priority. Another major area of development in this region will be Kaesŏng. Located only 40 miles north of the DMZ, this North Korean city serves as a potential residential area for commuters to Seoul and Inch'ŏn.²⁶

A second infrastructural priority will be power and energy. North Korea's total electric output capacity (30-35 billion kwh) is currently less than one-fourth that of Seoul (118-131 billion kwh). Although the North has relatively smaller energy needs than the South, estimates show that it experiences a chronic shortage of 10-15 billion kwh.²⁷ In addition, power transmission lines are grossly inefficient and visitors to the North have witnessed frequent brownouts.²⁸ Supplying power to the North therefore will constitute one of the most important tasks in the unification process. The costs of such a project will be daunting. Although Seoul initially will have to reconnect the two national grids and provide thermal and nuclear energy to make up for the North's shortfall, the ROK's current generating capacity leaves little excess energy to be tapped. As a result, substantial costs will be involved in longer-term projects for expanding the North's current thermal and hydroelectric generating capacities, and for constructing new power stations and transmission lines (the general costs of unification are computed below).²⁹

Employment and Population Transfers

A major policy priority will be border control. When unification comes about, there will be tremendous popular pressure for German-type immediate and unrestricted cross-border travel. However, the problems with such a policy are not minor. Once the North falls, its citizens will become cognizant of the relatively higher living standards and job opportunities in the South, resulting in a transborder flood of northerners in search of a better life. Estimates put this influx in the range of 7 million³⁰—nearly one-third the North Korean population. The South Korean

labor and housing market would be incapable of absorbing these new arrivals, leaving the government with the burden of mass unemployment (discussed below), relocation of the homeless, and astronomical social welfare costs. At the same time, one cannot discount the de-stabilizing effects of southerners pressing northward for lands occupied by northerners based on geneological claims. As a result, it will be incumbent on a united Korean government to maintain border control during the unification process. The DMZ will have to remain intact in some form possibly with immigration-type checkpoints for north-south travel. The government could target three groups for approved cross-border travel in the initial stages of unification. The first would be separated family members. The second would be individuals seeking to develop business and commerce in the North. And the third would be a limited supply of North Korean labor (possibly through a lottery-type system) for employment in the South. This undoubtedly will be a politically unpopular policy; however, it may be the only way to circumvent the problems described above.³¹

In addition to preventing an oversupply of labor in the south, a united Korean government will have to deal with potentially severe labor redundancy in the north. In particular, groups hardest hit will be the military, and the chemical and steel industries. The latter two, although heavily supported by Kim Il-sung, will not fare well once exposed to free-market forces. North Korean steel, for example, was found to be of such poor quality by Chinese, Soviet, and South Korean importers that it was deemed unusable. Similarly, while technology used by chemical industries on the eastern coastal city of Hamhŭng was once among the world's most modern (when first built during the Japanese occupation), by today's standards, it is now extremely outdated. As occurred in Germany, many of these firms will have to shut down, or be wholly taken over by private South Korean firms for re-tooling. In either case, the result will be massive layoffs of workers. The same problem appears likely in the case of the military. North Korea's armed forces currently number in excess of 1 million men. With unification, some of these forces will be absorbed into the South Korean military (currently 650,000); however, many will become redundant as a united Korean military which will have little need for forces in

the range of 1.65 million, and will most likely be pared down to a third of that number. This promises to be a difficult problem for the united Korean government. Although the North reports gross enrollment ratios of about 96 percent in primary and secondary education (comparable to the South's ratio of 95 percent), the content and quality of this education is suspect. By comparison, in Germany where the educational gap between easterners and westerners was relatively smaller, some 80 percent of the former population have had to undergo re-training in order to function competitively in the economy.³² In the long term, the re-training of workers and re-location programs may be able to funnel some of this excess labor into the South as well as into new sectors in the North (i.e. light industry, construction). However, in the interim period, the government will be saddled with paying unemployment subsidies and checking potential social disorder (e.g. alcoholism, crime) caused by disillusioned masses who thought unification would bring them more.

Linked to the issues of employment and population flows is monetary union. With unification, the government will most likely unify the two currencies under the South Korean won. The challenge here will be to avoid the problems associated with West Germany's decision to convert East German marks at parity. This produced an artificial rise in East German income without concurrent increases in productivity, and gave way to high inflation and a 40 percent unemployment rate in the initial stages of unification.³³ The challenge for a united Korean government will be to unify the two currencies at a rate that accomplishes multiple competing objectives. On the one hand, an exchange rate must be set that circumvents the inflation and unemployment problems experienced in the German case. On the other hand, this rate must be close enough to parity to provide northerners with enough wealth such that they do not choose to flood south. And on the other hand still, the designated rate must devalue the North Korean won enough to keep northern wages competitively low. This will be necessary to attract foreign investment as well as to reap the benefits of the marriage between South Korean capital and North Korean labor. This will be a hotly debated issue for the united Korean government.³⁴

Social-Psychological Costs

The final set of points relates to the social aspects of unification. An understanding of these issues is best presented in the form of questions. First, while most Koreans will welcome the marriage of northern labor and southern capital as beneficial to the united Korean economy as a whole, South Korean labor groups may be less enthusiastic. Since the mid-1980s, these groups have struggled to improve working conditions and raise wage levels (currently around \$900/month versus \$80/month in the North).³⁵ The prospect of an abundant supply of northern labor that puts downward pressure on wages will not be looked upon happily. Questions therefore arise as to how southern labor will react to unification. Will they resist the northern influx of low cost labor? Will this be a source of social unrest? Or will southern labor groups try to co-opt the new arrivals from the north before management gets to them?

Second, the North Korean population is currently one of the most isolated in the world. Once unification comes about, this population will undoubtedly face a period of psychological dislocation as decades of indoctrination and brainwashing under the "Great Leader" will lose all meaning. This raises the question as to what new moral authority will replace Kimilsungism for the northerners. Will it be Christianity and Buddhism resulting from an influx of religious groups from the South?³⁶ Or will it be a resurgence of the Confucian cultural heritage from the Yi dynasty (1392-1910)?³⁷

Finally, to what extent will regionalism divide a united Korea? This problem is already well-established in the South between the politically-dominant Kyôngsang provinces in the southeast and politically-alienated Chôlla provinces in the southwest. Similar schisms exist in the North between the western P'yôngan provinces and the eastern Hamgyông provinces, the former being the home of Kim Il-sung, and the latter being the home of party cadres as well as the industrial heartland. These rivalries will continue in some form in the post-unification era. Another possibility is a divide between the northern and southern provinces as a whole. This has not been unprecedented in Korean history. The early Three Kingdoms period (pre-7th century) was marked by decades of warfare between

the Silla, Paekche, and Koguryo states (which correspond roughly with the present day Kyôngsang, Chôlla, and northern provinces respectively). The Silla dynasty emerged victorious from these wars in the 7th century and dominated Koguryo and Paekche for some three hundred years before being defeated by the Koguryo state in 935. And the ensuing Koryo dynasty (10th-14th c.) was marked by the dominance of the north over Cholla (Paekche) and Kyôngsang (Silla).³⁸ It remains to be seen whether such regional rivalries will emerge in the form of larger scale political divisions in a united Korea. In addition, the problems that have emerged in a social-psychological context in Germany are not beyond the realm of possibility in Korea. In spite of Korea's vibrant nationalism, more affluent and educated southerners will hold superiority complexes over their northern brethren. Northerners will see their southern counterparts as materialistic and money-crazed. Much as in the German case, southerners, while initially welcoming unity, may increasingly grow resentful at the costs they must bear in the form of taxes and social welfare burdens to assimilate the North. The Korean "wall in peoples' minds" will be an extremely complex problem which is unavoidable in either a soft or hard landing scenario.

United Korea and the Northeast Asian Balance of Power

The final task in a discussion of unification is to look beyond the problems and priorities in the integration process, and briefly consider the effect of a united Korea on the strategic balance in Northeast Asia. One triad that deserves particular attention is that between a united Korea, China and Japan. The interaction between the latter two over Korea has always been historically significant. The Mongol and Hideyoshi invasions of the 13th and 16th centuries, the Sino-Japanese war at the close of the 19th century, and the Japanese occupation of the 20th century all stemmed in one way or another from competition for a foothold on the peninsula. The strategic importance of Korea for the two Asian powers was also evident during the Cold War as the peninsula served as both a forward and rear line of defense for Japan and China. Some predictions about the future relationships among these three powers is therefore appropriate. If the

past is any indicator, Sino-Japanese interaction over Korea will again be a key ingredient in the stability (or instability) of a post-unification, post-Cold War Northeast Asia.

There are essentially two views on a united Korea's position in East Asia. The first might be called the "conventional" view. Simply put, this states that a united Korean government (presumably dominated by the South) will be a key actor in the region, and will be more independent of U.S. influence. Regarding China, growing economic ties, the recent normalization of Seoul-Beijing relations, historical affinities stemming from the Yi dynasty (1392-1910), and a common Confucian heritage will move Seoul in the direction of cooperative relations with its northern neighbor. On the other hand, historical animosities, economic rivalries, and resurgent nationalism will drive a united Korea toward contentious relations with Japan.³⁹

The second is the vision of "armed neutrality." This foresees an independent and united Korea enmeshed in the Northeast Asian regional economy. Investment and trade ties would reinforce the recently normalized relations with China, and would ease historical antagonisms with Japan. Militarily, a united Korea would remain neutral in the East Asian balance. This would be along the lines of Austria, or more appropriately Switzerland, in which Korea would adopt a declaration of neutrality but would develop an increasingly self-sufficient military that could stand down any power who attempted to exert influence against it.⁴⁰

An alternative vision is equally feasible. This agrees that the economic and military capabilities of a united Korea would make it a prominent regional power. It also agrees that even though alliance ties may continue between Korea and the U.S. in the post-unification era, the absence of a North Korean threat, and Washington's long-term commitment to decrease its regional security responsibilities will make Korea (by choice or by necessity) less reliant on the U.S. Where this view differs from the conventional wisdom and the "neutrality" arguments is in its assessment of relations with China and Japan. In particular, it foresees a triangular dynamic marked by an increasing isolation of Beijing and an improvement in a united Korea's ties with Tokyo. Three factors lead to this assessment: 1) the geopolitical imperatives inherent in a unification of the peninsula; 2) the

exorbitant costs of unification; and 3) as already cited, a less dominant U.S. presence in post-Cold War Asia.

China: Geostrategic Realities

In order to understand a united Korea's relations with China, one must begin with the 1992 Seoul-Beijing normalization pact. South Koreans were certainly ecstatic over this agreement. It not only marked the end of decades of hostile relations with a former adversary, but also opened a vast array of economic opportunities for Korean business. However, perhaps more significantly, normalization was welcomed by South Koreans because it amounted to a diplomatic coup over the North. In conjunction with the normalization pact with Moscow, the ROK succeeded in wooing Pyongyang's two primary supporters into its camp. This marked the ultimate victory in Seoul's zero-sum, relative gains strategic competition on the peninsula. In this sense, the diplomatic isolation of Pyongyang has been a major incentive for Seoul's nordpolitik.⁴¹ While couched in the language of post-Cold War engagement and liberal conceptions of security, the northern policy was both motivated by and reaffirmed Seoul's Cold War containment objectives on the peninsula.⁴² In a unification scenario, however, this containment rationale disappears. Instead, a united Korea would have to contend with sharing a vast 800-mile land border with a militarily and economically burgeoning China whose intentions are not transparent. China's current rates of military buildup and economic growth, and its sheer size make it the one power in the region that other states cannot balance against alone. These factors, coupled with Chinese ambitions in Southeast Asia make consideration of it as one of the most likely threats in post-Cold War Asia unavoidable.⁴³ Moreover, a united Korea would face this situation without the same U.S. security guarantees enjoyed during the Cold War. A united Korea might therefore view China as the new proximate threat, and almost certainly would heavily fortify its northern border.

A number of additional factors do not bode well for united Korea-China relations. Optimists point out that the rapid growth in ROK-China economic relations will only multiply when Korea unifies. Virtually non-existent during the 1970s,

bilateral trade increased exponentially from the mid-1980s (e.g., \$461 million in 1985 to \$5.8 billion in 1991 and \$9 billion in 1993). China has become the third largest foreign investment market for the ROK, and the ROK has become Beijing's eighth largest trading partner.⁴⁴ In spite of these trends, it is difficult to see how these would wholly mollify security concerns. Much of the initial euphoria among South Koreans since the normalization accord in fact has worn off, and certain economic realities are setting in. For example, despite investing heavily in the China market, South Korean businesses have been victimized by Beijing's abrupt suspension of joint venture projects on numerous occasions. This all-too-common occurrence has made South Korean investors wary of the economic risks associated with an authoritarian government. In addition, the ROK's trade deficit with China is not insubstantial. This reached \$1 billion in 1991, and is already spawning trade friction between Seoul and Beijing. Another concern is that China's low production costs and devalued currency have made its products so competitive that they now challenge the South for market share in Japan and the U.S. From the late-1980s to early-1990s, for example, Korea's advantage over China in exports to the U.S. decreased from \$11.6 billion to \$3.3 billion. Similarly, while South Korean exports to Japan outpaced those of China by \$1.9 billion in the late-1980s, by the 1990s China had surpassed the ROK by \$4 billion.⁴⁵ Rather than consider China an economic partner, Koreans may increasingly see China as an economic threat.⁴⁶

Renewed Korean nationalism arising from unification could also translate into animosities toward China. While much emphasis is placed on negative Korean attitudes toward Japan, these seem equally relevant in the Chinese case. It was China, not Japan, with whom the Koreans most recently fought a war.

Coupled with this nationalism, the political mood of a post-unified Korean society will most likely be strongly anti-communist. In particular, once North Koreans realize what decades of Kimilsungism has deprived them of, the resulting indignation will eradicate any residual affinity for socialism that might be harbored in a united Korea. This would infuse Seoul's attitudes toward the Chinese government as it stands today with a considerable degree of distrust and suspicion.

Similar anxieties and concerns would exist on the Chinese

side. Throughout the history of Korea's division, it has often been observed that none of the major powers have an interest in a change in the status quo on the peninsula. This is especially the case for China. The absorption of the North into a unified Korea under Seoul would present Beijing with the prospects of another non-compliant power (a la Vietnam) on its southern flank with a competing ideological and social system.⁴⁷ Moreover, China would not pass lightly over the security implications of such a situation. For example, it has already begun expressing concerns about the buildup of South Korean (and Japanese) naval forces.⁴⁸ These concerns would be exacerbated in the case of a united Korea. Finally, nationalist fervor from a united Korea may raise Beijing's concern about the ethnic Korean communities in southern Manchuria. Highly educated and living autonomously in Jilin province, this population numbers some two million and constitutes the largest contingent of overseas Koreans in the world.⁴⁹ A potentially serious situation could arise between Seoul and Beijing if the latter perceives this ethnic minority as an internal security risk.

Japan: Economic Pragmatism

In contrast to the dim outlook for a united Korea's relations with Beijing, the prospects for cooperation with Japan appear bright. The primary factor weighing in favor of this proposition is the cost of unification. Estimates are that in a best case scenario (i.e., phased unification preceded by a period of economic reform in the North), the total investment required to bring North Korean productivity levels to 60 percent of the ROK's capacity would be \$774 billion—substantially more than the ROK's annual GNP. Evenly spread over ten years, this averages to an annual outlay far in excess of the ROK's entire national budget. A report by the Economist Intelligence Unit (EIU) factored in additional sources of domestic financing such as "unification tax" revenues, peace dividends resulting from a rationalization of the two militaries, and North Korean contributions, but still found the cost of unification to be in the range of \$500-\$610 billion over ten years. More recent studies in 1996 put the cost of unification in the even more pessimistic range of \$1 to 2 trillion.⁵⁰ South Koreans are also fully aware that any attempt to

underwrite unification will be infinitely more difficult than the German case. ROK per capita GNP is only 25 percent that of West Germany; moreover the gap between the East and West German economies was much smaller than that between the two Koreas. While Germany's unification bill (estimated between \$500 billion to \$1 trillion) occupied only some 10 percent of the national budget, a low-end figure of \$500 billion for Korea's unification is over ten times Seoul's national budget. In addition, while West Germany was geographically larger and four times more populated than its counterpart, the ROK is 25 percent smaller in area and only twice as populated as the North. This presages a relatively heavier burden in terms of infrastructure and social welfare costs.

The ROK therefore does not possess the will or the capacity to finance unification alone. It will need substantial inflows of foreign aid and investment (e.g. through government bond sales, international borrowing, grants-in-aid, etc.). The most likely source of this capital will be Japan. Neither the U.S., the European countries, nor international organizations will be capable of undertaking such a task in any major form. By contrast, Japan has a history of economic success in Korea, and extensive business contacts as a result of this history. This is true not only for Seoul, but also for Pyongyang where the North Korean resident community (Chosen Soren) in Japan has negotiated trade between the two countries since the 1970s. More importantly, the Japanese will be motivated by the cheap, literate, and proximate labor pool offered by the northern work force after unification. They will be eager to take part in infrastructural projects such as expansion throughout the peninsula of the current \$8 billion Seoul-Pusan high speed railway. Another major area of Japanese investment will be in tourism, and in particular, the development of Kûmgang-san and Paekdu-san as resort areas along the lines of Chung Ju-yung's January 1989 proposal. A third area of interest will be the development of the entire eastern coast of the peninsula stretching from Wõnsan to Najin for trade and manufacturing purposes. In short, just as Japan filled South Korea's foreign capital needs in the early stages of economic development in the 1960s and 1970s, it will do so again during the unification process. Koreans will no doubt oppose a major role for Japan in yet another watershed in Korea's history.

Indeed, historical-emotional resentment of the Japanese runs so deep that it is often indistinguishable from Korean patriotism. However, it will be incumbent on Koreans to disentangle these two notions. Nationalism as “anti-Japanism” in the past will have to be transcended by nationalism as “pro-Koreanism” in the future. Koreans should be capable of doing this; besides, if an orderly and financially feasible unification is the central objective, there may be little choice in the matter.

Would Japan cooperate with a united Korea? There have been two basic arguments (advanced largely by Koreans) that Japan would oppose unification. One states that a united Korea would possess the military capabilities and the motive (i.e. revenge) to pose a threat to Japan. The other argues that a united Korea would challenge Japan economically. Both of these are overstated. First, the economic argument is only partially true. As was the case with the South Korean economy, the infusion of Japanese capital and technology into a united Korea will end up posing challenges to Japanese businesses in certain sectors (the “boomerang” effect). However, a united Korean economy in total does not threaten to overtake Japan. The combined population of the two Koreas would still be only 50 percent that of Japan. Moreover, the South Korean economy, despite its success, is currently only 1/14 the size of Japan. The addition of North Korean industry and mineral resources would marginally close this gap at best.

Second, while Koreans, both North and South, harbor deep resentment toward the Japanese, there is no historical precedent that this would translate into a united Korean military threat directed at Japan. The Korean peninsula has often been referred to as a “dagger” pointed at the heart of Japan; however, aggression against Japan has historically come *through* Korea by the Chinese, not *by* Koreans per se (e.g. 13th century Mongol invasions). As alluded to above, a united Korea would also be preoccupied with threats on its northern border, leaving it little luxury to indulge fantasies about retribution against the Japanese.⁵¹ Third, arguments that Japan would be threatened by a joint North-South Korean military are misfounded. Based on current levels, the two Korean militaries total around 1.65 million with combined defense expenditures on the order of \$14 billion (25 percent of GNP for the South and 30 percent for the North).⁵²

This would indeed be intimidating to Japan. However, in a unification scenario, a rationalization of the two militaries would almost certainly take place. Using the traditional ratio of military forces at 1 percent of the population, force levels for a united Korea would more likely number around 500,000 to 650,000 which is less than current ROK levels. Finally, the same concerns that figure in Tokyo's geostrategic thinking in the post-Cold War era would be relevant in a unification scenario. Japan would face uncertain relationships with Russia and China, and would have to contend with pressure from the U.S. to burden-share in the region. Both of these factors would make Japan more receptive to cooperative ties with Korea.

In sum, the regional balance in a post-unification, post-Cold War Northeast Asia will be characterized by a growing alignment between Korea and Japan on the one hand, and growing tensions between Korea and China on the other.⁵³ The latter will be the result of geostrategic imperatives. History has shown that the potential for insecurity spirals among states with contiguous land borders is high. In this regard, a united Korea will face a military and economic behemoth on its northern border. It will not have the autonomous capabilities to balance against this power; in addition, in the post-Cold War era, it will not have the luxury of certain U.S. security guarantees. While a united Korea will certainly experience its share of animosities and trade frictions with Japan, these will be dampened by the more proximate Chinese threat, and by the need for Japanese financial support during the unification process. Furthermore, this relationship (presumably between Tokyo and a united Korean government under Seoul) will still be grounded in the decades of normalized Japan-South Korean relations since 1965 that will have preceded unification. It will also be grounded in the experience of common security ties with the U.S. for the entire postwar and Cold War eras. While these relations do not constitute "institutions" in the formal sense of a European NATO or EC, they do breed a familiarity between Japan and Korea that is not present in dealings between Seoul and Beijing leaders.⁵⁴ By contrast, the reservoir of experiences that a united Seoul government and Beijing could draw on would not extend further back than 1992. Compelled to balance against the more proximate and more unfamiliar threat, Korea will look to Japan with greater fondness.

Trends in this direction are already noticeable. For example, during a 1993 trip to China, ROK Foreign Minister Han Sung-joo explicitly told Beijing authorities that while Japan once administered Korea as a colony, it was no longer seen as threatening.⁵⁵ ROK Defense Ministry White Papers for 1993 stated that given the fluidity of the security environment in a post-Cold War East Asia, expanding cooperation with Japan was an important ingredient for the peaceful reunification of the peninsula.⁵⁶ In addition, in 1994 summit meetings between Premier Hosokawa and President Kim Young-sam, the two leaders called for a new relationship “to discard past prejudices and look to the future with open hearts and minds.” Kim further stated that a united Korea would pose no threat to Japan, and that the two states would be “trustworthy” partners.⁵⁷ Finally, in conjunction with the North Korean nuclear dispute, scenarios predicated on a sudden collapse of the North have already been a topic of discussion in tripartite talks at the assistant foreign minister level between Tokyo, Seoul, and Washington.⁵⁸ While this is all admittedly very preliminary evidence, it does suggest some support of the above propositions.⁵⁹

Conclusion

What appeared to be insurmountable Cold War obstacles for unification of the peninsula only a few years ago have disappeared. This is not to say unification is a foregone conclusion. There are many uncertainties indeed. However, at the same time, there are certain things we can point to as relatively predictable. Whether unification occurs at the end of this decade or after, South Korea will dominate the new Korean entity. It will be faced with a huge task, and the Korean capacity to wade through adversity will be tested as citizens on both sides of the border will have to brace themselves for a period of social and economic sacrifice. Furthermore, in spite of Korea’s desire for unification without the involvement of external powers, the financial burden of unification, and the interests at stake for all the regional powers on the peninsula will make this an international project that tests the limits of multilateral cooperation in East Asia. While this analysis does not offer the most sanguine portrayal of unification, the fact that the debate has moved beyond merely a recounting of the

history of North-South dialogue to a discussion of the integration process and its implications is itself an indicator that the distance left to be travelled on the unification road grows shorter and its end hovers visibly on the horizon.

NOTES

1. For two classic works in this vein, see Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984); and Kenneth Oye, ed., *Cooperation Under Anarchy* (Princeton: Princeton University Press, 1986). For an overview of the neoliberal institution literature in international relations, see David Baldwin, ed., *Neorealism and Neoliberalism* (New York: Columbia University Press, 1993).
2. The most serious of these were the January 1968 North Korea commando raids on the Blue House and seizure of the USS Pueblo; coastal infiltrations by guerilla forces in November 1968; and the shoot down of a U.S. reconnaissance plane (EC-121) in April 1969. For details, see Victor Cha, *Alignment Despite Antagonism: The United States-Korea-Japan Security Triangle* (Stanford: Stanford University Press, forthcoming), chapter 3.
3. For a good summary of ROK and DPRK unification strategies during the 1950s and 1960s, see Hak-joon Kim, *The Unification Policy of South and North Korea* (Seoul: Seoul National University Press, 1977), Chapters 2-7; and B.C. Koh, "Foreign Policy and Inter-Korean Relations" *Korea and World Affairs*, vol. 9, No. 4 (Winter 1985), p.678.
4. For a detailed discussion of these meetings, see National Unification Board, *A White Paper on South-North Dialogue in Korea* (Seoul: National Unification Board, December 31, 1988), pp.35-54, and pp.76-104.
5. For the text, see "7-4 Nambuk kongdong sŏngmyŏngsŏ (7-4 South-North Joint Communique)," *Taehan Min'guk Woegyŏ yŏnp'yo: 1972 bu juyŏ munhŏn* (Diplomatic Documents Annual of the Republic of Korea) (Seoul: Ministry of Foreign Affairs), pp.203-206; and *Nambuk Taehwa Paeksŏ* (Seoul: Kukto t'ongilwon nambuk taehwa samuguk, 1988) (White Paper on South-North Dialogue), pp.54-56. For additional analyses, see *Korea Herald* (July 4, 1972); Kim, *Unification Policy of South and North Korea*, pp.266-270; "Text of Remarks by H.E. Yong Shik Kim, Minister of Foreign Affairs of the Republic of Korea at the National Press Club, September 29, 1972, Washington DC," *Woegyŏ yŏnp'yo: 1972* (Diplomatic Documents Annual), pp.282-286; and Saito Takashi, "Japan and Korean Unification," *Japan Interpreter*, vol.8, No.1 (Winter 1973), pp.88-98.
6. For a chronology of the NSCC talks, see *White Paper on South-North Dia* -

- logue, pp.63-75, and pp.104-108.
7. Pyongyang suspended the dialogue in protest over the KCIA's involvement in the kidnapping of ROK opposition politician Kim Dae-jung from Japan. Both the NSCC and Red Cross talks continued at lower levels until March 1975 (NSCC) and December 1977 (Red Cross) but were effectively dead after 1973. Pyongyang unilaterally cut the "hotline" with Seoul in 1976. See Cha, *Alignment Despite Antagonism*, chapter 4.
 8. See Saito, "Japan and Korean Unification," p.29; also see Lee Chong-sik, "The Impact of the Sino-American Detente on Korea," in Gene T. Hsiao, ed., *Sino-American Detente and its Policy Implications* (New York: Praeger, 1974), pp.190-191.
 9. For the contents of these three sets of talks, see Aidan Foster-Carter, *Korea's Coming Reunification: Another East Asian Superpower?*; Economist Intelligence Unit, *Special Report No. M212* (London: The Economist Intelligence Unit, April 1992) (hereafter, EIU, *Special Report*), pp.51-52; *White Paper on South-North Dialogue*, pp.189-201 (sports), pp.263-296 (economic), and pp.296-307 (parliamentary); and Young-jung Chang, "Economic Transactions and Cooperation Between North and South Korea," *Korean Journal of International Studies*, vol.24, No.1 (September 1993), p.20, pp.25-26.
 10. The one exception to this was the Red Cross meetings which facilitated a limited number of family reunions and cultural contacts in September 1985. These consisted of a four-day exchange of dance troupe performances and "hometown" (kohyang) reunions of approximately 65 separated family members. See *White Paper on South-North Dialogue*, pp.248-263.
 11. The July 1988 declaration called for the promotion of political, economic and cultural exchanges; the promotion of inter-Korean trade; and pledges to aid Pyongyang in improving relations with the U.S. and Japan. For the text, see "Special Declaration for National Self-Esteem, Unification, and Prosperity," reprinted in *White Paper on South-North Dialogue*, pp.461-465.
 12. See EIU, *Special Report*, pp.52-54; and James Cotton, "Conflict and Accommodation in the Two Koreas," in Stuart Harris and James Cotton, eds., *The End of the Cold War in Northeast Asia* (Boulder: Lynne Rienner, 1991), pp.179-180.
 13. This included a deal involving the exchange of South Korean rice for North Korean cement and coal (between the Chonji and Kûngangsan Trading companies in March 1991); additional South Korean purchases of coal, steel ore, zinc, and scrap iron by Hyundai and Daewoo (previously transacted through third parties); the first extension of letters of credit to North Korean banks by the South; and Pyongyang's direct purchase of \$26 million in ROK consumer goods and technology in 1991. See *Korea Newsreview* (June 11, 1994); Bon-hak Koo, "North Korea: Back to Isolationism?," *Korea Observer*, vol.24, No.2 (Summer 1993), p.239; Chang, "Economic Transactions and Cooperation Between North

- and South Korea,” pp.20-21; and Jae-hoon Shim, “The Trade Wedge,” *FEER* (August 22, 1991), p.23.
14. The two governments exchanged instruments of ratification for the 1991 accord at the sixth North-South premier talks in February 1992. For the text of the 1972 and 1991 agreements, see *Woegyoyonpy'yo: 1972* (Diplomatic Documents Annual), pp.201-202; and *Korea Update*, vol.2, No.24 (December 16, 1991), pp. 4-5; for ratification of the 1991 accord, see *Korea Update*, vol.3, No.5 (February 24, 1992), pp.1-2. Also see Kim, *Unification Policy of South and North Korea*, p.270; and B.C. Koh, “The Inter-Korean Agreements of 1972 and 1992: A Comparative Assessment,” *Korea and World Affairs*, vol.16, No.3 (Fall 1992), p.472, p.474.
 15. Jeong-woo Kil, “Inter-Korean Relations in a Changing Northeast Asian Context,” *Korean Journal of International Studies*, vol.24, No.1 (Spring 1993), p.46.
 16. A full discussion of this issue is beyond the scope of this work. For a concise discussion of the crisis and the implications for non-proliferation, see Michael Mazarr, “Going Just a Little Nuclear: Nonproliferation Lessons from North Korea,” *International Security*, vol.20, No.2 (Fall 1995), pp.92-122. For a discussion of the Agreed Framework, see Victor Cha, “The Geneva Framework Agreement and Korea’s Future,” *EAI Institute Reports*, June 1995, East Asian Institute, Columbia University.
 17. The North-South nuclear control commission was unable to set up such a regime by the May 1992 deadline stated in the Declaration. Pyongyang later suspended nuclear talks in November 1993. For a chronology, see *Defense White Paper: 1992-1993*, pp.86-92.
 18. For concurring arguments on the 1991 and 1972 agreements, see Kim, *Unification Policy of South and North Korea*, pp.261-271, pp.273-274; Samuel Kim, “The Two Koreas and World Order,” in Kihl, ed., *Korea and the World*, p.48; Koh, “The Inter-Korean Agreements of 1972 and 1992,” pp.464-465; and Kyung-ae Park and Sung-chull Lee, “Changes and Prospects in Inter-Korean Relations,” *Asian Survey*, vol.33, No.5 (May 1992), pp.440-443.
 19. National Unification Board (NUB), *A Comparison of Unification Policies of South and North Korea* (Seoul: National Unification Board, 1990), p.71.
 20. For the details of these plans, see Kang-suk Rhee, “Korea’s Unification: The Applicability of the German Experience,” *Asian Survey*, vol.33, No.4 (April 1993), pp.367-368; NUB, *Comparison of Unification Policies*, pp.99-108; and *South-North Dialogue in Korea* vol. 48, December 1989 (Seoul: International Cultural Society of Korea, 1989), pp.20-31. For analyses, see Manwoo Lee, “Domestic Politics and Unification: Seoul’s Perspective,” in Kihl, ed., *Korea and the World*, p.174; NUB, *Comparison of Unification Policies*, pp.122-131; and Rhee, “Korea’s Unification: The Applicability of the German Experience,” p.368.
 21. For a concurring view on the difficulty of distinguishing whether the KNC plan is a means to an end (i.e. full integration) or an end in itself, see Young-whan Kihl, “The Problem of Forming a Korean Common-

- wealth," *Korea Observer*, vol.24, No.3 (Autumn 1993), pp.429-449, esp. pp.443-444.
22. For the notion of "hegemonic" unification, see Koh, "A Comparison of Unification Policies."
 23. For an excellent elaboration of some of the above points, see Koh's, "A Comparison of Unification Policies," pp.155-158; and "Foreign Policy and Inter-Korean Relations," pp.675-676.
 24. For ROK figures, see Ministry of Construction and Transportation tables in *Korea Annual: 1996*, p.301; for DPRK figures, see EIU, *Special Report*, No.14, pp.44-45.
 25. Marcus Noland and L. Gordon Flake, "Evaluation of the Rajin-Sonbong Free Economic and Trade Zone," *Korea Economic Institute of America* (September 1996).
 26. For many of the above points, see EIU, *Special Report*, No.19, p.106; and Lee, "Economic Factors in Korean Unification," pp.199-200.
 27. While the North's hydroelectric capacity is respectable (9 billion kwh vs. South Korea's 5 billion kwh per annum), it produces only 21 billion kwh from thermal power stations (comparable figures for the ROK are 70 billion kwh). In addition, the North has no nuclear energy capabilities. All energy output figures are for 1991-1992 (see *Korea Annual: 1993*, p.301; EIU, *Special Report*, p.108). Also see Koo, "North Korea: Back to Isolationism?" p.227; and Clifford, "A Rough Fit," p.59, p.57.
 28. For example, accounts by a Western journalist who visited Pyongyang in 1989 — a period of relative prosperity given today's dire situation — found that stores did not turn on lights during the week, and trolleys often stalled due to power failures (see Martin, "Intruding on the Hermit," p.12).
 29. See EIU, *Special Report*, No.44, pp.107-108 for a more detailed exposition of this problem.
 30. EIU, *Special Report*, p.102.
 31. In this vein, a January 1993 report by the ROK finance ministry recommended some form of limited cross-border travel in the initial stages of unification (cited in Martin, "Intruding on the Hermit," p. 21). Also see Rhee, "Korea's Unification: The Applicability of the German Experience," p.371, p.375.
 32. Nicholas Eberstadt, *Korea Approaches Reunification* (Armonk, NY: M.E. Sharpe, 1995), p.112, p.122.
 33. Rhee, "Korea's Unification: The Applicability of the German Experience," p.371; and Jae-hoon Shim, "German Lessons," *FEER* (August 22, 1991), p.25.
 34. See Mark Clifford, "Expensive Embraces," *FEER* (March 26, 1992), pp.54-55; and EIU, *Special Report*, p.102.
 35. Clifford, "A Rough Fit," p.57.
 36. In this vein, there were reports in 1989 that a Protestant church was constructed in Pyongyang of which none of the clergy were party mem-

- bers. In addition, one of the items discussed by Reverend Billy Graham during his 1991 visit to Pyongyang was the status of North Korean Christians see Martin, "Intruding on the Hermit," p.13; and Michael Shapiro, "Annals of Authoritarianism: Kim's Ransom," *The New Yorker* (January 31, 1994), p.34.
37. See Jae-hoon Shim, "Welcome to Reality," *FEER* (March 26, 1992), pp.60-61; and EIU, *Special Report*, pp.111-112 for a fuller discussion of these issues.
 38. Han-kyo Kim, "Korean Unification in Historical Perspective," in Kihl, ed., *Korea and the World*, pp.17-28.
 39. Authors who have put forth this view in whole or in part are too numerous to list. For examples of some who have employed the "conventional" view in their analyses, see Thomas McNaugher, "Reforging Northeast Asia's Dagger? U.S. Strategy and Korean Unification," *The Brookings Review*, vol.2, No.3 (Summer 1993); Aaron Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multipolar Asia," *International Security*, vol.18, No.3 (Winter 1993-1994); and Paul Godwin, "China's Asian Policy in the 1990's: Adjusting to the Post-Cold War Environment," in Sheldon Simon, ed., *East Asian Security in the Post-Cold War Era* (New York: M.E. Sharpe, 1993).
 40. Representative examples of this view include: EIU, *Special Report*, especially chapter 8; and In-kwan Hwang, "The Two Koreas' Unification Policies and Neutralization of the Korean Peninsula," in Il-pyong Kim, ed., *Korean Challenges and American Policy* (New York: Paragon House, 1991).
 41. For a concurring view, see Jia Hao and Zhuang Qubing, "China's Policy Toward the Korean Peninsula," *Asian Survey*, vol.32, No.12 (December 1992), p.1145.
 42. Victor Cha, "Alliance Termination in Asia: Is the Thrill Gone?" Paper presented at the Annual American Political Science Association Conference, August 29-September 1, 1996, San Francisco, CA.
 43. For proponents of this view, see Samuel Huntington, "America's Changing Strategic Interests," *Survival*, vol. 33, No. 1 (January/February 1991); Richard Betts, "Wealth, Power, and Instability: East Asia and the United States After the Cold War," *International Security*, vol.18, No.3 (Winter 1993/1994); Denny Roy, "Hegemon on the Horizon," *International Security*, vol.19, No.1 (Summer 1994); and McNaugher, "Reforging Northeast Asia's Dagger?"
 44. See Hao and Zhuang, "China's Policy Toward the Korean Peninsula," pp.1146-1148; *Korea Update*, vol.5, No.6 (April 4, 1994), p.3; and Hong-yong Lee, "China and the Two Koreas: New Emerging Triangle," in Kihl, ed., *Korea and the World*, pp.104-107.
 45. For above figures, see Hao and Zhuang, "China's Policy Toward the Korean Peninsula," p.1144, p.1156.
 46. This was confirmed by the chairmen of several Korean conglomerates in discussions with the author in April and August 1993.

47. For concurring views, see Kil, "Inter-Korean Relations in a Changing Northeast Asian Context," p.37; Martin, "Intruding on the Hermit," p.28; and Parris Chang, "Beijing's Policy Toward Korea and PRC-ROK Normalization of Relations," in Lee and Mansbach, eds., *The Changing Order in Northeast Asia*, p.172.
48. See "Chinese Military Wary of Naval Buildup of Japan, Korea," *Korea Herald* (November 10, 1992).
49. EIU, *Special Report*, p.74; and Mark Fitzpatrick, "Why Japan and the United States Will Welcome Korean Unification," *Korea and World Affairs*, vol.15, No.3 (Fall 1991), pp.426-427.
50. See EIU, *Special Report*, pp.96-102, esp. p.99; and Rhee, "Korea's Unification: The Applicability of the German Experience," pp. 372-374. For more recent studies, see Eui-guk Hwang, "How will Unification Affect Korea's Participation in the World Economy?"; and Marcus Noland, "Modeling Economic Reform in North Korea," both papers presented at the KIEP-Korea Herald Conference on the International Economic Implications of Korean Unification, June 28-29, 1996.
51. Fitzpatrick, "Why Japan and the United States Will Welcome Korean Unification," pp.428-430; and McNaugher, "Reforging Northeast Asia's Dagger?" p.13.
52. *Defense White Paper: 1992-1993*, p.74.
53. It should be noted that "alignment" does not necessarily mean "alliance" in the form of a bilateral defense treaty. The former term connotes a less formal association between states based on perceived common interests and expectations of mutual support. For this distinction, see Glenn Snyder, "Alliance Theory: A Neorealist First Cut." *Journal of International Affairs*, vol.44, No.1 (Spring 1990).
54. For a related point on how such institutions engendered a familiarity among European leaders that mollified anxieties about German reunification, see Friedberg, "Ripe for Rivalry: Prospects for Peace in a Multi-polar Asia," p.13.
55. Frank Ching, "Securing Northeast Asia," *FEER* (November 11, 1993), p.42.
56. *Defense White Paper: 1992-1993*, p.22, p.30.
57. *Korea Update*, vol.5, No.6 (April 4, 1994), p.2; and Press Release, *Knight-Ridder/Tribune Business News* (March 23, 1994).
58. See "Japan Discusses Ways to Counter Sudden NK Collapse With ROK, U.S.," *Korea Times* (March 3, 1993), p.1.
59. For additional evidence and elaboration of the argument, see Cha, *Alignment Despite Antagonism*, chapter 7.