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International Journal of Korean Unification Studies

Consensus Building and Peace Regime Building on the Korean Peninsula

Charles M. Perry & James L. Schoff

Abstract

The pendulum of peace building on the Korean peninsula has swung back-and-forth many times, and in early 2010 North Korea placed renewed emphasis on a peace treaty with the United States as a means to deal with (eventually) denuclearization issues. However, few policy makers in Seoul, Washington, or even Beijing believe that Pyongyang is sincere when it says that it wants to establish a Korean peace regime in a way that would be even remotely acceptable to the allies. It seems that once again we are experiencing a peace building mirage. The difference this time, however, is the potential for greater consensus among South Korea, the United States, and China when it comes to potential peace talks. Beijing does not view the peace issue the same way as Seoul or Washington, but their approaches are beginning to converge, and the potential to develop a regional consensus for Korean peace building (and to influence Pyongyang's thinking in this regard) has perhaps never been greater. This article will explore this opportunity based on recent events and on research by the authors.

Key Words: Korea, peace, armistice, alliance, China

Vol. 19, No. 1, 2010, pp. 1-28.

Introduction

The pendulum of peace building on the Korean peninsula has swung back-and-forth many times since the Armistice Agreement was signed in 1953. An initial round of talks aimed at "the peaceful settlement of the Korean question" broke down in 1954. In 1972, allusions to a final Korean political settlement resurfaced with the release of the North-South Joint Communiqué, but North Korea (Democratic People's Republic of Korea, or DPRK) circumvented the Republic of Korea (ROK or South Korea) just two years later by appealing directly to the Americans for peace talks. Hope for moving past the armistice was renewed in 1991, when top officials from Seoul and Pyongyang signed the South-North Joint Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange (the so-called Basic Agreement), but due largely to North Korea's ambivalence regarding implementation, that agreement has remained an unfulfilled promise. Throughout the late 1990s and the 2000s there have been other attempts to officially end the Korean War and introduce various confidence building measures (CBMs), but the few gains they achieved have been scaled back significantly in recent years to leave just the joint industrial zone at Gaesong and a handful of cultural exchanges. Most recently, North Korea's attack on the ROK Navy frigate Cheonan in 2010 has pushed inter-Korean relations as far away from true peace as they have been in over fifteen years.

If North and South Korea can avoid further escalation in the near term, however, the chances are good that they can move the pendulum back in a peaceful direction in the medium to longer term, not only because this has been the pattern in the past, but also because both

countries recognize that it is in their nations' best interest. The problem has been that they approach the peace issue in fundamentally different ways, with Seoul calling for an inter-Korean peace regime based on the principles of the Basic Agreement, and Pyongyang prioritizing a separate peace deal with the United States. North Korea's foreign ministry in early 2010, for example, emphasized that "if confidence is to be built between the DPRK and the US, it is essential to conclude a peace treaty for terminating the state of war, a root cause of hostile relations."[1] This sentiment was echoed by the North's ruling Workers' Party as recently as April 2010.[2] In this regard, it seems as if little has changed since the 1970s, and it offers scant hope for the future.

The major difference this time around, however, is the potential for greater consensus among South Korea, the United States, and China when it comes to possibly restarting some version of the Four-Party peace talks that collapsed in 1999. By carrying out nuclear weapon and additional long-range missile tests in the last few years, North Korea has isolated itself regionally and internationally far beyond where it was in the late 1990s. North Korea's sinking of the Cheonan further cemented its isolation. Even though China still supports North Korea and it is more powerful and influential than it was a decade ago, China's interest in protecting the North is increasingly equivocal, and there is a growing debate in the Chinese government about how long to continue protecting and supporting Pyongyang.[3] China's economic and geopolitical interests align

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1 – "DPRK Proposes to Start of Peace Talks," *Korean Central News Agency of DPRK*, January 11, 2010 available at http://www.kcna.co.jp/item/2010/201001/news11/20100111-03ee.html.

2 – "North Korea Renews Call for Peace Treaty with U.S. Before Denuclearizing," *Yonhap News Agency*, April 14, 2010.

3 – For a discussion of this debate between so-called Strategists and Traditionalists, see *Shades*

more closely with other regional powers and Group of Seven (G7) nations compared to two or three decades ago, and its relationship with South Korea is widening and deepening in both economic and political terms.

Beijing does not view the peace regime issue in the same way as Seoul or Washington, to be sure, but in some respects their approaches are beginning to converge, and with Pyongyang likely facing a leadership transition within the next few years, the potential to develop a regional consensus for Korean peace building (and to influence Pyongyang's thinking in this regard) has perhaps never been greater. The challenge is to move deliberately toward such a consensus by expanding regional dialogue regarding how each nation views the peace regime issue and how we define our respective priorities and preconditions. At the very least, this approach should raise the cost to North Korea of future armistice violations (and therefore limit their occurrence, which is also in China's interest). This article will explore relevant issues behind this approach based on recent events and on research and interviews carried out by the authors.

Closing the Six-Party Door

President Barack Obama's first year in office began with North Korean claims that it had "weaponized" plutonium for four or five nuclear bombs and was taking an "all-out confrontational posture" against South Korea.[4] This was followed quickly by preparations for a missile/rocket test

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of Red: China's Debate over North Korea, International Crisis Group, Asia Report No. 179, November 2, 2009.

[4] Choe Sang-Hun, "North Korea Says It Has 'Weaponized' Plutonium," *New York Times*, January 18, 2009.

in violation of UN Security Council (UNSC) resolution 1718. When the UNSC condemned that test in April 2009, North Korea's foreign ministry said that it "will never participate in such Six-Party Talks nor will it be bound any longer to any agreement of the talks."[5] Shortly thereafter, Pyongyang also stated that nuclear war with South Korea and the United States was just "a matter of time," given what it called the "war chariot" of the U.S.-ROK alliance.[6]

North Korean border closings with the South, a second nuclear test, and claims that Pyongyang was no longer bound by the armistice or inter-Korean agreements soon followed. All of this happened before the new U.S. Assistant Secretary of State for East Asia, Kurt Campbell, was confirmed by the Senate in 2009. While President Obama's appointees were taking their seats, in essence, North Korea was wiping the Six-Party slate clean, apparently anxious to start a new administration with a blank chalkboard. By summertime, it began promoting bilateral dialogue with the United States to replace the Six-Party Talks.[7] Given Pyongyang's repudiation of all that it had agreed to before, many in Washington wondered what there was to talk about. Predictably, U.S. and ROK officials sought to preserve the Six-Party Talks by rallying the UNSC and the other four parties to condemn North Korea's actions and pressure the regime, all the while developing an incentive for Pyongyang to return to previous agreements. Washington and Seoul embarked on a two-pronged approach to "impose meaningful pressure to force changes in [North

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5 - Kim Hyun, "North Korea to Quit Six-Party Talks in Protest over UNSC Statement," *Yonhap News Agency*, April 14, 2009.

6 - "North Korea Says Nuclear War Only Matter of Time," *Yonhap News Agency*, April 17, 2009.

7 - "North Korea 'Ready for Dialogue with U.S. Any Time,'" *Chosun Ilbo*, July 27, 2009.

Korea's] behavior, and provide an alternative path."[8] Sanctions were stepped up with unanimous UNSC support, but at the same time the United States and South Korea discussed the offer of a "comprehensive package" or a "grand bargain," as a way to illuminate this alternative path. U.S. officials ruled out any rewards to North Korea "just for returning to the table," but they reiterated that "full normalization of relationships, a permanent peace regime, and significant economic and energy assistance are all possible in the context of full and verifiable denuclearization."[9] For its part, North Korea professes to agree that a "peace accord" with the United States is "one of the most reasonable and practical ways" to rid the peninsula of nuclear weapons, provided it leads to the end of America's so-called hostile policy and replaces the armistice.[10] So despite the animosity of the past, the stage appears to be set (rhetorically, at least) for an initial peace regime dialogue...except that no one really knows what this means.[11]

Opening the Peace Regime Door

The term "peace regime" made its Six-Party debut in the September 2005 Joint Statement from the fourth round of those negotiations, when the participating nations pledged to initiate a separate negotiation for a

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8 - Hillary Rodham Clinton, Remarks at the ASEAN Regional Forum, Laguna Phuket, Thailand, July 23, 2009.

9 - Ibid.

10 - "North Korea Sees Peace Pact with U.S. as Key to Disarmament," *AFP*, October 14, 2009.

11 - For a longer discussion of current peace regime issues and historical references, see James L. Schoff and Yaron Eisenberg, "Peace Regime Building on the Korean Peninsula: What Next?" Institute for Foreign Policy Analysis, May 2009. Available at http://www.ifpa.org/currentResearch/researchPages/peace_regime2009.htm.

"permanent peace regime on the Korean peninsula" at an appropriate time. Although the Six-Party Talks are primarily focused on denuclearizing North Korea, the mention of a separate peace regime dialogue by "the directly related parties" acknowledged the many unresolved political, diplomatic, and national security issues in Korea that contribute to North Korea's nuclear ambitions. After all, North and South Korea are still technically at war with one another, and the armistice that has governed the cease-fire for over fifty-five years was never intended as a long-term solution to the Korean War.

Despite this acknowledgement of the importance of establishing a Korean peninsula peace regime (KPPR), no KPPR talks have occurred and no one can identify a probable start date or even a likely agenda for those negotiations. Analysts and policy makers differ on their assessments of the potential impact of pursuing peace regime negotiations. On the one hand, efforts to better manage the armistice and to think concretely about peace regime options could have a positive influence on the atmosphere for Six-Party Talks and lead to useful CBMs for the future. The Cheonan attack and other West Sea conflict over the years clearly show that there is a cost to ignoring these underlying, unresolved security issues. On the other hand, independent (uncoordinated) attempts by the United States or South Korea to improve their political relationships with the North could undermine denuclearization, erode regional confidence, and strain U.S. alliances in the region. In addition, China's reinvigorated economic and political commitment to North Korea (highlighted by Premier Wen Jiabao's October 2009 visit to Pyongyang and its apparent indifference over the Cheonan attack) threatens to disrupt regional policy coordination vis-à-vis the North.

This lack of consensus regarding how to conceptualize a KPPR and what should be its relationship to the Six-Party Talks could undermine what little progress we have made in recent years toward limiting the growth of North Korea's nuclear programs. In the absence of Six-Party meetings since December 2008, for example, ad hoc shuttle diplomacy has continued in the region including some U.S.-DPRK bilateral meetings. Precisely because the definition of an acceptable peace regime is so subjective and ambiguous, extra care is needed to ensure that U.S. officials do not make promises to their North Korean counterparts that South Korea is not prepared to endorse (e.g., regarding liaison offices or certain commercial ties). Similarly, infinite Chinese patience with the status quo could, over time, allow North Korea to continue to postpone difficult decisions about its future, even though Pyongyang's failure to address them will likely lead to larger and more dangerous problems down the road.

Cognizant of these dangers, however, U.S. and ROK officials have stepped up their consultations and policy coordination not only on defense and nuclear issues, but also concerning KPPR-related issues. In addition, Beijing has noticeably avoided lining up behind North Korea's stated objective to engage the United States bilaterally regarding a peace treaty or to position such peace negotiations as a sort of precondition for resuming denuclearization talks in the Six-Party framework. Beijing is still trying to remain impartial as chair of the Six-Party Talks, but through its actions and based on conversations with Chinese officials and specialists at Track 2 policy forums, China seems to agree with the allies that peace talks on the Korean peninsula are first and foremost a matter for the two Koreas. Given North Korea's "legitimate security concerns," most Chinese point out that a companion U.S.-DPRK peace agreement might be

necessary, but this does not replace the primacy of the North-South role. China also generally agrees that North Korean denuclearization is an integral part of peace making on the peninsula, so it is not quite as sequential as North Korea would propose (i.e., first establishment of a KPPR and later verifiable denuclearization). These are simple, but still important, first steps toward regional consensus building for Korean peace regime development.

The truth is, however, that few experts can adequately define the KPPR concept, let alone specify its likely components. Academics and policy makers often think of regimes as sets of norms, rules, patterns, and principles of behavior guiding the pursuit of interests, around which actors converge.[12] Regimes usually are not as formal as institutions (with a specific address or staff), and they can often be quite expansive (such as the nuclear non-proliferation regime based on bilateral and multilateral treaties and involving supplemental supplier initiatives). Although scholars have been studying and writing about various KPPR schemes for years, it has remained largely an academic exercise.

There are two principal debates regarding the nature of a KPPR, and they are interconnected. The first revolves around what a peace regime is supposed to produce (that is, how we describe its purpose and the desired end state). At its most basic level, the KPPR could be an updated version of the armistice, with an added political agreement to end the war and endorse a framework for reconciliation and dispute resolution along the lines of the Basic Agreement. A more ambitious view links a KPPR directly to the process of confederation, to settling tough issues like the West Sea

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[12] Stephen D. Krasner (ed.), *International Regimes* (Ithaca, NY: Cornell University Press. 1983).

Northern Limit Line (NLL) and property or missing person claims, to facilitating cross-border traffic, trade, and communication, and to meaningful military CBMs that reduce military forces along the demilitarized zone (DMZ). Within South Korea's concept of progressing toward peaceful reunification (sometimes called Step 3), the KPPR is essentially a bridge between reconciliation and cooperation (Step 1) and confederation (Step 2). Related to this, the second debate focuses on whether a peace regime is primarily a process (or even just the trigger for a process) that might eventually lead to a desired end state, or instead more of a destination that will codify or institutionalize a particular outcome.

A peace regime has alternatively been described as "a mechanism to create peace"; "a framework for ameliorating the mutual distrust…[and] a foundation for peaceful coexistence and mutual prosperity"; "an institutional device for legal termination and prevention of wars and maintenance of peace"; and "a process of building peace, not the ultimate state of peace."[13] Alexander Vershbow, then-U.S. ambassador to South Korea, described the U.S. attitude in late 2007: "We agree that, in addition to the core commitments [of formally ending the war and establishing a normal boundary between the two Koreas], a permanent peace agreement would also include military CBMs that would defuse some of the military tensions that today cut across the DMZ."[14]

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[13] See, respectively, O Tara, "Building a Peace Regime on the Korean Peninsula and in Northeast Asia," *Korea and World Affairs* 31, no. 4 (Winter), 2007; Lee Sanghee, "Toward a Peace Regime on the Korean Peninsula," The Brookings Institution, May 2, 2007; Lee In Ho, "The Establishment of a Peace Regime on the Korean Peninsula and the Future of the ROK-U.S. Alliance," *East Asian Review* 20, no. 2 (Summer), 2008; and Cho Min, "Establishment of a Peace Regime on the Korean Peninsula: A ROK Perspective," *Korea and World Affairs* 31, no. 3 (Fall) 2007.

[14] Alexander Vershbow, "A Peace Regime on the Korean Peninsula: The Way Ahead," Remarks to the IFANS special seminar, "Peace Regime on the Korean Peninsula: Visions

There is also an overarching question of whether the KPPR ends up facilitating Korean reconciliation and unification, or in fact serves to solidify the division of Korea by allowing North Korea to strengthen its economy through more normalized external relations while its leadership remains focused on maintaining internal control. Put another way, is a prerequisite for a KPPR essentially a North Korean political decision to seek unification on terms acceptable to the South, or can a KPPR be realized even if North Korea just wants to be left alone? If we maintain that a KPPR is a bridge to confederation, then this answer will depend to some extent on the political context of that step, but clearly a more stable and friendly North-South relationship is required. The peace regime will not help create peace where none exists.

South Korea and the United States believe that a peace regime should accompany some form of reconciliation (or at least a major change in North Korean behavior), and the two presidents specifically called for "a durable peace on the peninsula and leading to peaceful reunification on the principles of free democracy and a market economy" in their June 2009 Joint Vision statement. Still, policy makers in both countries argue internally about how clear a linkage between a peace regime and reunification is necessary in the near term. China would prefer to see North Korea survive as an independent entity for the foreseeable future, slowly modernizing its economy and strengthening its governing capabilities to enhance stability and economic opportunity.[15] In North Korea's mind, a peace treaty is a way to end the Korean War with the United States and to weaken the

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and Tasks," October 26, 2007.

[15] See, for example, "Chaoxian Weihe Da Hepai [Why North Korea is Playing the Nuclear Card, in Chinese]," *Shijie Zhishi* [World Affairs], April 14, 2005.

U.S.-ROK alliance, which will put it in a better position to maintain its independence and seek low-level federation with the South over time, consistent with Pyongyang's policies.

It is likely that U.S.-ROK discussions about the conditions necessary for peace on the peninsula will end up describing a peace regime more as a destination rather than a process. In other words, the conditions acceptable to the allies are not something that North Korea will agree to in advance, in such areas as verifiable denuclearization, reducing the forward-deployed nature of the DPRK forces along the DMZ, or scaling back the DPRK's missile programs (let alone addressing ROK Korean War claims). Similarly, the allies are not yet ready to meet North Korea's likely early conditions for shaping a peaceful environment, such as limiting US-ROK military exercises, cutting U.S. forces or military investment on the peninsula, avoiding any sanction or criticism of DPRK illicit activity or human rights violations, and many other possible conditions. China is more sympathetic to Pyongyang's sense of isolation and vulnerability, and it too would expect some substantive changes to the peninsular role of the U.S.-ROK alliance in the context of a KPPR, but Beijing also understands that the current security environment does not allow for bold gestures by either side. This will take a long time, but we can start by incrementally fostering an environment conducive to peace.

Developing a Peace Regime Consensus: Themes and Perspectives

A long journey begins with a single step, and although there have been many false starts in the past, it is possible that North-South or U.S.-DPRK bilateral meetings in the future could begin again to outline

ways to develop the conditions necessary for peace on the peninsula. If the next attempt at peace building is to have any substance to it, however, greater mutual understanding and solidarity on key issues among South Korea, the United States, and China will be necessary to move North Korea into a potentially more flexible position under a new regime in the future. This will likely require some compromise by the allies and by China as well.

First, Do No Harm: Armistice and OPCON

Any roadmap for a KPPR or U.S.-DPRK normalization dialogue must keep in mind the delicate balance between fostering a peaceful atmosphere and reassuring South Korea of the U.S. security commitment. Any U.S.-DPRK rapprochement that causes Seoul to lose confidence in the alliance and seek such things as new longer range missiles or nuclear reprocessing capabilities will do nothing to help create conditions necessary for peace, and it could in fact undermine stability. China understands this too, and the slow and steady plan underway to transfer wartime leadership for South Korea's defense to ROK forces is a good way to strike this balance. Regular military exercises are required to complete this transition confidently, and the U.S. support role (and nuclear umbrella) will remain indefinitely. These are not negotiable in a peace regime, but there are ways to begin to address each side's legitimate security concerns (such as through traditional CBMs and certain security assurances), as long as North Korea is truly interested in enhancing transparency and mil-to-mil communication and exchanges.

Since 2004, South Korea has been taking over a number of missions

directly associated with maintaining the armistice, including security of the DMZ and counter-fire command and control, among others.[16] In addition, the alliance is preparing to transfer wartime operational control (OPCON) of ROK forces from the combined forces commander, a U.S. general, to the ROK military leadership, a change scheduled to take effect in 2012 (although some are hoping for a longer transition period). In 2012, U.S. Forces Korea (USFK) should become U.S. Korea Command (KORCOM), after which KORCOM and ROK Joint Forces Command will become "complementary, independent commands in a supporting-to-supported relationship."[17] In other words, the ROK commander will indicate what U.S. support he needs, and KORCOM will be responsible for carrying out those activities. Of course, any campaign will be closely coordinated and planned together.

OPCON transfer has the potential to be an important factor in the KPPR debate. Discussions about armistice maintenance will increasingly be inter-Korean matters, and although this might not please Pyongyang, it is altogether appropriate and will eventually leave North Korea with no choice but to engage with the South on security matters. This should also please Beijing in the long run, as it could lead to a less prominent U.S. military role on the peninsula in the future. Putting the leadership for South Korea's defense in the hands of South Korea is a potential point of consensus for the United States, ROK, and China, which would put additional pressure on North Korea to change its outdated perspective on the regional security landscape.

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[16] - B.B. Bell and Sonya L. Finley, "South Korea Leads the Warfight," *Joint Forces Quarterly*, issue 47, 4th qtr., 2007.

[17] - Ibid.

North Korea's sinking of the frigate Cheonan has led to renewed calls in the South and the United States for a postponement of OPCON transfer, but this might actually play into North Korea's strategy, because North Korea derives benefit from U.S. wartime OPCON. Pyongyang needs the appearance of what it calls a "puppet" ROK military and government to justify the delusion that the North represents all of Korea and to validate its insistence on negotiating directly with the United States. In fact, far from being a "hostile" presence on the peninsula, the United States has traditionally restrained South Korea from retaliating against the North for various aggressions including a ROK Navy patrol boat sinking in 1967, the North's attempted assassination of president Park Chung-hee in 1968, the 1983 assassination attempt of president Chun Doo-hwan, and the bombing of South Korean passenger jet in 1987.[18] Seen in this light, North Korea's attack on the Cheonan might very well have been as much to slow momentum behind OPCON transfer as it was to retaliate for a November 2009 North-South naval clash in the West Sea or to undermine the Six-Party Talks. The allies should not give the North that satisfaction.

The United Nations Command (UNC) will also step back into a supporting role with OPCON transfer, and under a KPPR it could eventually transform into a neutral forum to assist with monitoring and dispute resolution (though it would have to undergo some change to accommodate certain DPRK objections). This is also consistent with thinking among many policy specialists in China that while the UN could have an important role to play in a KPPR, the legacy of the UN in Korea

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[18] Lee Tae-hoon, "No Tit-for-Tat over Cheonan?" *Korea Times*, April 16, 2010.

is that of a warring party, and the roots of that legacy should be essentially ripped out in order to allow for a new, untainted UN role. This new role, in the words of one Chinese scholar, would take advantage of the UN's contemporary peacekeeping and peacebuilding expertise, and it would also "reflect better the current balance of power within the UNSC."[19]

Longer term, Beijing is also looking for more substantive changes to the fundamental role of the U.S.-ROK alliance than the allies are willing to consider at the moment. Although China does not anticipate (or push for) a weaker U.S.-ROK alliance in the same way as North Korea (which is seeking de facto U.S. political neutrality on the peninsula), some Chinese scholars have pointed out that Beijing would expect a "reclassification or redefinition" of alliance roles and missions as part of a KPPR in a way that dilutes the U.S. presence, commensurate with North Korean tension reduction steps.[20] From the allies' point of view, while they have stated an interest in pursuing reciprocal threat reduction policies and CBMs with the North, the core of their mutual security commitments contributes significantly to peace on the peninsula and is not up for negotiation. Whether or not a "redefinition" of certain alliance roles and missions can be reconciled with threat reduction and CBMs to yield a result that can satisfy the "interested parties" is something that will take them many years to sort out and will require more mutual confidence than currently exists.

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[19] - Comments by a Chinese scholar at a trilateral (U.S.-ROK-China) workshop organized by the Institute for Foreign Policy Analysis in Washington, DC, on February 3, 2010 (IFPA 2010 workshop).

[20] - Ibid.

Basic Agreement as a Foundation

Many in Seoul, Washington, and Beijing agree that the 1991 Basic Agreement remains the most promising document in terms of establishing concrete measures and mechanisms to improve conditions for peace regime building. These go beyond mere pledges to refrain from aggression or interfering in each other's internal affairs. The Basic Agreement authorized the establishment of a Korean joint military committee to oversee the implementation of CBMs including, among other measures, notification of troop movements, exchange of military personnel and information, and phased and verifiable arms reductions. It also paved the way for various economic, social, and cultural exchanges, also managed by different joint committees. The Basic Agreement is a template for improving inter-Korean relations and a way to help bring about the conditions necessary for peace. It is also something that Pyongyang consented to at one point in its history (even if it seems completely uninterested in it today). If a KPPR is truly a destination, then perhaps the best way to know that we have started on the path toward that goal is when we see some concrete movement toward implementing the Basic Agreement.

Parties to a Peace Regime

At first glance, identifying the so-called directly related parties to a KPPR seems quite obvious, namely the two Koreas, the United States, and China (given their central involvement in the Korean War and the precedent of the Four-Party Talks). Scratch the surface, however, and some important differences of opinion and caveats begin to emerge. Fortunately for the U.S.-ROK alliance, there is unanimous agreement

that a KPPR is first and foremost a Korean (that is, inter-Korean) initiative. Pyongyang professes to agree. The first principle for reunification in the 1972 North-South Joint Communiqué, for example, is that it "should be achieved independently, without reliance upon outside force or its interference." This point has been reiterated in every important inter-Korean agreement since.

DPRK leaders, however, seem to view ending the Korean War and working toward unification as two separate activities, because in many ways they always saw themselves as legitimately representing all of Korea and the war as one of self-defense against the Americans (and their "traitorous puppet lackeys" in the South). Over the years, North Korea has persistently tried to isolate South Korea at multilateral talks and seek direct bilateral negotiations with the United States regarding a peace treaty. Many Koreans worry that at some point Washington might consider obliging Pyongyang, if only to try to move the diplomatic process along.

U.S. officials, however, have consistently supported the idea that South Korea is central to any agreement ending the war. They often counter North Korea's arguments by pointing out that the United States was not a signatory to the armistice either; rather, it was the UNC commander who signed on behalf of all UNC members (including the ROK, which contributed the most UNC troops). Moreover, when the armistice was signed, the North Korean and Chinese commanders made a point of confirming this fact, because they wanted to make sure that ROK forces would abide by the terms of the agreement.[21] So, if North Korea and China were satisfied in 1953 that the armistice was binding on

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[21] United Nations, *1994 Report of the Activities of the United Nations Command*, UN Doc. S/1995/378, May 11, 1995, p. 6.

ROK forces, they cannot now claim that Seoul was never a party to that agreement. China's current stance seems to accept the fact that the armistice can only be replaced with a permanent peace via a North-South agreement, but it would be worth trying to clarify this point more publicly in order to dispel any illusions in Pyongyang.

Since the introduction of the term "peace regime" in the Six-Party Talks in 2005, Seoul and Pyongyang did manage to agree that there were "three or four parties directly concerned," when President Roh Moo-hyun met with Kim Jong-il in October 2007 (i.e., the two Koreas plus the United States, with China as the fourth). Moreover, in January 2010 the DPRK foreign ministry proposed "to the parties of the Armistice Agreement an early start for the talks for replacing the Armistice Agreement by the peace treaty this year," so perhaps this is a North Korean opening to include South Korea as a formal partner for peace.[22] Subsequent North-South meetings in 2010 exploring the potential for another inter-Korean summit failed to clarify this point, but this is an issue that should be revisited if the pendulum for peace swings forward.

China also has a vested interest in the peace regime process, and in many ways the United States and China could act as endorsers or guarantors of what would primarily be an inter-Korean agreement. The main area where Chinese and American involvement is qualitatively different, of course, is the fact that U.S. troops are forward deployed on ROK soil, and thus conceivably there are some military CBM issues that

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[22] – "DPRK Proposes to Start of Peace Talks," *Korean Central News Agency* of DPRK, January 11, 2010. The foreign ministry's mention that this proposal was made "upon authorization" also led many observers to believe that this proposal, in essence, came from Kim Jong-il himself.

only need to be discussed amongst the two Koreas and the United States. Finally, the UN system can play a useful support role in a KPPR (endorsing the parties' agreements in the UNSC, coordinating development assistance in North Korea, verifying denuclearization, and possibly facilitating dispute resolution later on), but no one involved (including UN officials) wants the UN to become a central player in this process.[23]

The Six-Party/KPPR Linkage

Ever since North Korea stepped up its nuclear program in the 1980s, U.S. policy has been to make verifiable denuclearization a *sine qua non* of any discussion about formally ending the Korean War. For U.S. policy makers, it is a fundamental component of the "conditions necessary for peace." As President Bush stated in September 2007, "We look forward to the day when we can end the Korean War. That will happen when Kim Jong-il verifiably gets rid of his weapons programs and his weapons."[24] U.S. Special Representative for North Korea Policy, Stephen Bosworth, made this point to DPRK officials in late 2009 during a trip to Pyongyang, where he explained that peace treaty negotiations could not even begin until there was concrete progress on denuclearization in the Six-Party Talks.[25]

South Korea's position on this issue has been more flexible over the years, most dramatically under the liberal Roh administration, which

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[23] - Schoff and Eisenberg, 13.

[24] - *Chosun Ilbo*, "Bush Favors Denuclearization First, Peace Later," September 10, 2007.

[25] - Ambassador Stephen W. Bosworth, "Briefing on Recent Travel to North Korea," U.S. Department of State (Washington, DC), December 16, 2009 available at http://www.state.gov/p/eap/rls/rm/2009/12/133718.htm.

promoted the idea of declaring an end to the war first, and then working toward denuclearization. The conservative Lee Myung-bak government, however, sees denuclearization more similarly to the current U.S. view, and it has insisted that the nuclear issue be on the agenda of any North-South summit involving President Lee. As one ROK diplomat described it, "An important strategy of the [South] Korean government is to create a new peace structure on the Korean peninsula. This structure can be based on two pillars, first, the denuclearization of North Korea, and the second is the establishment of a peace regime on the peninsula."[26] So, even if Seoul sees these as separate issues, they are certainly complementary components of peace on the peninsula.

Much to the chagrin of allied negotiators, however, North Korea continuously interweaves denuclearization with U.S. troop withdrawal from the peninsula and places it after a peace agreement. North Korean officials emphasize that Pyongyang seeks "the complete denuclearization of the Korean peninsula," which they describe as the elimination of the threat posed by U.S. troops on the peninsula and its alliance with the South.[27] For North Korea, a peace treaty with the United States to end the Korean War comes first, followed by an inter-Korean dialogue on peace regime development. When the U.S. threat is gone, Pyongyang will consider denuclearization. Although the Chinese government does not agree with sequencing denuclearization so late in the process, it generally concurs that Washington and Seoul must give due consideration to North Korea's security concerns, and it is reluctant to push a settlement that requires too much from the North up front. Such differing perspectives

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[26] - Schoff and Eisenberg, 14.
[27] - Ibid.

on what denuclearization would entail (and when) cloud the peace regime building process by making denuclearization an endless cycle of trying to build a bridge that is two short to reach both sides.

The near-term challenge is to develop a consensus regarding the linkage between the Six-Party Talks and companion peace negotiations, even if the initial consensus is only among the United States, South Korea, and China. It is a classic "chicken-and-egg" question in the sense that some believe peace talks can stimulate constructive denuclearization negotiations, while others think that the only way peace talks can be productive is if they are preceded by some success at denuclearization. As one Chinese former diplomat put it, "Denuclearization and a peace regime are two sides of the same coin. Take away one side, and there is no coin."[28] A South Korean former government official countered, "The peace issue is not a way to solve the nuclear issue. Nuclear weapons are part of the overall Korean problem. We should focus on improving the conditions necessary for peace over the long term, and the 2005 Six-Party agreement is the best way forward on this front."[29]

It is possible to carry on these two tracks of dialogue and negotiation simultaneously, of course, but practically speaking one track must take precedence or be weighted more heavily than the other (i.e., at some point the chicken must either hatch or lay an egg). Currently, the general consensus is to resume the Six-Party Talks first, and based on progress Seoul and Washington have said that they would be willing to participate in peace talks. The question is, how much progress in the Six-Party Talks is necessary to begin a KPPR discussion? Most would respond "a little,"

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[28] - IFPA 2010 workshop.
[29] - Ibid.

"some," or "picking up where we left off in December 2008," but others emphasize that "significant" progress is needed, or else we could doom the Six-Party Talks by getting bogged down in hopeless peace negotiations. Negotiators could do more damage if they try too early and fail on this issue. Moreover, rather than queuing peace talks behind a resumption of the Six-Party process, some suggest it might be better to link peace talks more closely with a North-South summit meeting or some other progress in the inter-Korean dialogue. A separate argument in favor of starting peace talks earlier (rather than later), however, takes into consideration the likelihood that North Korea will experience some sort of leadership transition in the next few years, as current leader Kim Jong-il is apparently suffering from health problems and is preparing to pass the reins of government to his third son. Whoever succeeds Kim will inherit an isolated and economically weak country amidst potential domestic competition for power. The DPRK military will be very influential and could end up running the country, but regardless who the next North Korean leader is, he will be in a poor political position to initiate peace talks from scratch, given the military's traditional hard line. It might be easier for him, however, to "resume" negotiations that were already started (and sanctioned) by the "dear leader" himself, if the new ruler ever sees fit to pursue a new course for the sake of his nation and his regime. There could be some value, therefore, in setting a precedent for peace talks. North Korea has offered to begin peace talks "in the framework of the Six-Party Talks," so this could possibly be a way to facilitate de-escalation and develop common terms of reference for peace building, if Pyongyang does not attach too many conditions to its offer.

Korean Peace Regime Consensus Building in Support of Denuclearization

There are some points on which South Korea, the United States, and China appear to agree regarding developing a peace regime on the Korean peninsula. First, the core of a KPPR is a North-South peace agreement (be it a treaty, reaffirming the Basic Agreement, or something else). Neither China nor the United States will interfere with a North-South agreement. Second, the United States and China should be involved in KPPR development, and they will likely play a role of endorser and/or guarantor of some kind. The U.S.-DPRK dialogue is another important component, so this would be essentially a four-party discussion with North-South and U.S.-DPRK components. Third, verifiable North Korean denuclearization is another core component of a KPPR, and it is appropriate to link peace talks to denuclearization *at some level*. We might disagree regarding how early or how much to link a KPPR to the Six-Party Talks, but we recognize that an effort will be required to try to address North Korean concerns on this front. Finally, we all seem to agree that, at the moment, North Korea is not sincere when it says that it wants to negotiate a peace treaty or peace regime to end the war, at least not in the sense that it would approach such talks with any flexibility or seriously consider what it knows are non-negotiable positions of the United States and South Korea. At this point, the onus is on North Korea to prove us wrong.

There are areas of disagreement amongst the three as well. Notwithstanding the last point mentioned above, for example, many in China (and some in the United States and South Korea) believe that it is worthwhile attempting to start the KPPR talks relatively early in the

Six-Party process (even as a precursor), since it could help to further the goal of denuclearization. Others see no point in starting early and fear that by doing so we could endanger the Six-Party Talks. In addition, although we agree to some extent that North Korea has its own security concerns, we disagree about the true depth of those concerns and their legitimacy. South Korea in particular is worried that we could inadvertently consent to North Korea's longstanding assertion that U.S. "hostile policy" and military postures *caused* the North's nuclear development, and some believe that this could unintentionally accept North Korea's argument that it and the United States were the main parties in the Korean War. In addition, we have already noted China's interest in a downgraded U.S.-ROK alliance as an incentive to change North Korean behavior and support KPPR development, as well as its desire to uproot the UNC and the legacy of UN involvement on the peninsula.

Thus, despite some encouraging signs of agreement (at least among South Korea, the United States, and China), it seems clear that the timing is not right for serious KPPR negotiations. The prospects for progress are too remote and the danger to the Six-Party process and the U.S.-ROK alliance is too great. The best we can do is to initiate KPPR "preliminary discussions" or pre-negotiation consultations of some kind, in parallel to renewed Six-Party Talks (if they restart). These could address overall parameters of future KPPR negotiations, expected outcomes or potential key milestones, options for dispute resolution, or developing agreed upon terms of reference so that we can clarify the precise meaning of terms such as "interested parties," "denuclearization," "hostile policy," and "confidence building." The allies should enter these talks sincerely and with an open mind, but they should also go in with low expectations.

Until North Korea truly accepts the South as its primary partner for peace, there can be little progress except for some forging of a consensus among the other three nations.

Even if we believe that a peace regime is not possible without the collapse of the North Korean political system, this cannot be our only policy approach, that is, to simply wait for North Korea to collapse or for some kind of external change. South Korea and the United States should work proactively with China and regional partners in the region to envision a framework for building a KPPR, which in turn may help improve the conditions for peace regime building and denuclearization. Even negotiating with the North Korean regime in its current form can be beneficial in terms of keeping open lines of communication and sustaining the dialogue, which might yield at least smoother implementation of the armistice arrangements. If North Korea is unresponsive, it will only compound its isolation. For the United States and South Korea, being flexible without abandoning their friends or their principles is the only way forward. If this is not enough for North Korea, then at least we will have both intact (our friends and our principles) as we rise to meet whatever challenges await us.

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Signing a Peace Agreement: Issues for Consideration

Narushige Michishita

Abstract

There are theoretically two different types of peace agreement: a broad and comprehensive peace agreement, and a narrow and limited peace agreement. In the real world, the latter, small-package peace agreement is the only practical option under which an armistice can be replaced by peace and peacetime international law can start to apply, but a substantial level of armed force will remain on both sides. If a peace agreement were to be concluded, the international mechanisms for maintaining the Korean armistice would disappear. The UN resolutions adopted at the time of the Korean War would become void. The United Nations Command would be decommissioned. The Military Armistice Commission and the Neutral Nations Supervisory Commission would cease to exist. At the same time, necessary security mechanisms would stay, however. The US-ROK alliance would remain; US forces would stay; and the United States would continue to provide a nuclear umbrella to South Korea. The most difficult issue in negotiating a peace agreement is the issue of replacing the Northern Limit Line (NLL) with a new maritime borderline. The most likely candidate for the new line is the one based on the 1994 United Nations Convention on the Law of the Sea. However, the new borderline would hamper South Korean fishing activities, and it would be politically difficult for South Korean leaders to give up the NLL.

Key Words: North Korea, peace agreement, peace treaty, peace regime, Northern Limit Line

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On January 11, 2010, the Foreign Ministry of the Democratic People's Republic of Korea (DPRK) proposed talks for replacing the Armistice Agreement with a peace treaty, officially initiating the third round of a sustained campaign to establish a new peace mechanism on the Korean Peninsula. North Korea has long sought to replace the 1953 Armistice Agreement with a peace agreement or treaty[1] in order to legally put an end to the confrontation with the United States and pave the way for normalization of relations with it. North Korea has already been taking necessary steps to prepare for future peace talks with the United States since early 2009.

This article will discuss some of the important historical developments and technical issues that we need to understand in thinking about signing a peace agreement. I will first review Pyongyang's past peace initiatives and military-diplomatic campaigns for establishing a new peace mechanism, and then discuss technical issues related to the signing of a peace agreement in the future.

Peace Initiatives

North Korea has already proposed the signing of a peace agreement or peace treaty a number of times, and conducted sustained campaigns in an attempt to realize its proposals on several separate occasions. In 1962,

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1 - The most important difference between a peace treaty and a peace agreement is that while the former would have to be ratified by the US Senate, the latter would not. For this reason, a peace agreement is easier to attain than a peace treaty. Also, the term "peace treaty" cannot be used between North and South Korea since their relationship is not one between sovereign states but "a special one constituted temporarily in the process of unification" as defined in the 1992 Basic Agreement.

Kim Il Sung proposed a peace agreement between the North and the South. Kim insisted that US forces be withdrawn from South Korea, a peace agreement be concluded between the North and the South, and the armed forces of each side be reduced to 100,000 or less.[2] In 1966, Pyongyang proposed a Geneva-type conference for the "peaceful settlement of the Korean Question."[3] In 1974, it made a new proposal, calling for the conclusion of a bilateral peace agreement with the United States. It was a significant departure from North Korea's previous position that a peace agreement should be concluded between North and South Korea.[4]

In 1984, Pyongyang proposed tripartite talks with the United States and South Korea to sign a peace agreement with the United States and to adopt a declaration of nonaggression with South Korea. This was a partial adjustment to the 1974 proposal in which South Korea was not invited as a party to the peace talks.[5] In 1993, North Korea's Vice Minister of Foreign Affairs contended that the nuclear issue could be resolved, hostile relations between the North and the South could be removed, and peace

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2 – Kim Il Sung, "On the Immediate Tasks of the Government of the Democratic People's Republic of Korea," October 23, 1962, in *Kim Il Sung Works*, Vol. 16 (Pyongyang: Foreign Languages Publishing House, 1984), p. 407.

3 – "North Korean-Bloc Initiatives on the Korean Unification Question," Memorandum From the Deputy Assistant Secretary for Far Eastern Affairs (Berger) to the Ambassador at Large (Harriman), Washington, September 22, 1966, in US Department of State, *Foreign Relations of the United States, 1964-1968*, Vol. 29, part 1, *Korea* (Washington, DC, US Government Printing Office, 2000), pp. 192-196.

4 – *Pyongyang Times*, March 30, 1974, p. 3. Kim Il Sung had already suggested the conclusion of a US-DPRK peace agreement to his colleagues in December 1973. Kim Il Sung, "On the Review of This Year's Work and the Direction of Next Year's Work," Speech at a Meeting of the Political Committee of the Workers' Party of Korea, December 31, 1973, in *Kim Il Sung Works*, Vol. 28 (Pyongyang: Foreign Languages Publishing House, 1986), p. 536.

5 – *Korean Central News Agency, Joseon Jungang Nyeongam 1985* [Korean Central Annual 1985] (Pyongyang: Joseon Jungang Tongsinsa, 1985), p. 255; and Rhee Sang-Woo (ed.), *Korean Unification: Source Materials With an Introduction*, Vol. 3 (Seoul: Research Center for Peace and Unification of Korea, 1986), pp. 322-325.

on the Korean Peninsula could be realized only if the Armistice Agreement was replaced by a peace agreement.[6]

Military-diplomatic Campaigns for Peace

Despite these overtures, only the initiatives of 1974 and 1993 were followed up by sustained military and diplomatic campaigns to achieve Pyongyang's stated goals. In both cases, North Korea contended that military tension was rising and the danger of war was looming large on the Korean Peninsula, and in order to avoid another war, the United States and the DPRK must conclude a peace agreement and establish a new peace mechanism. They then took military actions to create the reality which fit their logic.

The 1974 Initiative

In March 1974, Ho Dam, North Korean Vice-Premier and Minister of Foreign Affairs, proposed signing a peace agreement with the United States.[7] He argued that the DPRK and the United States were "the actual parties" to the Armistice Agreement based on the fact that the Chinese People's Volunteers had withdrawn from Korea and the "United Nations forces" were, in fact, the US Army. Ho Dam insisted that the peace agreement include the following four points:

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[6] - *Pyongyang Times*, October 16, 1993, p. 8.
[7] - *Pyongyang Times*, March 30, 1974, p. 3.

(a) Both sides shall pledge to each other not to invade the other side and shall remove all danger of direct armed conflict. The United States shall be obliged not to "instigate the south Korean authorities to war provocation manoeuvres";
(b) The two sides shall discontinue arms reinforcement and the arms race;
(c) The berets of the "United Nations forces" shall be removed from the foreign troops stationed in South Korea and they will be withdrawn at the earliest possible date along with all their weapons;
(d) Korea shall not be made a military base or operational base of any foreign country after the withdrawal of all foreign troops from South Korea.

The Supreme People's Assembly sent a letter to the US Congress on March 25. The North Koreans attempted to encourage the Americans to talk to them by first creating tension and then arguing that dialogue was needed to reduce the tension. The March 25 letter argued that although tension had been eased temporarily, it was aggravated again and "military confrontation and war danger have daily been increasing. . . ." On this basis, the letter demanded that "proper measures for the solution of the situation be adopted."[8] The military tension in the Yellow Sea which the North Korean navy had created since October 1973 was useful in illustrating this point.[9]

In addition to approaching the US Congress, North Korea secretly conveyed to the US government its intention to negotiate normalization

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[8] - *Pyongyang Times*, March 30, 1974, p. 1.
[9] - For the details of the event, see Narushige Michishita, *North Korea's Military-Diplomatic Campaigns, 1966-2008* (London: Routledge, 2009), chapter 4.

by proposing a meeting to Secretary of State Henry Kissinger in August 1974. Kissinger ruled out the possibility of withdrawing US forces from South Korea in the foreseeable future, but he expressed willingness to have contacts with the North Korean side on the condition that Kim Il Sung gave the United States assurances on positive developments in the situation.[10] The US government had decided in April 1973 that to move on a step-by-step basis toward improvement of bilateral relations with North Korea was one of policy options.[11] In March 1974, it decided to seek United Nations Security Council endorsement of the agreed-upon package of substitute security arrangements on the Korean Peninsula.[12] In October, Kissinger suggested to his Chinese counterpart that he wanted to eliminate the United Nations Command (UNC) without abrogating the Armistice.[13]

Given the withdrawal of the US Seventh Infantry Division from South Korea in 1971 and the withdrawal of the US forces from Vietnam in 1973, the North Koreans now sought to induce the withdrawal of the remaining US forces from South Korea by directly talking to the

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10 - US Department of State, "Secretary's Meeting with Romanian Special Emissary – US-North Korean Contacts," Memorandum of Conversation, August 26, 1974, Digital National Security Archive (DNSA), document no. 01310.

11 - US Department of State, "NSSM 154 - United States Policy Concerning the Korean Peninsula," Memorandum for Mr. Henry A. Kissinger, The White House, April 3, 1973, DNSA, document no. 01071, pp. vii-viii. For Kissinger plans, see Hideya Kurata, "Chousenhantou Heiwataisei Juritsumondai-to Beikoku [The United States and the Issue of Establishing a Peace Regime on the Korean Peninsula]," in Yoshinobu Yamamoto (ed.), *Ajia Taiheiyouno Anzenhoshouto Amerika* (Security in the Asia-Pacific and the United States) (Tokyo: Sairyuusha, 2005).

12 - US National Security Council, "Termination of the U.N. Command in Korea," National Security Decision Memorandum 251, March 29, 1974, DNSA, document no. 00205.

13 - The White House, "Secretary's Dinner for the Vice Foreign Minister of the People's Republic of China," Memorandum of Conversation, Secretary's Suite, Waldorf Towers, New York City, October 2, 1974, DNSA, document no. 00310.

Americans. North Korea also attempted to justify the conclusion of a peace agreement bilaterally with the United States by emphasizing the fact that the UNC commander – an American general officer – had the "prerogative of the supreme command of the army in South Korea."[14] The military tension in the Yellow Sea was useful in illustrating this point. By creating tension there, North Korea could show that even in the areas where South Korean forces played a dominant role, they were strictly controlled by an American general officer.

Pyongyang's effort did not produce concrete results, however. The US Congress did not respond to the North Korean proposal, and no bilateral government-to-government talks were held to discuss the conclusion of a peace agreement. The US position was that the Republic of Korea (ROK) must be included in any peace agreement negotiations.

The 1993 Initiative

In October 1993, North Korea presented a list of its demands entitled, "Solution of the Nuclear Issue: Factors to be Considered," to the US side. One of the demands was for the United States to conclude a "peace agreement (or treaty)" that would include legally binding assurances to the DPRK against the threat or use of nuclear weapons.[15] In the same month, North Korea's Vice Minister of Foreign Affairs stated at the United Nations General Assembly that the Armistice Agreement was out of date and the Armistice mechanism was virtually paralyzed. He then contended that

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[14] – *Pyongyang Times,* March 30, 1974, p. 1.

[15] – C. Kenneth Quinones, *Kitachousen: Bei-Kokumushou Tantoukan-no Koushou Hiroku* [North Korea's Nuclear Threat "Off the Record" Memories] (Tokyo: Chuuoukouronsha, 2000), p. 259.

the nuclear issue could be resolved, hostile relations between the North and the South could be removed, and peace on the Korean Peninsula could be realized only if the Armistice Agreement was replaced by a peace agreement and the UNC was dissolved.[16]

At the height of the nuclear crisis in 1994, North Korea displayed an interesting military-diplomatic performance between April and May. On April 28, North Korea's Ministry of Foreign Affairs proposed the establishment of a new peace mechanism to the United States.[17] On the same day, the North Koreans notified the US-ROK side that they would recall all of their members, cease to participate in activities related to the Military Armistice Commission (MAC) – an organization to supervise the carrying out of the provisions of the Armistice Agreement – and no longer recognize the UNC representatives to the MAC as counterparts.[18] On the next day, the Korean People's Army (KPA) performed a show of force by sending approximately 100 heavily armed soldiers into the Joint Security Area (JSA) in Panmunjom, in overwhelming excess of the 35 guards with small side arms permitted in the JSA by the Subsequent Agreements of the Armistice Agreement.[19] Finally, North Korea announced the establishment of the KPA Panmunjom Mission on May 2 in order to "ease tension and ensure peace on the Korean Peninsula" through

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16 - *Pyongyang Times*, October 16, 1993, p. 8.

17 - *Pyongyang Times*, May 7, 1994, pp. 1 and 3.

18 - United Nations Command (UNC), *Command Historical Summary, 1 January 1995 - 31 December 1995*, compiled by the Command Historical Branch, UNC, Unit #15237, APO AP 96205-0010, p. 27.

19 - UNC, *Command Historical Summary, 1 January 1994 - 31 December 1994*, compiled by the Command Historical Branch, UNC, Unit #15237, APO AP 96205-0010, p. 56; and "Agreement on the Military Armistice Commission Headquarters Area, Its Security and Its Construction," in "Subsequent Agreements," UNC Component, MAC (UNCMAC), revised October 1, 1976, Tab "D" (1)-2.

negotiations with the "US army side."[20] When the UNC called for a MAC Secretary meeting, the North Korean side boycotted it.[21] In August, it was announced that China had decided to withdraw its delegation from the MAC.[22] The Chinese delegation left North Korea in December.[23]

Since then, North Korea has repeated the same kind of military-diplomatic actions. In February, 1995, the KPA temporarily reinforced the JSA with approximately 80 guards armed with load-bearing equipment and helmets, automatic rifles, mortars, and anti-tank weapons rather than the pistols and soft caps that they usually wore and in clear violation of the Armistice Agreement.[24] The US government reiterated that South and North Korea should sign a peace agreement based on the 1991 Basic Agreement.[25] In April, KPA officers and soldiers repeatedly crossed the Military Demarcation Line to the south.[26] The ROK Ministry of National Defense assessed that North Korea was trying to provoke a reaction from the South Korean side and heighten the tension in its effort to discredit the effectiveness of the Armistice.[27] In June, North Korea's Ministry of Foreign Affairs demanded the withdrawal of US forces in Korea and the conclusion

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[20] - "List of the Members to the Korean People's Army Panmunjom Mission Entrusted by the Supreme Command of the Korean People's Army," reprinted in Lee Mun Hang [James M. Lee], *JSA-Panmunjeom, 1953-1994* (Seoul: Sohwa, 2001), pp. 401-402.

[21] - UNC, *Command Historical Summary, 1 January 1994 - 31 December 1994*, compiled by the Command Historical Branch, UNC, Unit #15237, APO AP 96205-0010, Appendix G.

[22] - *Pyongyang Times*, September 10, 1994, p. 8.

[23] - UNC, "Report of the Activities of the United Nations Command for 1999," Annex, obtained from the UNCMAC, 2001, p. 4.

[24] - UNC, "Report of the Activities of the United Nations Command for 1995," Annex, obtained from the UNCMAC, 2001, p. 14.

[25] - US Department of State, "Korea: Neutral Nations Supervisory Commission," Statement, Washington, DC, February 23, 1995.

[26] - UNC, "Report of the Activities of the United Nations Command for 1995," p. 12.

[27] - *Segye Ilbo*, April 28, 1995, p. 2.

of a US-DPRK peace agreement, but it also said that if these were difficult to achieve, then at least the UNC should be dissolved. It suggested that the DPRK was willing to take a step-by-step approach to the eventual establishment of a new peace regime.[28] In July, the KPA Panmunjom Mission warned that unless an institutional mechanism was established, unforeseen incidents could continue to occur.[29] In July and August, the KPA permitted a large demonstration of force in the JSA.[30]

In February 1996, North Korea's Ministry of Foreign Affairs officially made a three-point proposal to the United States, which included: signing a "tentative agreement"; organizing a US-DPRK joint military body; and negotiating to discuss these two measures. The tentative agreement would replace the Armistice Agreement until a peace agreement could be completed. The US-DPRK joint military body would replace the MAC and be responsible for implementing the tentative agreement.[31] In April, the KPA reinforced its guard force in the JSA with more than 200 additional soldiers armed with assault rifles, heavy and medium machine guns, rocket grenade launchers, and recoilless rifles. These soldiers remained in the JSA for several hours each time, constructing defensive positions.[32]

From March through June 1997, KPA personnel repeatedly intruded deep into the south across the Military Demarcation Line. On April 10, South Korean troops exchanged warning shots with North Korean counterparts across the Military Demarcation Line. The incident occurred

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28 - *Rodong Sinmun*, June 30, 1995, p. 5.
29 - *Rodong Sinmun*, July 6, 1995, p. 6; and UNC, *Command Historical Summary 1995*, p. 36.
30 - UNC, "Report of the Activities of the United Nations Command for 1995," p. 15.
31 - *Pyongyang Times*, March 2, 1996, p. 1.
32 - UNC, "Report of the Activities of the United Nations Command for 1996," Annex, obtained from the UNCMAC in April 2001, pp. 14-15.

approximately 90 minutes before US Defense Secretary William Cohen arrived at Panmunjom.[33] After a number of near clashes, a serious firefight finally broke out just one month later. On July 16, a 14-man KPA patrol team crossed the Military Demarcation Line in mountainous Cheorwon, Gangwon-do, about 100 meters into the southern DMZ. Ignoring repeated verbal warnings and warning shots from the UNC guard post, the KPA patrol continued its activity. Then, almost immediately after a UNC guard post fired directly at the vicinity of the KPA patrol, the KPA patrol returned fire. Two KPA guard posts in the area fired about 80 aimed rifle and machinegun shots at two UNC guard posts. South Korean guards opened machinegun fire, and the North Koreans responded by firing one 107-millimeter recoilless shell and a score of mortar shells at the southern side. In response, South Korean soldiers fired scores of rifle shots and one 57-millimeter round from a recoilless gun. The firefight lasted approximately one hour. While there were no casualties on the UNC side, some KPA soldiers appeared to have been injured or killed.[34]

In mid 1998, the KPA proposed, in a general-officer informal meeting, a tripartite agreement between the DPRK, the United States, and the ROK to establish a Joint Military Mechanism. The KPA claimed that the ROK Army would be included in the new scheme only because they had a large army. The UNC regarded this proposal as an attempt by the KPA to undermine the UNC and the Armistice Agreement, and therefore rejected it.[35]

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[33] - *Korea Times*, April 11, 1997.

[34] - UNC, "Report of the Activities of the United Nations Command for 1997," Annex, obtained from the UNCMAC, 2001, p. 15; Bruce Bechtol, Jr., interview by author, Seongnam-si, ROK, February 24, 2008; and *Korea Herald*, July 17, 1997.

[35] - UNC, "Report of the Activities of the United Nations Command for 1998," Annex,

In June 1999, North Korea embarked on yet another military-diplomatic offensive to nullify the Armistice Agreement by rekindling the dispute surrounding the status of the waters around the Northwest Islands – Baengnyeongdo, Daecheongdo, Socheongdo, Yeonpyeongdo, and Udo – and the NLL. As a result, the "Battle of Yeonpyeong" broke out on June 15. The battle lasted for 14 minutes with the South Korean side firing a total of 4,584 rounds of ammunition. The South Korean side then exercised restraint, stopping short of imposing further damage on the North Korean vessels.[36] Just after the naval clash, in July the United States secretly suggested three separate peace agreements to South Korea: one between the United States and North Korea, one between the two Koreas, and one among these three countries plus China. Although South Korea rejected this proposal, North Korea's military-diplomatic campaigns were bearing fruit.[37]

In the UNC-KPA General Officer Talks in July, the KPA presented a long and elaborate explanation and justification of its position on the NLL, touching on international law, debate within South Korea, statements made by the US government, and remarks by a South Korean minister.[38] (By then, the General Officer Talks had practically replaced the MAC as the most important administrative body to deal with Armistice-related

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obtained from the UNCMAC, 2001, p. 18; and UNCMAC, "We own the Zone," briefing material, obtained from UNCMAC on March 14, 2001, p. 72.

[36] A retired South Korean defense official, interview by author, Seoul, ROK, May 5, 2006.

[37] Lee Jong-Seok, "Hanbando Pyeonghwacheje Guchug Nonui, Jaengjeom-gwa Daean Mosaeg [Debate on Establishing the Peace Regime on the Korean Peninsula: Issues and the Search for Alternatives]," *Sejong Jeongchaeg Yeongu* [Sejong Policy Research], vol. 4, no. 1 (2008), p. 20.

[38] Proceedings of the Eighth General Officers Talks, July 2, 1999, provided by the UNCMAC; and UNC, "Report of the Activities of the United Nations Command for 1999."

issues due to the North Korean effort to invalidate the existing Armistice mechanism.) In the ninth General Officer Talks, the KPA proposed a "maritime demarcation line at the West Sea" and insisted that this issue be settled on the basis of the Armistice Agreement and international law.[39] In response, the UNC proposed implementing confidence building measures, and stated that the North-South Joint Military Commission was the correct forum for negotiating maritime boundaries. In September, the KPA General Staff unilaterally declared the establishment of the "Military Demarcation Line at the West Sea of Korea." It announced that the waters north of the line already proposed by the KPA would be waters under its military control, and that its "self-defensive right" to the line would be exercised by "various means and methods." It also claimed that by avoiding discussion of the NLL, the United States had abandoned its "duty under the Korean Armistice Agreement."[40]

In late 2000, the United States and North Korea moved toward reducing tension and talked about establishing peace on the Korean Peninsula. The US-DPRK joint communiqué in October declared:

> ". . . the two sides agreed there are a variety of available means, including Four-Party talks, to reduce tension on the Korean Peninsula and formally end the Korean War by replacing the 1953 Armistice Agreement with permanent peace arrangements."[41]

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39 - Proceedings of the Ninth General Officers Talks, July 21, 1999, provided by the UNCMAC; United Nations Command/United States Forces Korea/Combined Forces Command/Eighth United States Army, "Ninth General Officer Talks Held," News Release, no. 990708, Seoul (UNC), July 21, 1999; UNC, "Report of the Activities of the United Nations Command for 1999," p. 9; "KPA urges U.S. and South Korea to accept maritime demarcation line at West Sea," *KCNA*, July 21, 1999; and *Rodong Sinmun*, July 22, 1999, p. 5.

40 - "Special communiqué of KPA general staff," *KCNA*, September 2, 1999.

41 - "US-DPRK Joint Communiqué," Washington, DC, October 12, 2000.

Nevertheless, US President William Clinton announced his decision not to visit Pyongyang in December 2000.

Despite sustained efforts since 1993, North Korean efforts did not produce significant results. North Korea failed to compromise the Armistice mechanism in any significant way. It also failed to conclude a tentative agreement with the United States, let alone a peace agreement.

Consequences of a Peace Agreement

When we discuss the technicalities of a peace agreement, we have to recognize that there are two different types of peace agreement. The first one is a broad and comprehensive peace agreement under which peace breaks out between the two Koreas and the force levels of both sides are substantially reduced. This is a big-package peace agreement and, therefore, hard to attain in the real world. The second type is a narrow and limited peace agreement under which the armistice is replaced by peace and peacetime international law begins to apply, but military confrontation and a substantial level of armed forces remain on both sides. It is much easier to sign the second type of peace agreement. In fact, the George W. Bush administration seriously considered signing a peace agreement with North Korea. In 2006, Condoleezza Rice and Philip Zelikow suggested the establishment of a peace regime with the conclusion of a peace treaty to Bush and won his approval.[42] When those key US policymakers sought a peace agreement with North Korea, it was the second, small-package

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[42] Cheon Seong-whun, "Building a peace regime and adjusting the UNC: Political manipulation of peace-building could unravel security framework," *Korea Herald*, April 9, 2008, p. 4.

peace agreement that they had in mind. The following discussion, therefore, will be based on the assumption that the concerned parties are aiming at a small-package peace agreement.

The single most important general consequence of the conclusion of a peace agreement would be the Koreanization of security on the peninsula. If a peace agreement is concluded, international mechanisms for maintaining the Korean Armistice would disappear. The UN resolutions adopted at the time of the Korean War would become void. The Armistice Agreement would have fulfilled its duty. The UNC would be decommissioned. The MAC and the Neutral Nations Supervisory Commission would cease to exist. Although some of the successor agreements and institutions would maintain international elements, most of the new mechanisms would become predominantly Korean.

The only meaningful countercurrent to this trend would be the continued involvement of the United States in the security of Korea. Even after the establishment of peace in Korea, the US-ROK alliance would remain; US forces would stay; and the United States would continue to provide a nuclear umbrella to South Korea as long as North Korea keeps its nuclear weapons. Some observers argue that if a peace agreement is signed, US forces should withdraw from Korea. This is not true, however. Since the US force presence in Korea is justified not by the Armistice Agreement but by the US-ROK Mutual Defense Treaty, the United States and South Korea have sovereign rights to maintain the force presence and the defense treaty even after a peace agreement is signed. If the United States decides to withdraw its forces from South Korea after peace, it would be based on a political decision made by the United States and South Korea instead of a legal obligation resulting from a peace agreement.

In the same vein, the US-Japan alliance will remain even after a new peace regime is established on the Korean Peninsula.

The importance of the US factor is further reinforced by the fact that both North and South Korea are eager to keep the United States engaged in Korea. For the South Koreans, the United States is an ultimate guarantor of its security, and continued US presence is the most important means of preventing North Korea from taking military actions against South Korea. For the North Koreans, talking directly to Washington past Seoul is the only effective means of maintaining, though limited, an upper hand vis-à-vis its much wealthier brethren in the South.

In the early 1990s, the United States and South Korea started Koreanizing the defense of South Korea. In September 1990, the United States issued a report entitled, "Strategic Framework for Asia-Pacific Rim: Looking toward the 21st Century," alternatively known as the East Asia Strategic Initiative I (EASI I). It spelled out a three-stage plan to reduce US forces in East Asia, including in South Korea. In December 1991, it was announced that there were no US nuclear weapons deployed in South Korea. In June 1992, the United States and the ROK dissolved the US-ROK Combined Field Army. In December 1994, the armistice operational control (OPCON) over designated South Korean units, which until then had belonged to the Commander in Chief of the Combined Forces Command (CFC), was transferred to the Chairman of the ROK Joint Chiefs of Staff.[43] Finally, in 2007, the United States and South Korea

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[43] - Before and even after the transfer of the armistice operational control, the North Koreans continued to use this issue to humiliate South Korea. For instance, the MFA statement on September 9, 1994 said: "An agreement on non-aggression was adopted between the North and the South a long time ago, so if a peace arrangement is established between the DPRK and the United States, which has troops in South Korea and has operational control

agreed to dissolve the US-ROK CFC and transfer wartime OPCON to South Korea in April 2012. If this agreement is implemented, the entirety of South Korean forces would be at the disposal of the South Korean president both in peace and war.

The transfer of OPCON might create a situation in which the United States and South Korea could seriously disagree over how and what kind of military actions should be taken, particularly in response to North Korean provocations or its collapse. While the commander of the CFC, an American general, has OPCON over both US and ROK forces, disagreements between the United States and South Korea cannot become too serious because regardless of what the South Koreans want, the CFC commander has ultimate say over what to do. However, after the transfer, disagreements between the United States and South Korea could actually create serious tensions between the two over military operations. For instance, at the time of the September 1996 submarine incident, President Kim Young Sam wanted to take strong measures against North Korea. The United States preferred to settle the situation quietly, however. As a result, the United States came to have serious concerns about what the South Koreans might do militarily in crisis situations.

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of the South Korean armed forces, this would mean the creation of a longlasting, rigid [*sic*, probably meaning "solid"] peace mechanism on the Korean Peninsula"; and, "However, only the South Korean authorities, who are not a signatory to the armistice agreement and do not have operational control of their army, are dead set against the establishment of a new peace arrangement." *Pyongyang Times*, September 17, 1994, p. 8. The MFA statement of February 24, 1995 also said: "The United States has held and exercised complete operational control on the armed forces in South Korea as a whole and continues to do so"; and "The South Korean authorities do not have complete operational control over their armed forces and do not exercise any control on the US forces occupying South Korea." *Pyongyang Times*, March 4, 1995, p. 8.

The United States and South Korea have already initiated the Koreanization of the Armistice mechanism. On March 25, 1991, the UNC commander appointed ROK Army Maj. Gen. Hwang Won Tak as a senior member of UNC MAC, a position that had historically been occupied by an American general officer.[44] Furthermore, the ROK Army took full responsibility for guarding the entire 155-mile UNC (southern) portion of the DMZ except for the JSA. In October 1991, the DMZ protection mission executed by the infantry battalion of the US Second Infantry Division was transferred to the ROK Army. The US Second Infantry Division turned over protection of MAC Headquarters Area (MACHA) A to the UNC Security Force-Joint Security Area (UNCSF-JSA) and MACHA B to the First ROK Army Division.[45] In April 1992, the Joint Security Force Company, one of the major components of the UNCSF-JSA, changed command from a US Army Captain to a ROK Army Captain for the first time in history.[46]

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44 - "Chronology of North Korea's Attempts to Neutralize the Armistice Agreement," in Ministry of National Defense, Republic of Korea, *Defense White Paper 1996-1997* (Seoul: Korea Institute for Defense Analyses, 1997), p. 261. Before this appointment, UNCMAC was composed of one American major general (senior officer), one Korean major general, one Korean brigadier general, one British brigadier general, one UNC colonel (MAC members), and one American colonel (secretary).

45 - The UNCSF-JSA was established in May 1952 during the Korean War to provide security and logistical support to the UNC elements conducting the Armistice negotiations. In late 1952, its mission was modified to include securing the UNC sector of the JSA at Panmunjom; coordinating counter-infiltration patrols; providing civil affairs administration; securing the village of Dae Seong Dong (freedom village); controlling access into the MACHA; and supporting the Swiss and Swedish delegations to the NNSC. UNC, *Annual Historical Summary, 1 January 1991 - 31 December 1991*, pp. 51 and 54.

46 - UNC, *Command Historical Summary, 1 January 1992 - 31 December 1992*, p. 56.

Peace Mechanism

If a peace agreement is signed and a new peace mechanism is created, several important changes will be made to the current Armistice regime. In terms of a peace mechanism, a new institution will be created to undertake oversight, confidence-building and tension reduction. Most notably, the MAC will need to be replaced by a new institution. Likely candidates include the North-South Joint Military Commission and a hypothetical tripartite body made up of representatives from the two Koreas and the United States. The inter-Korean Joint Military Commission is defined in Article 12 of the 1992 Basic Agreement and is designed to:

> discuss problems and carry out steps to build up military confidence and realize arms reduction, in particular, the mutual notification and control of large-scale movements of military units and major military exercises, the peaceful utilization of the Demilitarized Zone, exchanges of military personnel and information, phased reductions in armaments including the elimination of weapons of mass destruction and attack capabilities, and verifications thereof.

The Joint Military Commission is expected to discuss and take measures necessary for the implementation and observance of non-aggression and the removal of the state of military confrontation.[47] From the US and South Korean perspectives, the Joint Military Commission is the logical successor to the MAC.

The problem is, however, that North Korea would not accept the Joint Military Commission as a replacement for the MAC. North Korea has

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[47] - "Protocol on the Implementation and Observance of Chapter II, Nonaggression, of the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between South and North Korea," Entry into force on September 17, 1992.

always demanded that a US-DPRK bilateral body replace the MAC. In December 1994, North Korea proposed major-general-level US-DPRK military contacts to replace the MAC meeting, and characterized the meeting held at Panmunjom between US Marine Corps Maj. Gen. Ray Smith and KPA Maj. Gen. Ri Chan Bok as a "US-DPRK general-officer meeting."[48] In September 1995, North Korean leaders told Selig Harrison, a visiting American scholar, that they envisioned a new peace mechanism equipped with the US-DPRK Mutual Security Consultative Committee and the North-South Joint Military Commission.[49] In February 1996, North Korea's Ministry of Foreign Affairs proposed the organization of a "DPRK-US joint military body" to operate in Panmunjom, replacing the MAC.[50] In October 1998, the KPA informally proposed a tripartite agreement among the DPRK, the United States, and the ROK to establish a Joint Military Mechanism in place of the MAC, although North Koreans continued to claim that its primary parties were the United States and North Korea.[51]

At a glance, the tripartite mechanism favors the US-ROK side in the sense that they have two votes, or at least two voices, to North Korea's one. This is misleading, however. As the North Koreans claimed in October 1998, they regard the Americans and themselves as the only primary parties in such a body, and would make every effort to isolate and humiliate the South Korean representatives. In fact, it would be easier for the North Koreans to drive a wedge between the US and South Korean

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48 - *JoongAng Daily*, December 22, 1994, p. 5.
49 - *JoongAng Daily*, September 28, 1995, p. 3.
50 - *Pyongyang Times*, March 2, 1996, p. 1.
51 - UNC, "Report of the Activities of the United Nations Command for 1998," p. 18; and UNCMAC, "We own the Zone," p. 72.

representatives in the tripartite body since they are technically separate and independent from each other. In the current Armistice mechanism, the UNC, which represents both US and South Korean interests, plays an important role in bonding the two allies together, making it difficult for the North Koreans to separate the two.

United Nations Command

If a peace agreement were signed, the UNC would be dismantled and an alternative organization would start fulfilling more or less the same duty. If we are to Koreanize the defense of South Korea, a South Korean military organization should have this duty.

Regarding this issue, North Korea would attempt to keep the United States as its primary interlocutor in the new mechanism and claim that only the US military is entitled to play such a role. In other words, North Korea would demand a US organization to replace the UNC instead of a South Korean one. This would present a contradiction to the North Korean argument that US forces should withdraw from South Korea. North Korea would probably argue that although US warfighting forces should withdraw, US peacekeeping forces could stay.

Several consequences would result if the UNC were replaced by a purely South Korean organization. First, Koreanization of the defense of South Korea would make further progress. Freedom of action on the South Korean part would increase in case of a crisis or other contingencies. Generally speaking, this is in the interest of South Korea, and is consistent with the US policy since the early 1990s. Second, it would make it easier for North Korea to take provocative military actions against South Korea.

Having an American general officer at the top of the chain of command has served as a deterrent against North Korea. Since North Korea has long sought to enhance its relations with the United States, it has typically avoided offending Americans too much. North Koreans are much more willing to physically attack South Koreans, however, as exemplified by the Cheonan incident. This arrangement might therefore be detrimental to the stability of the Korean Peninsula. Third, it would create a situation of entrapment for the United States. In the new arrangement, the United States would lose control of the situation on the Korean Peninsula but still remain physically engaged in Korean affairs by maintaining its troops there. If confrontation between the two Koreas heightens without direct US involvement in the decision-making process, US forces would still be drawn into the situation.

It might therefore be useful for the United States and South Korea to establish a bilateral joint peacekeeping mechanism, most likely with a South Korean general officer at the top, to fulfill the duty of maintaining the new peace mechanism. This would be a good compromise between Koreanization and maintenance of US engagement.

If the UNC is dismantled, the UNC (Rear) deployed at Camp Zama in Japan would also have to go. UNC (Rear)'s mission is, in peacetime, to maintain the agreement regarding the status of UN forces in Japan, and in wartime to support UNC operations within Japan and facilitate the movement of UNC member nation forces through Japan. Under the UN-Japan Status of Forces Agreement (SOFA) signed in 1954, the UNC member countries can use eight designated bases in Japan, namely Yokota Air Base, Yokosuka Naval Base, Camp Zama, Atsugi Naval Air Station, Sasebo Naval Base, Kadena Air Base, Futenma Marine Corps Air Station,

and White Beach Naval Base. If the UNC is gone, non-US UNC members would no longer be allowed to use bases in Japan without making separate agreements. This would not cause a major problem since the US forces, which are expected to play the central role in major contingencies in Korea, would still be able to use bases in Japan under the US-Japan SOFA. However, it would make it difficult for the non-US UNC members to make contributions to the defense of South Korea.

Military Posture

Since the mid 1970s, the US-ROK forces have consistently improved their overall military capability by making use of their economic and technological superiority over the North. If North Korea attacked South Korea now, the US-ROK forces would be able not only to stop North Korean forces to the north of Seoul but also to conduct counter-offensive operations into North Korea. OPLAN 5027 supposedly involved plans to overthrow the North Korean regime and reunify the Peninsula in case of war.[52] This offensive US-ROK strategy might have partially contributed to North Korea's decision to seek normalization of relations with the United States and replacement of the Armistice Agreement with a peace agreement. In other words, the incorporation of a "northern march" into the war plan has undermined the Armistice's ability to maintain the status quo, namely survival of the North Korean regime.[53]

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[52] - For OPLAN 5027, see Richard Halloran, "... But Carry a Big Stick," *Far Eastern Economic Review*, December 3, 1998, p. 27; Don Oberdorfer, *The Two Koreas: A Contemporary History* (Reading, MA: Addison-Wesley, 1997), p. 312; *Gyeonghyang Sinmun*, March 25, 1994, p. 4; and *Dong-A Ilbo,* March 25, 1994, p. 4.

[53] - Ki-Tak Lee, interview by author, Seoul, ROK, July 2, 2002.

Even if a peace agreement is signed, the military posture on both sides would not change significantly. North Korea would maintain the nation in arms. South Korea might gradually reduce its force level based on its long-term defense plan, but that would not result in a dramatic restructuring of its defense force.

No substantial change would result for the US-ROK alliance or US forces in Korea, either. In fact, de-linking of the US force presence from the peace issue has been Pyongyang's policy since 1974. When Ho Dam proposed a peace agreement, he suggested an end to "foreign interference" "in the long run" and demanded that US forces be withdrawn "at the earliest possible date," suggesting that withdrawal of US forces was not a prerequisite to the conclusion of a peace agreement. In 1995, North Koreans suggested that US forces could stay even after the conclusion of a peace agreement, and demanded that the UNC be dissolved instead. While it is likely that Pyongyang thinks that the conclusion of a peace agreement would induce the withdrawal of US forces from South Korea over time, it has not directly linked the two.

In fact, withdrawal of US forces from South Korea is a double-edged sword to the North Korean leaders. On the one hand, it would undermine defense of South Korea and enhance Pyongyang's ability to militarily harass South Korea. On the other hand, however, South Korea would have a much freer hand in dealing with North Korea, particularly in times of crisis or contingency situations. In an extreme case, South Korea could take independent military action to intervene in the northern half of the peninsula.

Even after a peace agreement is signed, the Demilitarized Zone (DMZ) would remain and the Military Demarcation Line would stay.

However, there would have to be an arrangement in which the Military Demarcation Line would become more formalized, becoming a quasi national border. Neither the North nor the South would accept the new borderline as a formal national boundary. However, North Koreans might seek to push the issue to the extent that the new borderline would be regarded as an internationally recognized border in order to ensure its sovereignty and prevent interference in its internal affairs, particularly by South Korea. If that happens, it would be conducive to the peaceful coexistence of the two Koreas but detrimental to their unification.

Maritime Borderlines

The most difficult issue that South Korea could face in negotiating a peace agreement is the maritime border issue, namely the issue of replacing the NLL with a new maritime borderline. Article 10 of the Protocol on the Implementation and Observance of Chapter II, Nonaggression, of the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between South and North Korea provides:

> Discussions regarding the South-North sea demarcation line of nonaggression shall continue. Until the sea demarcation line has been finalized, the nonaggression areas of the sea shall be those that have been under the jurisdiction of each side until the present time.

It is theoretically possible that the North and the South may agree to maintain the NLL and make a special arrangement in the area. In fact, at the inter-Korean summit meeting in 2007, the two Koreas agreed on the creation of a joint fishing zone and maritime peace zone, establishment of a special economic zone, utilization of Haeju harbor, passage of civilian

vessels via direct routes in Haeju and the joint use of the Han River estuary.[54] Given the inter-Korean debate over the issue in the past, however, it is likely that a new sea demarcation line must be defined before any peace agreement is signed.

In this context, the most likely candidate for the new line is the one based on the 1994 United Nations Convention on the Law of the Sea (UNCLOS). According to the UNCLOS, the new line would be constituted by the median line in the areas where the distance between the Northwest Islands and the North Korean baseline is less than 24 nautical miles and a 12-nautical-mile line from the North Korean baseline where there is no South Korean offshore island. This line would look more or less like the NLL in the eastern and western ends, but expand deeper into the south in the area between Socheongdo and Yeonpyeongdo.

In fact, North Koreans have already proposed such a line. In the Fourth Inter-Korean General-level Military Talks in May 2006, the North Korean delegation proposed a new military demarcation line in the Yellow Sea. The line mostly overlapped the NLL in the eastern and western ends, but expanded as deep as 10 kilometers into the south in the area between Socheongdo and Yeonpyeongdo. This line more or less represented what the UNCLOS, under a peacetime situation, would require North and South Korea to draw.[55] The South Korean side rejected

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54 - "Declaration on the Advancement of South-North Korean Relations, Peace and Prosperity," Pyongyang, October 4, 2007.

55 - Je4-cha Nambug Jangseonggeub Gunsahoedam [Fourth Inter-Korean General-level Military Talks]," Panmunjom, May 16-18, 2006, http://dialogue.unikorea.go.kr/sub2/sub2_2.asp?CL=111&SN=4&MSN=1; *JoongAng Daily*, May 18, 2006; and Korea Maritime Institute, *Seohaeyeonan Haeyangpyeonghwagongwon Jijeong mich Gwanri Bangan Yeongu (II)* [A Study on Designation and Management of a Marine Peace Park in the Coastal Area in the West Sea] (Seoul: Korea Maritime Institute, 2006), pp. 76-77.

the proposal, however.

A major difference between the NLL and the new borderline is that while North Korean vessels are not allowed to cross the NLL, they could cross the latter to the south. This is particularly true in the area between Socheongdo and Yeonpyeongdo where the distance between these two islands is much wider than 24 nautical miles. The areas to the south of the new borderline would no longer be South Korea's "maritime operating area (*jagjeon haeyeog*)," but the high seas.[56]

The two Koreas would also have to agree on their exclusive economic zones based on the UNCLOS. The demarcation line for the two exclusive economic zones would be constituted by the median line between the Northwest Islands and the North Korean baseline in some parts, and by the median line between the North Korean baseline and the South Korean baseline in the west coast.[57] As a result, the North Korean exclusive economic zone would expand far deeper into the south than the NLL.

This kind of new arrangement would pose two problems for South Korea. First, the new borderline would hamper South Korean fishing activities. The shallow waters around Yeonpyeongdo and Udo are the most lucrative fishing grounds, termed the "Golden Fishing Site." With the new borderline, South Koreans might not be able to fish in the most productive area. Second, it would be politically difficult for South Korean leaders to give up the NLL. By now, the NLL has become widely regarded as a quasi national border by South Korean citizens. In addition, South

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[56] - Legally speaking, most of the area to the south of the NLL between Socheongdo and Yeonpyeongdo constitutes the high seas even at the present time.

[57] - For hypothetical exclusive economic zones, see Map 7-12 in Kim Yeong Gu, *Hangug-gwa Bada-ui Gugjebeob* [The Republic of Korea and the International Law of the Sea] (Seoul: Hangug Haeyang Jeonryag Yeonguso, 1999), p. 461.

Korea sacrificed one patrol boat and six sailors' lives defending the NLL in the 2002 battle in the Yellow Sea.

Furthermore, the US and ROK allies could become divided over this issue. The North Koreans could highlight the disagreements between the United States and South Korea over the validity of the NLL in the period leading up to the actual signing of a peace agreement. If North Korea were to propose the maritime demarcation line it had proposed in 2006 to the United States, the US negotiators might not be able to reject it since it is actually consistent with international law. This might create frictions between the two allies.

The North Koreans would have to pay the price of adopting international legal norms, too. In 1977, North Korea established a 200-nautical-mile-wide "economic zone" and a 50-nautical-mile-wide "military boundary zone," both based on an internationally unrecognized baseline connecting the eastern ends of the Military Demarcation Line and the Soviet-DPRK border.[58] In fact, North Koreans have long regarded the whole East Korean Bay as its internal water, claiming that the territorial sea should be measured from the boundary of this internal water rather than from the shore.[59] If North Korea is to use international law in creating a maritime order in the Yellow Sea, it will have to do the same in the Sea of Japan. As a result, North Korea would be obliged to abandon its "economic zone" and "military boundary zone," and draw a new and internationally acceptable baseline in the Sea of Japan. And, in order to

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58 - Ibid., pp. 458-460.

59 - "Report, Embassy of Hungary in the Soviet Union to the Hungarian Foreign Ministry," January 30, 1968, obtained from James Person, Program Associate, North Korea International Documentation Project (NKIDP), Woodrow Wilson International Center for Scholars [unpublished].

make its international legal claims credible, North Korea must sign and ratify the UNCLOS first.[60]

Conclusion

In early 2009, North Korea initiated a third round of its military-diplomatic campaign for the establishment of a "new peace mechanism."[61] In January, the KPA general staff warned that it would take measures to defend the "military demarcation line" in the Yellow Sea, which it had unilaterally established in 1999, if South Korean vessels continued to violate North Korea's "territorial waters" in the Yellow Sea.[62] In February, North Korea demanded that the UNC be dissolved.[63] In parallel with these pronouncements, the KPA increased its military activities in the Yellow Sea near South Korean offshore islands in the Yellow Sea.[64] At the same time, at the request of the KPA, the General Officer Talks between the UNC and the KPA reconvened in March for the first time since 2002.[65] Then in November, there was a naval clash in the Yellow Sea. On this day, one North Korean patrol boat crossed the NLL to the south near Daecheongdo, and opened fire against some South Korean patrol boats. The North Korean patrol boat returned north after a two-minute battle. It

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60 - South Korea ratified the UNCLOS in 1995.

61 - For a more comprehensive analysis of North Korea's military-diplomatic campaign since 2009, see Narushige Michishita, "Playing the Same Game: North Korea's Coercive Attempt at U.S. Reconciliation," *The Washington Quarterly*, vol. 32, no. 3 (October 2009), pp. 139-152, http://www.twq.com/09october/docs/09oct_Michishita.pdf.

62 - "Principled Stand of KPA to Defend Socialist Country as Firm as Iron Wall Clarified," *KCNA*, January 17, 2009.

63 - "DPRK Delegate on UN Peace-keeping Operations," *KCNA*, March 3, 2009.

64 - *Chosun Ilbo*, May 9, 2009.

65 - UNC, "UN Command and North Koreans hold talks," Press Releases, March 2, 2009.

was in this context that North Korea officially proposed talks for replacing the Armistice Agreement with a peace treaty to the United States.

The sinking of the South Korean frigate Cheonan in March 2010 is consistent with North Korea's overtures for a peace treaty. By provoking serious tension, Pyongyang wanted to create a situation where the signing of a peace agreement appears to be a strategically good option for the United States. In order to back up their case that conflict will be inevitable unless peace is established, North Koreans will continue to raise tensions in the Yellow Sea, the DMZ, and/or the JSA in Panmunjom in the future. North Korean actions could include:

- Crossing of the NLL by naval vessels, fishing boats, commercial ships, and/or fighter aircraft;
- Limited attacks on South Korean vessels in the area, particularly inside the 12-nautical-mile line from the North Korean west coast;
- Infiltration into the southern part of the DMZ and limited armed attacks;
- Armed demonstrations inside the JSA;
- Tampering with the Military Demarcation Line markers

Now that President Lee Myung-bak has declared that South Korea will "immediately exercise our right of self-defense" if its territorial waters, airspace or territory are violated, North Korea may be tempted to fly fighter aircraft across the NLL to highlight the fact that the area to the south of the line does not constitute South Korea's territorial airspace.[66]

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[66] President Lee Myung-bak, Special Address to the Nation, May 24, 2010.

For South Korean leaders, deciding whether to shoot at the aircraft would be a tough decision, since they know that such an action would not constitute a violation of their territorial airspace, but not defending the NLL might lead to a loss of face. In the months to come, North Korea might fly its fighters across the NLL, heighten the tension, or worse, cause a clash in the air, and then propose resumption of UNC-KPA General Officer Talks to discuss peace.

The signing of a peace agreement will be a painstaking and difficult business in both technical and political terms. However, if US-DPRK relations are improved and the denuclearization process makes progress, the United States might become more willing to sign a peace agreement with North Korea. Moreover, the situation in North Korea might change abruptly given the ongoing power transition process. It is therefore imperative for us to carefully study North Korea's past actions regarding the peace issue and technical and political issues pertaining to the signing of a peace agreement in the future.

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Neither Peace, Nor War in Korea: A Russian Assessment of Past, Present and Future

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Abstract

The lessons of history show that the situation in Korea remains a security threat for Russia. Although the nuclear/missile programs of North Korea (seen in Russia as a response by Pyongyang to the threats its the very regime's existence) are causing concern in Russia, they cannot be solved separately without addressing the broader security regime issues in Korea. The multilateral diplomatic process, when and if it is resumed in the aftermath of the tragic "Cheonan" incident, should have on its agenda not only denuclearization, but also security guarantees for the DPRK, as well as a regional security regime as a mechanism to manage these guarantees. The US is to play a pivotal role in such a change of approaches as well as in engaging Pyongyang. The North Korean regime shows no signs of imminent collapse and should be dealt with as a long-term actor in Korea. As pressure and sanctions do not help obtain the goals of denuclearization, peace, stability and development, an engagement policy with the North to bring about transformation and modernization of the regime is the only answer. Much will depend on South Korea's ability to recognize this reality and act accordingly, which could bring its partnership with Russia to a truly strategic level.

Key Words: Russia policy in Korea, six-party talks, nuclear problem, North Korea, Russia-ROK strategic partnership

* The views expressed in this paper are those of the author and do not reflect the official policy or position of the Russian Government.

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The Lessons of History

2010 is a year of anniversaries. A full century has passed since Korea lost its independence, 65 years since it was liberated, and 50 years since the Korean War started. The unfortunate legacy of these events still remains. The last century was not a Golden Age for Korea, and no stable peace has been achieved to this day.

Russia was involved in many of these historic events. For Russia, over most of the last 130 years (since start of official relations in 1884) Korea has been a "trouble spot." In the early years, the Russia Empire entered into a competition with other colonial powers for domination over Korea, and lost. The Russo-Japanese war of 1904-1905, one of the reasons for which was the struggle over control of Korea, was disastrous not only for external security, but for the very fate of Imperial Russia: the inability of the Tsarist state to properly manage the war effort and the subsequent defeat of Russian troops led to widespread popular dissent, which resulted in the first Russian Revolution of 1905, and it in turn paved the way for the Bolshevik takeover in 1917. Korea, in the meantime, was lost to Russia for the first half of the 20th century, becoming a Japanese colony.

65 years ago, during the last month of the Second World War, Soviet troops played a decisive role in liberating Korea; the Soviet 25th Army on the 8th of August 1945 attacked the Japanese forces in Korea. Russian casualties during this operation exceeded 5,000. The 15th of August became liberation day for Korea (US troops landed in Korea on September 8, 1945, and took no part in combat in Korea).[1]

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[1] - A. Torkunov, V. Denisiov, Vl. Lee, *The Korean Peninsula: Essays of the Post Second World*

However, no peace came to Korea then, as the country was partitioned in accordance with the Yalta agreements between the USSR, the US and Great Britain. North and South Korean rulers started preparations for unification of the country - both on their own terms. The superpowers, in the spirit of the unfolding Cold War, supported their clients.

60 years ago the bloody war started in Korea—in essence, a civil war, but one which quickly internationalized and involved not only superpowers, but many indirect and informal international actors. The popular opinion in South Korea is that it was the USSR and Stalin who initiated the bloodshed. In fact, however, as many historic documents made available after the collapse of the USSR show, Stalin was very much reluctant to agree to North Korean requests to initiate the fight for unification - for example, on September 24, 1949, the Soviet Communist Party Politburo adopted a special resolution rejecting the appeal by Pyongyang to initiate combat operations against the South.[2] However Kim Il Sung was difficult to dissuade. As one Soviet expert bluntly stated, "You'd make a mistake to think that [DPRK founder] Kim Il Sung was a Moscow man."[3] In early 1950, after the Communist victory in China, and when Soviet security increased in the wake of the first A-bomb test, Stalin, pressured by Kim Il Sung, reluctantly agreed to this adventure, although on the condition that no Soviet troops (apart from air pilots) took part in the conflict and China had to manage the affair.[4] That was a mistake, nearly leading to a global disaster - support of "national liberation" only

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War History (Moscow: OLMA publishers, 2008). pp. 49-51.

[2] - A. Torkunov, *The Mysterious War: Korean Conflict of 1950-1953* (Moscow: Rosspen Publishers, 2000), p. 46.

[3] - Don Oberdofer, *The Two Koreas. A Contemporary History* (London: Warner, 1998), p. 154.

[4] - Ibid., pp. 55-58, 59, 147.

resulted in US interference, and the world found itself on the brink of the Third World War. After that Stalin's dreams of "world socialist revolution," if he harbored any, were shattered forever.[5]

Moscow understood the impossibility of a victory by either side in the Korean conflict sooner than others and initiated a diplomatic process with the US to find a compromise to stop the war (as early as May-June 1951, G. Kennan started discussing this issue with Soviet-UN Representative Ya Malik). However, South Korea wanted revenge and victory. Although China insisted on direct Soviet participation in the talks, Stalin abstained, saying that the agreement would have to be signed by the North Korean/Chinese side and the UN Command. In fact, however, only after Stalin's death was Moscow's overly ideological approach to the Korean War changed.[6] The war ended in a truce. There were no winners - no actor had achieved its goals. Six decades afterward, we are still on the same page.

The war made reconciliation almost impossible, and the confrontation between North and South Korea has become a part of the global superpowers' tug of war. The USSR had to make new sacrifices (dictated by ideology) to rebuild the DPRK from the ashes. The Soviets constructed more than 70 infrastructural and industrial facilities, which became the backbone of North Korean energy production, metallurgy, chemicals production, construction materials production, machine-building, etc. However, the USSR became a hostage of the North-South confrontation

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[5] - For a detailed account see *Koreiskaya Narodno-Democraticheskaya Respublika* [Democratic People's Republic of Korea], M. Trigubenko, et. al. (eds.) (Moscow: Nauka publishers, 1985), pp. 68-75.

[6] - A. Torkunov, V. Denisiov, Vl. Lee, op.cit., pp. 159-165, 177-178.

- Moscow could have no relations with South Korea for several decades and was urged by North Korea to regard it as the "enemy." Nevertheless Russian experts watched attentively the spectacular economic development of the ROK. Russian experts since the mid-70s had suggested improving relations with Seoul, arguing not only the economic benefits but also the possibility of easing confrontation between the two blocks and ushering in détente in the Far East in addition to Europe.[7] But Pyongyang was hellbent against it. As early as 1970, forty years ago, Moscow began considering its options in Korea, including maintaining limited contacts with Seoul, and since 1973 it permitted informal ties.[8] However the real change came only with "perestroika" in the USSR. 20 years ago, the USSR (and later China) recognized South Korea, ushering in a new era of reconciliation which many hoped would be followed by the cross-recognition of North Korea by the United States and Japan. There was a real chance to build a new security system in Korea, based on mutual recognition and peaceful coexistence. However South Korea and the West did not accept that option. They expected the downfall of the DPRK along the lines of the collapse of the Communist governments of Eastern Europe. That never happened, and a new confrontation cycle began on Korean peninsula; this time the stakes were raised by Pyongyang's aspirations for a nuclear capability to withstand Western pressure after its loss of Soviet support.

Ten years ago, there appeared a glimmer of hope that Koreans in the

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[7] - See p.e. Faina Shabshina, Is It Possible to Unite the Korean Knot? *Izvestia*, November 9, 1989.

[8] - Vadim Tkachenko, *The Korean Peninsula and Interests of Russia* (Moscow: "Vostochnaya literatura" Publishers, 2000), pp. 56-57.

North and the South would finally take their fate in their hands as the first-ever North-South summit was held in June 2000 (symbolically followed, incidentally, by the first-ever visit of a Russian head of state - President Putin - to Pyongyang in July). In the first decade of the 21st century, hopes for Korean national reconciliation persisted despite the nuclear crisis.

However now, in 2010, we have nearly returned to the same square one where we have been languishing for decades - neither peace, nor war in Korea. The situation has been further aggravated by the sinking of the South Korean vessel "Cheonan," which Seoul blamed on North Korea, appealing to the UN Security Council for a response (Pyongyang rejected the claim but increased its hostility toward the South). For Russia, which has always been friendly toward the Korean nation (as the only border country with which Korea has no historical record of military conflict), the Korean peninsula is a source of constant worry. This situation in which the Korean War has achieved no de jure or de facto end (North Koreans have unilaterally said they do not even recognize the truce of 1953[9]) is abnormal, as Russian experts point out.[10]

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[9] - "Any hostile act by the UNSC immediately means the abrogation of the Armistice Agreement" stated the Foreign Ministry of the DPRK on May 29, 2009 that "DPRK Foreign Ministry Spokesman Clarifies its Stand on UNSC's Increasing Threat," *KCNA*, http://www.kcna.co.jp/index-e.htm.

[10] - M. Krupyanko, L. Areshidze, *USA and East Asia-The Struggle for a "New Order"* (Moscow: International Relations Publishers, 2010), p. 289.

Origins of the Nuclear Problem and Vain Efforts to Solve It Separately from Security Issues

Which came first - the chicken or the egg? In the case of North Korea the answer is clear. If we look back to the origins of North Korea's initial push to acquire nuclear weapons (actually dating back to the 1950s),[11] it is clear that for the Pyongyang elite this was a survival issue. "Bombed back to the Stone Age" during the Korean War, the North Korean leaders of the time (many of whom are still at the helm) were extremely concerned with security and considered the policies of the United States, supported by former colonial power Japan and South Korea, to be a menace to its very existence. Pyongyang pushed to acquire its own deterrent not least because North Korea did not have any moral obligations to abstain – North Koreans were aware of U.S. plans to use nuclear weapons against them during the Korean War and even after the war (up to the 1970s at least), and they still suspect the U.S. military of having plans to use next-generation miniature nuclear munitions against vital targets in North Korea.[12]

It should be clearly understood that North Korea's nuclearization is a product of its insecurity, and the latter should be addressed in solving the former. If this had been done at the beginning of the 1990s, the "nuclear problem" as we know it now might have not developed at all (remember that under the 1994 Agreed Framework with the US, North Korea had actually frozen its nuclear activities for at least 4 or 5 years).

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[11] – A. Likholetov, "How it Happened," *Korus Forum, No. 24*, http://www.korusforum.org/PHP/STV.php?stid=106.

[12] – Gavan McCormack, *Target North Korea* (Sydney/New York: Random House, 2004), p. 150.

However at that time the underlying secret desire of the West was to change the regime, not to cooperate with it. The "strategic decision" on co- existence with North Korea has still not been adopted by the major capitals. So how can one expect results from the diplomatic process, if one's side goal (denuclearization) is not supported by a genuine readiness to react to the other party demand (guarantees of security and non-interference)?

In analyzing the results of the diplomatic process of 2003-2008 and the reasons for its failure, it is useful to consider the objectives of Pyongyang. North Korea entered the talks with the underlying motives of reducing the international pressure on them due to their nuclear program and exploring their options - what might the opposite side suggest in return for the elimination of their nuclear capability (once a possibility, now a reality). However, the formula agreed to on September 19, 2005 - the substance of which was 'peace for nukes'[13] - was not, as North Korean leaders perceived it, implemented by their adversaries. The right-wing neocon faction in the Bush administration immediately torpedoed the above-mentioned Joint Statement by initiating a freeze of North Korean accounts during the BDA affair. After that, any illusions in Pyongyang, if they had ever existed, were lost. Kim Jong-il stated: "The confrontation with the aggressive forces of imperialism is in essence based on force; only force can win over imperialists."[14] After the first nuclear test in October 2006, North Koreans chose to rely on power politics and force over diplomacy.

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[13] - The key elements of this deal were from North Korean side "...to abandon all nuclear weapons and existing nuclear programs and return at an early date to the NPT and to IAEA safeguards," and from US side "to respect each other's [US and DPRK] sovereignty, exist peacefully together and take steps to normalize their relations subject to their respective bilateral policies."

[14] - Kim Jong-il, *DPRK is an Invincible Juche Socialist State* (Pyongyang: Foreign Languages Publishing House, 2008), p. 20 (In Russian).

Regardless of the rhetoric (or elusive statements about "denuclearization of the whole of the Korean peninsula"[15]) Kim Jong-il actually opted to maintain nuclear weapons at all costs. What was on the table at the six-party talks in 2006-2008 was the North Korean nuclear *program* (the facilities and projects that had already played their role), not nuclear *weapons and fissile materials.*[16] However even this initial phase could not be completed. Pyongyang not only shut down the Yongbyong nuclear facility, but started actually dismantling it. But North Korea's gains were negligible. Even the small step of the US "de-listing" the DPRK as a terrorist state was carried out in an awkward manner and belatedly – and can be easily reversed, as discussions on Capitol Hill after the "Cheonan" incident show. The economic aid package (in fact fairly limited even in comparison with that of the 1994 Agreed Framework) was also not implemented fully due to the Japanese and South Korean positions. At the same time, further down the road in "phase three" Pyongyang would have to discuss - and probably be pressed for concessions on - something more tangible, like the reprocessed fissile materials and actual nuclear weapons.

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15 – "The denuclearization of the peninsula is the goal of the policy consistently pursued by the Government of the Republic of Korea with a view to contributing to peace and security in Northeast Asia and the denuclearization of the world." Foreign Ministry statement on January 11, 2010; "DPRK Proposes to Start of Peace Talks," *KCNA*, January 11, 2010, http://www.kcna.co.jp/index-e.htm.

16 – Pyongyang persistently points out that "The DPRK's dismantlement of nuclear weapons is unthinkable even in a dream as long as there exist the sources that compelled it to have access to nukes," KCNA Statement, September 30, 2009; "As long as the U.S. nuclear threat persists, the DPRK will increase and update various type nuclear weapons as its deterrent in such a manner as it deems necessary in the days ahead," "Foreign Ministry Dismisses US Nuclear Plan," KCNA, April 9, 2010; "The DPRK's dismantlement of its nuclear weapons can never happen even if the earth is broken to pieces unless the hostile policy toward the DPRK is rolled back and the nuclear threat to it removed," "KCNA Snubs Call for DPRK's Dismantlement of Nukes," *KCNA*, February 19, 2009, http://www.kcna.co.jp/index-e.htm.

On the other side, the DPRK felt that its concessions were not fully recognized and valued. "Hawks" in Pyongyang might have suspected these concessions were perceived in the West as a sign of weakness and a testimony to Pyongyang's pressing need to normalize relations. The shift by the Lee Myung-bak administration since early 2008 to a hard-line policy, effectively dismantling almost all of the achievements of the North-South rapprochement under the "liberal" governments of Kim Dae-jung and Roh Moo-hyun, was seen as yet more evidence of the untrustworthiness of the negotiation partners and became a major setback for those in Pyongyang's leadership who put diplomacy in front of the *songun* (military first) policy.[17] By 2008, the six-party talks seemed to Pyongyang to have exhausted their potential to help solve the central issue – that of regime survival. Pyongyang also took the opportunity to become a member of the global nuclear club without any particular danger of retaliation from the world community (since the US was busy with the power transitions in Iraq and Afghanistan).

Where do we stand in mid 2010? Pyongyang, especially after the campaign of pressure on it in the wake of "Cheonan" incident, would find it ridiculous even to speak about giving up its "nuclear deterrence." Reacting to the publication of the US Nuclear Posture Review, Pyongyang in mid April 2010 officially confirmed its own position on nuclear weapons:

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[17] – The JoongAng Ilbo wrote a day before "Cheonan" tragedy, involuntarily summarizing Seoul's policy for the previous period: "The Lee Myung-bak administration's so-called diplomacy of practicality has no tolerance for North Korea. Inter-Korean exchanges have been deadlocked since the shooting of a South Korean tourist at Mount Kumgang in July 2008. The number of people traveling between the countries plunged by 35 percent last year from 2008. Humanitarian aid came in at 63.7 billion won, half the amount in 2008. Discussions on developing North Korean resources have not even come up," *JoongAng Ilbo*, March 25, 2010.

"As long as the U.S. nuclear threat persists, the DPRK will increase and update various types of nuclear weapons as its deterrent in such a manner as it deems necessary in the days ahead." Later the Foreign Ministry said the DPRK "will manufacture nukes as much as it deems necessary but will neither participate in nuclear arms race nor produce them more than it feels necessary. It will join the international nuclear disarmament efforts with an equal stand with other nuclear weapons states,"[18] thus trying to promote itself as a nuclear power. So it would be naïve to expect voluntary denuclearization by North Korea in the near future.

What exactly denuclearization means is also yet to be determined. A country cannot be completely deprived of the right to conduct nuclear research and make peaceful use of nuclear energy – among other things, that would contradict the NPT's principles, which we urge North Korea to follow. Narrowly put, denuclearization could be defined as the disposal of the actual weapons, existing fissile materials and their production facilities. But even in such a case, human and scientific capital and expertise in nuclear technology in North Korea would not disappear overnight, which leaves open the possible restart of such programs. The closed character of the country would prevent verification on a scale which would be satisfactory to the world community. A viable conclusion that the country has truly "denuclearized" even on such a limited scale cannot be reached under the current political regime. Even if a segment of the elite were ready to trade off their nuclear potential for their personal future (which actually happened in South Africa), this cannot be verified without a regime change. As of now, denuclearizing North Korea without

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[18] – "Foreign Ministry Issues Memorandum on N-Issue," *KCNA*, April 21, 2010, http://www. kcna.co.jp/index-e.htm.

setting in place a solid system of collective security could actually increase the military risks in the region.

What are the implications of these developments for Russia and its Korean policies? Now that North Korea has carried out two tests, which makes it necessary to accept it as a de facto nuclear state, what should Russia's priorities be? We should point out that the actual use of the DPRK's nuclear weapons (even if they prove to be operational) seems highly improbable. The exception to this would be in the case of all-out war, which is actually deterred by the presence of nuclear weapons in North Korea. The possible dangers mainly involve an accident or turmoil in North Korea which could cause control of its nuclear materials to loosen.

What could really affect Russia's interests is a further expansion of North Korea's nuclear programs and improvement of its nuclear weapons and delivery means (missile programs). That could have consequences eventually endangering Russia's national security, including an increased regional response to these developments, which would require counter-measures. The possibility of North Korea's WMD technologies falling into terrorists' hands should also not be totally discarded. Russia's interest in stopping these further developments coincides with the interests of the US, Japan, and South Korea.

A Security Regime Should Come First

What could be the blueprint for a solution? There are a multitude of suggestions and road-maps. First I will try to define the obvious goals of Russian policy in Korea, explaining its priorities in this area as I see them:

- Moscow needs stability and regional development in order to create conditions for Russia's own deeper integration into the regional and international division of labor and globalization. This is important for the economic prosperity of the Russian Far East and for security in preventing it from "distancing" itself from the federal center. Therefore the prevention of conflicts and increased tensions in Korea is a must.

- Russia wishes the Korean peninsula to be free of all weapons of mass destruction (WMD), and is strongly against proliferation in this area, as it could trigger a nuclear arms race in the region and change the balance of power globally. The further development of WMDs by the DPRK should be stopped.

- Russia would not formally recognize the DPRK as a nuclear state.

- The DPRK should obey the NPT rules and return to the IAEA, and it should allow verification and guarantees of denuclearization based on international law. At the same time, as all countries have the right to develop modern energy technologies, including nuclear energy, Russia would support the development of a peaceful nuclear program in the DPRK, including the possible construction of light-water reactors.[19]

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[19] – "Russia has always stated that DPRK as a sovereign state may develop its peaceful nuclear program in accordance with the norms of international law. If the DPRK would return to NPT and join the additional protocol on guarantees with IAEA she can expect cooperation and support from this organization and other states." Statement by Russian Vice Foreign Minister Alexander Alexeev, *RIA Novosti*, August 17, 2005. Clearly, North Korea considers LWRs more than just a source of much-needed electricity generating capacity. Rather, the demand appears to be part of a long-term strategy aimed at assuring regime survival by engaging Washington and trying to draw it into a more positive relationship. Shortly after the 2005 Joint Statement, when the Bush administration was insisting on completing the shutdown of the LWR project, Peter Hayes and his colleagues at the Nautilus Institute suggested that the solution might be to provide

- Moscow is certain that the final solution to the Korean issue can only be found within a multiparty diplomatic process, and the idea of a "package solution" proposed in agreements reached by the six-party talks in 2005-2007, strikingly similar to an idea first suggested by Moscow in 2003,[20] should be the basis for it. This idea is not so distant from the later "Grand Bargain" proposal, but synchronization is the main problem.

- Security for the DPRK is actually a precondition for achieving the goals of non-proliferation, demilitarization and stability, although Russia does admit it might take some time. The achievement of these goals does not depend solely on the DPRK's actions but is the responsibility of other countries as well.

- To achieve these goals, it is essential for Russia to maintain both good relations with the DPRK and cooperation with other major players. Russia does not see the international process, comprised of the major powers involved, as a "zero-sum game." The idea of a regional Cold War-like division on Korean affairs (3+3) has no appeal for Moscow. Russia would rather see "a concert of powers." This could be formed on the basis of the multi-party mechanism of nuclear talks, which has already proved its usefulness.

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modern Russian LWR technology with South Korean and Japanese firms doing much of the work, http://www.nautilus.org/fora/security/09063Goldstein.pdf. As the chief of the Russian nuclear energy agency stated in November 2005, Russia did not set its participation in LWR construction on the condition that the DPRK must return to the NPT - it could perhaps do so as part of a multinational consortium.

20 - Press Statement of Russian Foreign Ministry Spokesman, N46, December 1, 2003.

- Russia supports North-South reconciliation and cooperation without outside interference aimed at the ultimate goal of Korean reunification in a form agreed upon by both North and South Korea. Moscow disapproves of any actions by either side that would endanger peace between the two Koreas. Russia stands for the creation of a unified, peaceful, and prosperous Korea that is friendly to Russia. Such a country would be one of Russia's most important partners in Asia, helping to build a more balanced system of international relations in the Far East, dominated now by the US-Japan-China triangle. At the same time, Korea could become a growing market, especially for the resources of the Russian Far East.

- A Korea dependent on a foreign country, be it the US or China, would be detrimental to Russian interests, and Russia would strive to prevent such a development. "Absorption" of the North by a pro-American South Korea could be harmful both to the Korean nation and to regional security, and Russia would probably join China in opposing such a scenario. Nor is a China-dominated North Korea desirable, as such a regime would probably be unstable, and such a development would lead to "containment" efforts aimed at China and increasing military tensions in the area.

- A new security system in and around the Korean peninsula should take into account the legitimate interests of all the parties and should not be used for purposes other than maintaining peace and stability and achieving development.

Such an approach is well suited to the core Russian strategy based on its national interests and also is in tune with the policies of its "strategic partner," China.

It should be admitted, however, that by 2009 the provocative behavior of Pyongyang (and above all its pursuit of nuclear and missile capabilities) had tested the Kremlin's patience nearly to its limits, and gave rise to a less lenient approach toward the DPRK's adventurism in the top echelons of power, including the Kremlin. Global interests, including preserving the non-proliferation regime, are considered more important for Russia than appeasing the DPRK.[21] The "reset" of relations with the US, high on Moscow's agenda, might have prompted it to put less weight on good relations with Pyongyang for the sake of closer cooperation with Washington in vital security areas, especially in strategic arms limitation and counter-proliferation efforts. Such an approach also presupposes that effective measures against the potential threat might be necessary, including increased military preparedness in the Russian Far East, as well as a more supportive approach to sanctions against North Korea.

Moscow officials therefore in 2008-2009 were increasingly critical of the DPRK's rhetoric and actions, including its rocket launch.[22] The

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[21] - It should be noted that the Medvedev administration's view, that North Korean nuclear ambitions are a global challenge and should be dealt with sternly, is closer to the approach of the US administration than was the case previously. See Joint Press Conference of Russian President D. Medvedev and US President B. Obama, http://www.ln.mid.ru/Brp_4.nsf/arh/58DC80824084D8FDC32575EC002720BD?OpenDocument.

[22] - Moscow expressed its "concern with the escalation of tensions" before the missile test in April 2009 and "repeatedly recommended to the DPRK not to conduct the rocket experiment." Russia supported the UN Security Council Presidential Statement on North Korea's rocket launch, adopted on the 13th of April, that criticized the launch. However that maneuver backfired. As Russia had previously pointed out the right of the nations to conduct satellite experimental tests, this inconsistency surprised Pyongyang and evoked

nuclear test of May 25, 2009 caused indignation in the Kremlin, which called it "irresponsible," "absolutely unacceptable" and "unpardonable." President Medvedev himself did not spare harsh words, noting the "personal responsibility" of the "perpetrators of this action."[23] Russia also denounced the North Korean intention to proceed to uranium enrichment. On March 30, 2010 President Medvedev signed a decree implementing intensified United Nations Security Council sanctions against Pyongyang's nuclear programs. The presidential decree banned the purchase of weapons and relevant materials from the DPRK by government offices, enterprises, banks, organizations and individuals currently under Russia's jurisdiction. It also prohibited the transport of weapons and relevant materials through Russian territory for export to the DPRK. Any financial aid or educational training that might facilitate

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its displeasure. This was bluntly expressed to Russian Foreign Minister Sergey Lavrov during his April 2009 visit to Pyongyang, which might be the last high-level contact between the two capitals for some time to come. Lavrov was not granted a meeting with Kim Jong-il, and the North Koreans made clear that they will not accept the Russian position on the need to abstain from further tests and return to the negotiation process. MFA Spokesman's Commentary of March 10, 2009, http://www.ln.mid.ru/Brp_4.nsf/arh/75F0BA82CED 9614CC325757500585387?OpenDocument.

[23] The Russian military – probably acting on orders from above - went as far as to suggest deploying sophisticated S-400 air defenses in its Far East region to protect against any potential test mishaps near the border with the DPRK. The Russian permanent representative to the UN stressed that Russia "regards the second nuclear test in the DPRK as a serious blow to international efforts to strengthen the nuclear non-proliferation treaty... action, seriously threatening security and stability in the region." *Prima Media*, June 4, 2009, http://oko-planet.su/politik/newsday/11959-medvedev-rasshirenie-klubayadernyx-derzhav.html; Russian Ministry of Foreign Affairs (MFA) Statement, June 12, 2009, http://www.ln.mid.ru/Brp_4.nsf/arh/745CC7A331A1D11EC32575D3005A08DA?OpenDocument. After the UN Security Council resolution was adopted, Russia "called on the partners in the DPRK to rightfully accept the will of the international community, expressed in the resolution, denounce nuclear weapons and all the military nuclear-missile programs, return to NPT, CTBT and IAEA safeguards regime, and resume participation in the six-party talks aimed at finding a mutually acceptable solution to the current knot of contradictions," http://www.rosbalt.ru/2009/07/17/656055.html.

Pyongyang's nuclear program and proliferation activities was forbidden as well. The Kremlin was also very much concerned with the increase of tensions due to the "Cheonan" incident, and stated the need for "measures against those personally responsible."[24]

However these events have not led to a basic reappraisal of Russian strategy toward the Korean problem. Moscow does not cast blame solely on Pyongyang for the failure of the diplomatic process of 2003-2008.[25] Neither has Moscow immediately accepted the South Korean version of the "Cheonan" incident. It is clear that the aggravation of situations can take place at any time and can lead to the escalation of tensions, even when all sides try to avoid it. Until a basic foundation for preserving security is established, we are doomed to see more hostilities in the future.

To achieve the above-mentioned goals, the multiparty negotiation process is essential, although it is not likely to bring immediate results, and it must put forward realistic objectives. Russian diplomats well remember that in the period of early post-Soviet romanticism, the first democratic Russian government, determined to cooperate with the United

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[24] – Statement Regarding the Situation on Korean Peninsula, May 26, 2010, http://news.kremlin.ru/news/7868.

[25] – Russian Foreign Minister Sergey Lavrov noted in September 2008: "Unlike some other members of the six-party talks, we are acting in a team spirit fashion, collectively, as was agreed initially. We try to avoid unilateral steps... The purpose is denuclearization of the Korean peninsula, not solving the bilateral problems of some participants... It would be fruitful, if all the members of the six-party talks would fulfill their obligations to the letter according to the agreements reached and not file some other requests without consulting the other partners. And of course it is important that all the DPRK partners in the six-party process actually participate in providing economic assistance to Pyongyang. That, I think, would constitute a package that would enable forward movement," Minister Lavrov's interview, http://www.mid.ru/brp_4.nsf/0/AA10D0AC3DED12CDC32574C1002D4BB1.

States (particularly on non-proliferation, one of the areas important to Washington), joined the efforts to pressure Pyongyang, believing that the demise of the regime was not far off (although the experts never agreed to such a prognosis). As a result, Russia was sidelined during the Korean settlement process and found that decisions with direct bearing to her interests were being made without her.

Pyongyang's aims are to remove military-political threats to its regime, achieve security arrangements, prevent foreign interference and obtain economic assistance. If we look at the situation this way, denuclearization is only one track of the talks, and is actually secondary.

I see Russia as the member of the six-party talks with the least "egoistic" interests and the responsibility to manage the mechanism of peace and security in Northeast Asia, should it put forward such an agenda. However, the aftermath of the Cheonan incident, used to isolate and further pressure Pyongyang (as well as to try to disrupt Chinese support of the DPRK), leaves little hope for the early resumption of the six-party talks (at least as long as President Lee Myung-bak is in power). Anyway, if the talks could be restarted (or an alternative diplomatic process in broader terms), they should not be once again perceived (as they are by some in Washington, Seoul and Tokyo) simply as a tool to prevent further provocations and the increase of WMDs and military capabilities on the North Korean side while waiting for the regime to collapse. Under such a strategy, no major concessions would be granted to Pyongyang, while North Korea would be kept at bay by promises. The "denuclearization first, rewards later" approach seems to be the core of such a strategy. The often-repeated declaration that North Korea should be "rewarded" by economic assistance and strategic reassurances *after*

denuclearization is not taken seriously by North Koreans or their allies. This sequence needs to be reversed, or else the opportunity to achieve the nuclear de-weaponization of the DPRK may be lost. That means that engagement, both political and economic, should precede phased denuclearization. Another flaw of such an approach is that it also has a "hidden agenda": the expansion of cooperation with the West and South Korea would be used to soften and undermine the regime. Such thinking seems to me to be delusional. Overly suspicious North Koreans are aware of these dangers and will not accommodate such treatment by their adversaries. In such a case, the periodic resurgence of tensions and provocations is almost guaranteed.

Such a vision presupposes that denuclearization of the Korean peninsula should remain as a key final goal, but it cannot be the sole issue of discussion with North Korea. As prior experience has shown, unless the discussion takes into consideration the DRPK's legitimate interests, no progress can be expected. No "denuclearization first, cooperation later" scenario could ever be workable. I have long advocated the idea that it would be only in the distant future, after a new generation of leadership has emerged and relations between the DPRK and the world have improved based on the country's own transformation, that Pyongyang's need for a "nuclear deterrent" might disappear.[26]

As to a new peace regime, we should consider all the options. North Koreans say that the Korean armistice agreement and the U.S.-South Korea "Mutual Defense Treaty" are "leftovers of the Cold War era" and

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[26] - See p.e. Georgy Toloraya, *Continuity and Change in Korea: Challenges for Regional Policy and U.S.-Russia Relations,* http://www.brookings.edu/papers/2009/02_korea_toloraya.aspx.

should be "eliminated."[27] They see a peace treaty with the US as the cornerstone of new security arrangements. I believe the new peace and security regime should not be necessarily tied to the obscure armistice agreement, which was intended to be temporary in nature and is now almost six decades old. In fact this agreement (Article 4) called for an international conference on the Korean problem to discuss "withdrawal of all foreign troops and a peaceful solution to the Korean issue." Attempts to follow up on this proposal, including the Geneva conference of 1954, failed. However the six-party talks, convened fifty years later, could well carry the same mission. Now that we have this mechanism comprising the former signatories of the armistice agreement (of which technically South Korea is not a member), it should become the base for a new security arrangement. I believe that, once the situation in Korea calms down (I believe that won't happen before 2012), the sequence should be as follows:

- The US and the DPRK make a political declaration on the end of hostilities and mutual diplomatic recognition (ideally on a summit level) and set a target date for the DPRK to give up its nuclear weapons, fissile materials and production facilities to an international commission made up of representatives of nuclear states (P-5) and the IAEA.

- The six parties make a declaration supporting that move and avowing their decision to monitor and cross-guarantee it. The guiding principles of peace and cooperation in Northeast Asia are included into the

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[27] - *Rodong Shinmun*, April 28, 2010.

declaration, along with the possibility of setting up a regional mechanism for monitoring security issues.

- Japan normalizes relations with the DPRK without conditions and enters the process of negotiating bilateral concerns (abductees, war-time compensation).

- North and South Korea convene a summit meeting, confirming previous summit meeting declarations and establishing a mutually agreed upon agenda of national reconciliation.

- Each of the members of the six-party talks signs bilateral treaties with the five other partners confirming their obligations to sincerely implement the agreed principles and monitor their fulfillment by other members. Copies of these documents are submitted to the UN, which is also entrusted with monitoring and control functions.

- A declaration on international economic assistance to the DPRK is adopted, and to this end an international committee is set up, which is to coordinate all aid to the DPRK with the purpose of modernizing its economy (including the installation of nuclear energy power generation facilities).

- As the target date of the DPRK's abandoning of nuclear weapons approaches, the Six-Party Nuclear Committee, with the participation of the IAEA, works out the modalities, including verification. Should no agreement be reached, all preceding agreements are declared null and void and relations with North Korea are severed. That would present a strong stimulus for the North Korean leadership, having

already tasted the benefits of détente and engagement, to make the right decision.

- Verification and monitoring mechanisms are set up to check for compliance with all the clauses of the agreements.

Of course for this to happen, a certain level of mutual trust must be achieved, which today does not appear to be close.

North Korea's Future: Continuity and Change

The approach suggested above presupposes that the North Korean regime is stable and that the world has to negotiate with the existing power elite, rather than waiting for it to change. However in the West there are widespread expectations of a forthcoming collapse in Pyongyang. How great is the possibility of the DPRK imploding and being absorbed by South Korea? Or China (meaning a pro-Chinese regime)? Or being divided between them? Will it persist in its isolation and preserve the system, and for how long? Will it try to transform and then collapse (back to question # 1)? Or will it evolve into a more or less "normal" state – i.e. "conventionalize"?

These options are being considered everywhere, including Russia. The possibility of a collapse is generally seen in Russia as remote. Of course, it is not totally excluded - even a military conflict or an international blockade of North Korea is possible. For example, if conservative elderly leaders, lacking Kim Jong-il's abilities and legitimacy, were to gain power after Kim Jong-il's demise, policies aimed at "freezing time," like the

attempt to confiscate the capital of the newly emerging entrepreneurial class through the currency reform of November 2009, might well result in an eventual internal implosion of the country.

The de facto occupation of the North by the South following this would have innumerable and grave consequences, ranging from a guerilla war to a total economic disorganization. Such scenarios are discussed elsewhere and I will not dwell much on them.[28] One thing that should be said is that this is a bad choice and should be avoided at all costs – at least from the Russian point of view. But the North Korean elites do have a self-preservation instinct. Hopefully a pragmatic new leadership, while anxious about maintaining the system, may nevertheless try to reinvigorate the country, starting with a cautious adaptation of a new economic guidance system. Besides, China would do its utmost to prevent a collapse, as demonstrated by its renewed expressions of support for Kim Jong-il during his China visit in May 2010.

Of course there is a possibility of a "soft" change of regime with Chinese involvement – which might range from Beijing sending troops to control the collapsing country to installing a pro-Chinese faction in power in case of turmoil. Such a scenario would also mean an increase in regional tension (frictions between China and South Korea, supported by the US) and a possible arms race, resulting from Asian perceptions of a new hegemony by Beijing. However even in such a case, the current middle-level elites would keep their influence if not their positions, as there is simply no alternative to them at present, due to the closed nature of the country.

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[28] – See p.e. Georgy Bulychev, "One Way Out of the Korean Mess," *History News Network*, Februry 14, 2005, http://hnn.us/roundup/entries/10251.html.

From my point of view a slow *evolution* of the DPRK should be promoted. North Korea simply has not been given that chance; the short window of opportunity in 2000-2002 was not used by the cautious leaders in Pyongyang to the fullest extent. In order to take advantage of a similar chance in the future, the stability of current elite must be guaranteed, but change itself would have to proceed along with a generational shift in the leadership. Engagement is the key word for such a scenario. Engagement may produce fertile soil for an eventual reform of the political economy,[29] regardless of what the die-hard orthodox communist leaders might think about it. This opinion is supported by many Russian experts.[30] In such a case, as one researcher puts it, "The position of a reformed North Korea in the newly emerging map of economic interests can be surprisingly strong. The DPRK is located at the very center of the world's most vibrant and dynamically developing region. By playing his cards shrewdly, Kim Jong-il might create conditions for socio-economic revitalization of the North that will be a positive contribution to the eventual unification of the Korean peninsula."[31]

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[29] - See the discussion of the report, "North Korea Inside Out: The Case for Economic Engagement," produced by the Independent Task Force convened by the Asia Society's Center on U.S.-China Relations and the University of California's Institute on Global Conflict and Cooperation, http://www.nautilus.org/fora/security/09083ASTaskForce.pdf, http://www.nautilus.org/fora/security/09083Response.html.

[30] - The Third Russia-Korea Forum, Diplomatic Academy, Moscow, 2002; Korea: A View from Russia - Proceedings of the 11th Koreanologists' Conference, Moscow, March 30, 2007 (Moscow: Institute of Far Eastern Studies, 2007).

[31] - Leonid Petrov, "Russia Is Key to North Korea's Plight," *Asia Times*, July 24, 2008, http://atimes.com/atimes/Central_Asia/JG24Ag04.html.

The changes[32] could start with the economy.[33] The essence of reform would be gradual "marketization," at first on the microeconomic level, which has already taken root to such an extent that it cannot be exterminated.[34] The recent attempt to return to the conservation of the Kim Il Sung system and self-isolation might represent a final, short-lived push by the leaders to rule in the old way. The unprecedented de facto admission by the authorities in March 2010 of the failure of the currency reform of November 2009, initially meant to curtail the market forces, well illustrates this point (drama is added by rumors that former Planning Commission Chairman Park Nam Gi was chosen as a scapegoat and executed for "damaging the people's economy").[35] Later, in June 2010, the government was widely reorganized in an attempt by the political leadership to shed responsibility for its disastrous economic decisions. The failed reform attempt revealed the limits to the state's power to regulate the economic activities of the population and the swift realization of this fact by the authorities.

What we now have in North Korea is actually a multi-sectoral economy, including not only state but also market and shadow sectors. Apart from individual entrepreneurship by the broad masses of North

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32 - For more details see Georgy Toloraya, 'The Economic Future of North Korea: Will the Market Rule?' in *Korea Economic Institute Academic Paper Series on Korea*, Vol. 2 (Washington, DC: 2007).

33 - See p.e. Phillip Park, "The Transition to a Market-Oriented Economy: Applying an Institutionalist Perspective to the DPR Korea" in *Driving Forces of Socialist Transformation: North Korea and the Experience of Europe and East Asia* (ed.), Rudiger Frank and Sabine Burghart, Wien, Praesens Verlag, 2009, pp. 300-306.

34 - For a detailed report, see p.e. A. Lankov and Kim Sok Hyan, "North Korean Traders: The Sprouts of Market Economy in a Post-Stalinist Society" in *Korea: History and Present* (Moscow: Moscow State University, 2008), pp. 192-205.

35 - "Execution Confirmed by Capital Source," http://www.dailynk.com/english/read.php?cataId=nk01500&num=6204.

Koreans, the appearance of semi-state/semi-private production and trading conglomerates under the "wing" of government and regional power structures (including the army, special services, central and regional government structures) is already taking place. The economic structure may eventually change, making the country more competitive and affluent. This would include the decline of outdated and non-competitive branches and the emergence of industries based on North Korea's comparative advantages, such as cheap and relatively well-educated labor, mineral resources, central East Asian location/transit potential, and the potential for easy access to foreign capital (chiefly of South Korean, Chinese, and maybe even Japanese origin), despite setbacks such as unfortunate measures by the North Korean authorities to confiscate foreign property (e.g. the South Korean facilities in Mount Kumgang). This process would probably gain dynamism after the change of power in Pyongyang.

Economic growth would bring about socio-political stabilization. Communist ideology might eventually give way to "social-nationalism" and "patriotism" (with the sacred role of the founder of the state) as the foundation of a new social mentality. The political system in the long run might evolve into a sort of "constitutional monarchy" or a "collective leadership" with much greater feedback from the grassroots level for Kim Jong-il's successor. A corresponding decrease of tensions and confrontation between the DPRK with the outside world would set the ground for military confidence-building measures and the eventual creation of a multilateral system of international arrangements for Korean security, as described earlier.

Of course, this is likely a long time away. However, embarking on this road is the only real chance of enabling North Korean leaders to

conclude that they no longer need a nuclear deterrent, voluntarily abandon their nuclear and other WMD ambitions (for example, the "South African variant," in which the elite voluntarily gave up existing secret nuclear potential when the threat from African neighbors disappeared with the dismantlement of the apartheid regime), and reduce their level of militarization.

Why were similar approaches only moderately successful in freezing and at times even halting the DPRK nuclear program, but so far always false starts? The single most important reason is the absence of a genuine commitment by the opponents of North Korea to coexist with the regime. It should be noted that insincere and half-hearted "partial" engagement with an underlying intention for a regime change does more harm than good.

The responsibility for embarking on the road to a real solution largely lies with the US. However the Obama administration has not - so far, at least - worked out a comprehensive Korean strategy; instead it has taken a "wait and see" or "strategic patience" approach, while counting on sanctions and isolation to weaken North Korean regime and make it more receptive to making concessions. The "denuclearization first" theory still leads to an impasse both on the US-North Korea bilateral track and in the multi-party format. Although President Obama in November 2009 suggested a "different future" for North Korea if it denuclearizes,[36] there

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[36] - President Obama said on November 14, 2009 in Tokyo, "Working in tandem with our partners -- supported by direct diplomacy -- the United States is prepared to offer North Korea a different future. Instead of an isolation that has compounded the horrific repression of its own people, North Korea could have a future of international integration. Instead of gripping poverty, it could have a future of economic opportunity -- where trade and investment and tourism can offer the North Korean people the chance at a better life. And instead of increasing insecurity, it could have a future of greater security and respect."

is still no evidence that a strategic US commitment to coexist with the present DPRK leaders has been made. The paradigm of US-DPRK coexistence should be worked out based on the assumption that the Pyongyang regime is here to stay and should be recognized. China and Russia would have few reservations about supporting such an approach and would help to promote the dialogue, as normalization in Korea corresponds with their strategic goals both in the region and in their relations vis-à-vis the United States. However in the wake of the "Cheonan" incident, Washington has become almost a hostage of Seoul's policy and cannot take any steps without Seoul's consent. Any new developments will probably not be possible prior to a change of administration in Seoul, as North Koreans are deeply mistrustful of Lee Myung-bak's government and will make no concessions while it is in power. Another factor is the need to consolidate the basis for hereditary power transition. So no major changes can be expected before 2012, which could well become a watershed year for North Korea.

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Rethinking Engagement on the Korean Peninsula: Confidence to Trust to Peace

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Abstract

In the aftermath of the sinking of the South Korean naval vessel *Cheonan*, inter-Korean relations are at possibly the lowest point in decades. With rising tensions, increasing propaganda and threatening military posturing on both sides of the border, the prospect of peace on the Korean peninsula in the near future is dim. In particular, the cessation of most inter-Korean economic cooperation threatens stability, and could have long-term implications. Now is the time for South Korea, the United States, and other concerned parties to re-evaluate the objectives and means of their policies toward North Korea. Abandonment of North Korean nuclear weapons and weapons programs is an important but long-term goal. Now, it is necessary to economically engage North Korea in order to lay the groundwork for confidence-building, trust-building, and ultimately, a peace regime that will contribute to unification efforts. By encouraging private-sector, market-driven foreign investment into joint ventures and infrastructure projects, we can engage, rebuild, and educate North Korea. By avoiding government assistance programs, we can avoid politization of the projects, and let market economics encourage North Korea to move toward becoming a reasonable, stable and transparent member of the international community.

Key Words: Foreign Direct Investment, engagement, inter-Korean relations, DPRK economy, peace regime

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New Engagement

At the beginning of 2010, a flurry of diplomatic efforts, both by Pyongyang and other Six-Party participants, increased hopes that dialog on the North's nuclear disarmament would once again get underway. However, the *Cheonan* incident, the closing of the Mount Keumgang tourism facilities, and increased rhetoric and accusatory mudslinging on both sides of the DMZ have jolted us back to the reality that is the distrusting inter-Korean relationship. Now, with a multi-national investigative team finding evidence strongly linking North Korea to the sinking of the ROK warship, tensions have flared, inter-Korean cooperation has slowed to a trickle, and responsive and retaliatory measures are likely to further heighten tensions. While no one was anticipating the near-term abandonment of what is practically the only bargaining chip Pyongyang is holding as it seeks to engage the United States in peace treaty negotiations, the current chill in economic assistance to the North from both South Korea and other regional players does not bode well for anyone hoping for denuclearization and peaceful relations.[1] The current atmosphere discourages North Korean engagement and transparency and further encourages the state to rely on brinkmanship tactics of coercion.

On the other hand, Kim Jong-il claims to still be committed to denuclearization, and Pyongyang has taken a number of steps that suggest it is actively seeking foreign investment and international economic cooperation, indicating a willingness to comply with international

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1 - "Seoul Mulls Halting All Trade with N. Korea," *Chosun Ilbo*, May 18, 2010; "South Korea Freezes Funds for North Korea after Warship Sinking," *AFP*, May 17, 2010; Jang Sejeong, "Wen Jiabao 'Kim Jong-il Pagyeok-Jiwon Yocheong' Keobu [Wen Jiabao Rejects Kim Jong-il['s] Exceptional Aid Request]," *JoongAng Ilbo*, May 17, 2010.

standards. If we are to reverse the deterioration of peace and stability on the peninsula and gain from North Korea's desire for foreign capital,[2] we need a new approach to Pyongyang. The last two decades of dealings with North Korea gives little hope that Kim Jong-il will abandon his nuclear arsenal soon. Neither sanctions nor appeasement, negotiations nor abandonment have pressured or prompted Pyongyang into denuclearization, the main obstacle to improved inter-Korean relations. Pressure from neighboring countries concerned about instability, and from the international community wary of U.S. unilateralism, means American military options are practically (although not officially) off the table, and even as South Koreans are convinced of the North's complicity in the sinking of an ROK warship, the threat of escalation prevents Seoul from taking any retaliatory military actions. Economic sanctions pressure Kim Jong-il less than the domestic economic crises through which he has survived, and without full Chinese cooperation, are a relatively weak tool; and religious and humanitarian groups have yet to succeed in moving past basic humanitarian aid and building a real network of development assistance projects. Beijing will not risk Korean peninsular instability by isolating North Korea and pressuring Kim Jong-il to denuclearize. Beijing has concluded that it must choose between stability and denuclearization, and it has chosen stability.[3] The United States and South Korea have, therefore, chosen principled sanctions and patient disengagement.

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[2] - North Korea has repeatedly changed its position on dialogue, but went further than normal on April 14, 2009, when its foreign ministry declared that "the six-party talks have lost the meaning of their existence," and that "the DPRK will never participate in such six-party talks." "DPRK foreign ministry vehemently refutes UNSC's 'Presidential Statement,'" *KCNA*, April 14, 2009.

[3] - Similar comments were made by several Chinese participants in the (Track II) US-China Strategic Dialogue held in Honolulu, HI May 3-4.

Arguments could be made for either – for really turning the screws, and for turning our backs – but no good comes out of just tepidly walking the line between them. Twice already we have mistakenly taken an interested-but-wait-and-see approach, and all it got us was today's opportunity to do it again.

North Korea is in clear violation of international protocols and deserves to be sanctioned; Pyongyang demands it be treated with respect, but respect is earned, and sanctions should not be dropped until North Korea acts in a responsible manner in accordance with the obligations it has sworn to take on as a member of the United Nations and other international organizations. As U.S. Assistant Secretary of State Philip Crowley stated, the sinking of the *Cheonan* "was a clear and compelling violation of the existing armistice. It was without doubt a hostile act. It was provocative. It was unwarranted...[and] there will clearly be consequences to North Korea."[4] For peace to have any chance on the Korean peninsula, North Korea must understand the need to conduct business in a responsible and productive manner. However, the impact of principled sanctions in the past has been questionable. So, too, has South Korean, Japanese and American unilateral and/or allied retaliation for the North's indiscretions, as Chinese investment has and likely will continue to quickly fill the void left by sanctions, limiting the long-term economic impact on the North. On the other hand, an influx of private-sector foreign capital through cooperative investment ventures might prove much more influential. It would be better for both North and South Korea if investment into the North was more diversified. One thing both Koreas

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[4] – From the transcript of Assistant Secretary Crowley's May 21, 2010 Daily Press Briefing, accessed at http://www.state.gov/r/pa/prs/dpb/2010/05/142093.htm.

have in common is a fear that Chinese economic leverage over North Korea could grow too large.

North Korea is, by and large, a rational actor. In fact, "not only are Kim Jong-il and other North Korean decision makers acting rationally, they are also acting relatively successfully, considering their priorities, having managed to maintain power for over a decade...all the while extracting food, cash, fuels, and other forms of aid without being forced to make significantly compromising concessions."[5] Ralph Cossa has long asserted that Kim Jong-il will hold onto his nuclear deterrent and continue his belligerence as long as he believes "that the benefits to be gained outweigh current (or anticipated) consequences."[6] While Cossa sees the lack of "serious and sustained consequences" as the motivation for Kim maintaining a program, and possibly risking proliferation, the lack of a palpable opportunity cost for noncompliance and uncooperative behavior has also discouraged North Korea from dropping its bellicose attitude. Here, we are in a bit of a Catch-22. In attempts to punish the North's actions and squeeze the regime, we opt for sanctions, attempting to limit the capital available to Pyongyang. However, the economic imbalance on the peninsula makes it very difficult for North Korea to see itself as an equal, and as long as it is reliant on international aid, real negotiations with South Korea are difficult at best. Without sufficient capital, North Korea cannot rebuild its economy to the point of being

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[5] - Kevin Shepard, *North Korea's Foreign Policy and Bounded Rationality: Post-Cold War Policy Regarding the United States*, Ph.D. Dissertation (Seoul: The Graduate School of North Korean Studies, Kyungnam University, 2009), p. 230.

[6] - Quote taken from Ralph A. Cossa, *North Korea: Assessing Blame: Examining Motives*, Pacific Forum CSIS, PacNet Number 52, October 20, 2006. Cossa has reiterated the same argument in discussions with the author on numerous occasions, the latest being March 11, 2010.

confident enough to enter into trust- and peace-building measures with Seoul. As Pyongyang seeks the necessary foreign capital to fund its economic and infrastructure reform efforts, it has had no qualms about turning to weapons proliferation and other illegal efforts, incurring further ire from the international community, resulting in even fewer legitimate avenues for the North to take to bring in the money it needs.[7]

What we need to do in order to break this cycle is to encourage an atmosphere in which North Korea can entice foreign investment that can help restore its infrastructure without resorting to proliferation or illegal activities. In the words of Charles Kartman, "economic engagement could change North Korea's perception of its own self-interest," leading Pyongyang to reverse hostile and isolationist policies and engaging more responsibly with its neighbors.[8] While only by re-engaging North Korea can we progress toward the establishment of a 'peace regime,' on the other hand, Pyongyang's propensity for politicizing engagement is discouraging. The April 2010 seizure of South Korean government and private-sector investments in the Keumgang tourist resort was an unfortunate move by Pyongyang. Designed to pressure Seoul to restart tours, this short-sighted move not only heightens the Lee Myung-bak administration's distrust, it has the potential to scare off potential investors from any country. The most recent example of North Korea politicizing investment came when it threatened that, should South Korea retaliate for the sinking of the

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[7] - Many reports have detailed North Korea's illegal activities, with perhaps the most comprehensive being Sheena E. Chestnut's "The "Sopranos State"? North Korean Involvement in Criminal Activity and Implications for International Security," her MPhil thesis for Stanford University published May 20, 2005.

[8] - Charles Kartman and Susan Shirk, "North Korea Inside Out: The Case for Economic Engagement," Asia Society Center on U.S.-China Relations, December 2009.

Cheonan, Pyongyang "will strongly react to them with such merciless punishment as the total freeze of the inter-Korean relations, the complete abrogation of the North-South Agreement on Non-aggression and a total halt to the inter-Korean cooperation undertakings."[9] The solution is to lessen the political risk of investment in North Korea by avoiding government subsidies and allowing market functions to drive foreign investor interests. When North Korea creates an environment attractive to foreign investors and begins to draw in the capital needed to repair its infrastructure and build up its economy, real discussions on lasting peace can begin.

While the United States continues to pursue the elimination of North Korean nuclear weapons, President Barack Obama has prioritized the prevention of nuclear proliferation on the global scale, and North Korea is but one part of a larger puzzle for Washington. This has caused some in Seoul to worry that U.S.-DPRK bilateral negotiations could lead to Washington accepting a nuclear North Korea. While U.S. officials have stated repeatedly that Washington will not recognize North Korea as a nuclear power, the reality is that Pyongyang already possesses nuclear technology and nuclear weapons. What must be done now is to work on elimination of the weapons and weaponization programs while ensuring, in the mean time, that technology, know-how, and fissile materials stay within North Korean borders. An important element of this effort, along with Proliferation Security Initiative actions, port security strengthening and international cooperative surveillance and enforcement, is to remove the incentive; North Korea's primary motivation for developing a nuclear

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9 - "DPRK accuses South Korea of linking ship sinking with the North," *KCNA*, May 21, 2010. Accessed at www.kcna.co.jp on May 21, 2010.

weapons program may have been a deterrent, for prestige and recognition, or some combination of both, but proliferation efforts would likely be driven by little more than cold, hard cash. By encouraging private sector, market-driven foreign investment, we can encourage responsible behavior while at the same time providing a means for Pyongyang to earn foreign capital without resorting to activities threatening to the security of the peninsula, region, and world at-large.

Seeking the Peace We Seek

The first step in drafting a new policy toward North Korea is clearly identifying the objectives of such a policy. All regional actors have vocally and repeatedly lent their support to peace efforts by both North and South Korea, and the governments in both Seoul and Pyongyang regularly call for the establishment of a 'peace regime,' yet no concrete steps toward a more peaceful relationship have been agreed upon. Among the myriad reasons we are no closer today to the establishment of such a 'regime' as we were years ago when the term gained traction in inter-Korean politics is the fact that there has been little discussion about what, exactly, this 'peace regime' ultimately looks like. Without having a common understanding of the peace which is sought, it is impossible for the two Koreas, as well as other concerned and invested governments, to discuss action plans and benchmarks.

Defining the Issue for South Korea

South Korean President Lee Myung-bak's foreign policy and national security vision boasts "strengthening a denuclearized peace structure" as a key agenda item for inter-Korean relations.[10] However, the administration's priorities are murky. Seoul identifies the North Korean nuclear issue as the most fundamental military threat and obstacle to peace and unification. It then goes on to speak of North Korea's nuclear weapons development. The North Korean nuclear weapons program is problematic, for the Korean peninsula, region and internationally. The North Korean "nuclear issue" is not necessarily so. The international community has already resigned itself to allowing a peaceful nuclear program in North Korea, and has even cooperated on providing such a program. Lee Myung-bak's policy toward the North calls for the dismantlement of North Korean nuclear weapons prior to receiving economic assistance and improved relations with Seoul and Washington, and notes, "so long as North Korea refuses to withdraw its nuclear menace, genuine trust and cooperation between the two Koreas will remain elusive."[11] Yet, as long as North Korea comes to terms of the IAEA and all applicable international agreements, the existence of a peaceful nuclear energy and/or research facility will likely exist. Even the latest U.S. Nuclear Posture Review frees North Korea of the threat of a U.S. nuclear attack as long as it becomes a responsible member of the IAEA, and this would not require the abandonment of its entire nuclear program. Lee Myung-bak is determined to convince the North to denuclearize through "creative pragmatism," but

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10 - *Global Korea: The National Security Strategy of the Republic of Korea* (Seoul: Cheong Wa Dae, Office of the President, June 2009), p. 11.

11 - Ibid., p. 16.

also insists that "the only way to ensure its own survival…is to completely abandon its nuclear weapons in an internationally verifiable manner."[12] This is a necessary, but long-term, goal of negotiations with the North. It will also likely be very costly. In previous negotiations, South Korea went to great lengths to ensure that it would remain influential in the worldview of North Korea, and opened itself up to considerable financial burdens in order to control KEDO actions following the 1994 Agreed Framework, scraping, borrowing and begging to finance over 80% of the project, thus bearing most of the financial burden of the project's failure.[13] The Lee administration is determined not to let that happen again. That said, North Korea recently promised to have a light-water reactor before 2020.[14] This was our answer in 1994; it should not be seen as a problem now.

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[12] - *Global Korea*, p. 15.

[13] - A South Korean official was quoted as saying, "The [South Korean] government will exert every possible effort to have a South Korean company picked as KEDO's prime contract… South Korea has endeavored to take the largest possible share of the orders [for the KEDO construction project] in a bid to expand exchanges with North Korea," and, "According to estimates by economic ministries here, South Korea can independently take charge of a maximum of 82.1 percent of the whole project." Key-young Son, "South Korean Firm Should Be Named KEDO's Prime Contractor for NK Reactor Plan," *The Korea Times*, October 29, 1994.

[14] - In April, 2009, North Korea announced that it would actively develop a light water reactor. Now, it has announced, "The DPRK will witness the appearance of a light water reactor power plant relying on its own nuclear fuel in the near future in the 2010s." KCNA on Despicable Inside Story about Megaphone War, *KCNA*, March 29, 2010. It is noteworthy that the KCNA did not indicate the LWR would be of North Korean design (despite the reporting by Western media). Accessed at http://www.kcna.co.jp/item/2010/201003/news29/20100329-15ee.html on April 2, 2010.

Peace through the Eyes of the North

The North Korean perspective on trust, disarmament and re-unification is quite different from that of the South. Pyongyang accuses the United States and South Korea of failing to honor previous agreements on denuclearization, and is untrusting of agreements due to subsequent administrations in both Washington and Seoul choosing not to recognize previous administrations' commitments to Pyongyang. Specifically, the North asserts that "it is the Bush administration which is chiefly to blame for having reduced the [Agreed Framework] to a dead document" due to its "unilateral decision, a wanton violation of the agreement between the governments and a perfidy to its dialogue partner," to delay then eventually shut down the Korean Peninsula Energy Development Organization, which was responsible for the construction of two light-water nuclear reactors in the North.[15] In the Lee Myung-bak administration, Pyongyang sees a "group of traitors" that has "refused to implement the historic June 15 Joint Declaration and the October 4 Declaration, totally negating them."[16] It also sees the cessation of unconditional aid and government-sanctioned and supported cooperation as a reversal of the policies of the previous administrations.

While North Korean propaganda is obviously antagonistic and exaggerated, it does reflect genuine concerns of North Korean policymakers. Positioning the regime to engage the international community, Kim

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15 - *KCNA*, "KCNA Urges U.S. to Compensate for Losses Caused by Scrapping AF," December 19, 2005. Accessed at http://www.kcna.co.jp/item/2005/200512/news12/20.htm#9 on March 9, 2010.

16 - *KCNA*, "Ten Major Crimes of Lee Myung-bak Group Disclosed," February 26, 2009. Accessed at http://www.kcna.co.jp/item/2009/200902/news26/20090226-11ee.html on March 9, 2010.

Jong-il and other elite in Pyongyang are well aware of the fate of other communist leaders who had let Western ideology seep in, causing transition of the society and economy snowball out of central control. The 1989 executions of Romanian dictator Nicolae Ceausescu and his wife Elena were well known in Pyongyang, and Kim Jong-il is determined to maintain control of the military and to rally the people of North Korea around him. His choice of tools: Nationalism and fear mongering. It is said that North Korean elite were ordered to watch videos of the execution of Ceausescu and his wife to ensure that they were all aware of what was at stake if the North Korean regime were to fall.[17] And of course, just in case that failed, Kim Il Sung and Kim Jong-il massively increased the number of bodyguards protecting the family. Former bodyguard to both Kim Il Sung and Kim Jong-il, North Korean defector Myong-chol Kim recalls, "When I entered [the North Korean bodyguard service] there were only about 3,000 to 4,000 bodyguards, but after the killing of Ceausescu and his wife in Romania in 1989, they increased the number and now it's about 70,000."[18] Pyongyang is also acutely aware of the subjugation of East Germans as second-class citizens following reunification,[19] as well as the inflationary troubles faced by Moscow and other former Soviet satellite states upon attempts to open and privatize their economies. This makes Pyongyang wary of South Korean investment and cooperation offers, as it lacks confidence in its own ability to manage its economy

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[17] - Michael Sheridan, "China may back coup against Kim," *The Australian*, October 16, 2006.

[18] - Bradley Martin, *Under the Loving Care of the Fatherly Leader* (New York: St. Martin Press, 2004) p. 547.

[19] - According to a survey by the research firm Emnid, 74% of former East Germans "felt like second-class citizens since Germany reunited." "Communism Seems Preferable to Some Germans After 17 Years," *Deutsche Welle*, March 10, 2007. Accessed at http://www.dw-world.de/dw/article/0,2144,2806093,00.html on April 13, 2010.

and prevent unification through absorption.

With the current lack of trust and understanding between the two Koreas and the United States, Pyongyang will not abandon its nuclear weapons merely on the promise of future rewards. On the other hand, it is not feasible for Washington or Seoul to reward North Korea for merely returning to points in negotiations from which it has previously retreated, effectively rewarding them repeatedly for making the same concession. On the North's strategy of brinkmanship negotiation, President Obama stated, "We are not intending to continue a policy of rewarding provocation," and one of his chief strategists said of the North's Yongbyon nuclear facility, "Clinton bought it once, Bush bought it again, and we're not going to buy it a third time."[20]

Building a Foundation of Trust

North Korea proposes "to put an end to the vicious cycle of distrust and build confidence with a view to pushing ahead with denuclearization," and proposes a peace treaty between Pyongyang and Washington, through which "confidence will be built between the DPRK and the U.S. to put an end to the hostile relations and give a strong impetus to the denuclearization of the peninsula."[21]

The peace and unification strategies of the two Koreas are, however, far from in synch. North Korea calls for the creation of a Korean

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[20] - David E. Sanger, "U.S. Weighs Intercepting North Korean Shipments," *New York Times*, June 7, 2009.

[21] - *KCNA*, "US Urged to Make Decision to Conclude Peace Treaty," January 29, 2010. Accessed at http://www.kcna.co.jp/item/2010/201001/news29/20100129-07ee.html on March 9, 2010.

Federation, urging, "There is no reason for the North and the South of Korea to fight against each other as they are one nation. They should choose the reunification based on federation which would make it possible to reunify the country in a peaceful way."[22] The North Korean proposal of "one nation and state and two systems and governments" that "neither ensures the dominance and interests of either the North or the South nor does harm to any side"[23] would allow economic integration while protecting the North's regime. The South Korean unification policy, however, takes for granted the dominance of the South Korean system, and is committed to "unification based on free democracy;"[24] and one of the publicly announced goals of the Ministry of Unification for 2010 is "comprehensive research on 20 years of German unification,"[25] or, 'how to absorb the failed state next door.'

Finding Common Ground

Obviously, trust is necessary for peace, peace is necessary for reconciliation, and reconciliation must precede unification, but what peace? What style of unification? How can trust be built? South Korea is calling for peace with the North, while the North is calling for peace with Washington. On the other hand, President Barack Obama, speaking about peace, defended war, arguing that countries will at times "find the use of force not only necessary but morally justified," and defended armed

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22 - *KCNA*, "Reunification by Federal Formula Called For," February 24, 2010.
23 - Ibid.
24 - *Global Korea*, p. 15.
25 - Ministry of Unification webpage. Accessed at http://www.unikorea.go.kr/eng/default.jsp?pgname=POLworkplan on March 9, 2010.

conflict on the Korean peninsula, stating that "the blood of our citizens and the strength of our arms" have prevented a third World War, and that "the service and sacrifice of our men and women in uniform has promoted peace and prosperity from Germany to Korea." Doing so, he argued, was in "our enlightened self-interest."[26]

Seoul, Pyongyang and Washington are all on very different pages when it comes to defining a "peace regime" on the Korean peninsula. However, President Obama made two other points in his speech that are particularly relevant to the pursuit of peace on the Korean peninsula. First, that in order to successfully create a peace regime, we need to focus "on a more practical, more attainable peace, based not on a sudden revolution in human nature but on a gradual evolution in human institutions." This can be seen in the policies Washington has adopted regarding the North Korean nuclear issue.

Second, that "it is undoubtedly true that development rarely takes root without security; it is also true that security does not exist where human beings do not have access to enough food, or clean water, or the medicine they need to survive. It does not exist where children do not aspire to a decent education or a job that supports a family."[27] In other words, it does not exist in North Korea. This challenges South Korean President Lee Myung-bak's strategy of offering development assistance to North Korea only after Pyongyang abandons its nuclear ambitions. This is because among the many roles North Korea's nuclear program plays

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[26] - The full text of President Obama's remarks at the Nobel prize acceptance ceremony was accessed at http://www.whitehouse.gov/the-press-office/remarks-president-acceptance-nobel-peace-prize on March 3, 2010.

[27] - Ibid.

in DPRK strategy, it ensures that the international community will continue to show interest in North Korean issues, and it gives Pyongyang the leverage to negotiate assistance for rebuilding its dilapidated energy and transportation infrastructures; an essential step in economic recovery. By helping North Korea develop its infrastructure and economy, Washington, Seoul and Pyongyang can find common ground in pursuing peace on the peninsula.

Building Confidence in North Korea

The promise of future economic returns for the immediate abandonment of its nuclear "deterrent" is not sufficient to bring Pyongyang around. The regime lacks confidence and decision-makers are inundated with propaganda on the dangers of engagement. The Kim Jong-il regime will advance slowly and carefully as domestic confidence builds, and this, in turn, will encourage trust only after economic returns begin to come in. North Korea has no significant network of powerful allies, nor does it any longer have a benefactor, as it did during the Cold War. Despite economic and moral support from China, when fending against a stronger state such as South Korea or the U.S., the weaker North Korea has chosen to rely on internal balancing (not unlike its Cold War-era strategy employed against its benefactors).[28]

In the post-Cold War era, Kim Jong-il has consistently reached out to Western governments in order to create diplomatic relations and boost

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[28] - While North Korea relied on security guarantees from China and the Soviet Union to ensure its survival as it faced off with South Korea and the United States, Pyongyang constantly maneuvered between Beijing and Moscow to ensure that its two protectors were vying for its loyalty, not the other way around.

the economy, while at the same time pursuing his 'Military-first Politics' as state-run media laments the threat of attack by American forces stationed in South Korea.[29] At the beginning of the post-Cold War era, Pyongyang stressed the need "to develop its economic relations with foreign countries,"[30] but with the caveat, "while adhering to the principles of independence, complete equality and mutual benefits in foreign economic relations."[31] This theme – and especially the emphasis on equality and independence – continues today. At the end of the Cold War, Kim Il Sung warned that "the danger of war is always seriously hanging in the air," and as a new level of development was underway in Asia, the imperialist threat lay in the true intentions of what Washington called its "peaceful actions." He also warned that South Korea was looking to "adopt other countries' tactic of unification-by-absorption" and stressed the need to continue with the socialist struggle.[32] North Korean propaganda does not read significantly different today, in the aftermath of the *Cheonan* incident.

On the other hand, a growing number (and variety) of foreign investors have placed their bets in North Korea, working directly with DPRK counterparts. While these projects have reported their share of

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[29] – While the term, 'Military-first Politics' did not appear in North Korean media prior to 1997. Editorial, *Rodong Sinmun*, December 12, 1997. And the government mouthpiece claims it was launched on January 1, 1995, when Kim Jong-il "declared military-first politics on this land as if he fired a cannon." Paek Ryong, "The General and Soldiers Are in Complete Harmony," *Rodong Sinmun*, November 18, 2001. This more accurately marked the culmination of Kim Jong-il's efforts to consolidate the military, rather than the launch of a new policy. In fact, the 1992 DPRK Constitution details the establishment of the "military-first political system."

[30] – Song Jun So, "DPRK's Foreign Economic Relations Expand Continuously," *Foreign Trade of the Democratic People's Republic of Korea* (No. 9(312) 1990), pp. 2-3.

[31] – Ibid.

[32] – "Sinnyeonsa [New Year's Address]," *Rodong Sinmun*, January 1, 1992.

problems in dealing with the North, they have consistently reported improved access, growing economic savvy, improved productivity, and other factors indicating that lessons, directly and indirectly, about economic and other aspects of the outside world are being absorbed by the North Korean workforce and authorities.[33]

North Korea has not only been vocal about its desire to engage the international community, it has invested significantly in preparing for increased foreign trade and investment, and passed considerable amounts of legislation to support furthering economic ties with the international community. In the last decade, the North has legitimized markets, passed laws on the protection of commercial activity and private property, strengthened individual responsibility and decentralized production-related decision-making, made some moves, although much more is necessary, toward enhancing the role of law and broadening the role of the judicial system, and with the help of South Korean legal experts, drafted a number of laws protecting investments and otherwise creating a more attractive investment atmosphere for foreign entrepreneurs.[34]

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[33] - According to the co-founder and director of the Pyongyang Business School, "North Korean staff can easily be trained and reach international standard...all North Koreans, stemming from many different organizations that worked with me were all hard working and eager to learn." From Felix Abt, "North Korea – doing business in a demanding environment," *Insight Asia-Pacific*, German Asian-Pacific Business Association, Hamburg, September 2009, p. 28. GPI Consultancy, working with the Netherlands Council for Trade Promotion and the DPRK Chamber of Commerce, has arranged annual business missions to the North, labeling them "very successful...with tailor-made business meetings and company visits, interesting and well-varied [opportunities]." Geir Helgeses and Nis Hoyrup Christensen, "North Korea 2007: Assisting Development and Change," Nordic Institute of Asian Studies, 2007.

[34] - For more details, see Dae-Kyu Yoon, "Economic Reform and Institutional Transformation: A Legal Perspective," in Phillip H. Park (ed.), *The Dynamics of Change in North Korea: An Institutionalist Perspective* (Seoul: The Institute for Far Eastern Studies, Kyungnam University, 2009), pp. 43-74.

North Korean Efforts

Despite Pyongyang's often heard and longstanding propaganda regarding its 'self-reliance,' North Korea has not only always been open to foreign capital; the country's very existence has been dependent upon it. During the height of the Cold War, Kim Il Sung stated, "The support and aid...of the Soviet Union, the People's Republic of China, the German Democratic Republic, Romania, Mongolia, Bulgaria, Albania, Vietnam, Hungary, Czechoslovakia and Poland have played a big part in accelerating our socialist construction,"[35] and even as he strove to build the self-determination of North Korea, he acknowledged, "needless to say, we fully recognize the importance of international support and encouragement and consider foreign aid a necessity."[36] Kim also advocated pragmatism, posing the question, "It does not matter whether you use a spoon or chopsticks, your right hand or left hand when at the table. No matter how you eat, it is all the same insofar as food is put into your mouth, isn't it?"[37]

Following the end of the Cold War and the loss of its main benefactor, North Korea was also left without many of its Eastern European trading partners, and China's shift away from 'friendship pricing' and free-flowing assistance meant that Pyongyang needed a new diplomatic

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35 - Kim Il Sung, "Joseonrodangdang Je4-cha Daehwieesoe Han Pehwisa [Report to the Fourth Congress of the Workers' Party of Korea] (1961)," *Kim Il Sung Seonjib* [Kim Il Sung Works], No. 27 (Pyongyang: Workers' Party of Korea Publishing House, 1999), p. 467.

36 - Kim, "On Socialist Construction in the Democratic People's Republic of Korea and the South Korean Revolution (1965)," p. 171.

37 - Kim Il Sung, "On Eliminating Dogmatism and Formalism and Establishing *Juche* in Ideological Work" (December 28, 1955), a speech rejecting Khrushchev's de-Stalinization campaign. Accessed online at www.korea-dpr.com/cgi-bin/simpleforum.cgi?fid=04&topic_id=1135935712 on September 20, 2008.

and economic strategy. It chose to reach out to the international community and global market, but to do so requires capital, and this is something the North sorely lacks. In its first few adventures in economic cooperative projects, special economic zones were the preferred choice, as they allowed authorities to isolate foreign influences and cut off the flow of outside information. On December 28, 1991, North Korea designated the Rajin-Sonbong region a 'special economic zone,' and promoted the area as part of the United Nations Development Program's Tumen River Area Development Program.[38] North Korea's Vice Chairman of the Commission of External Economic Affairs, Jong Mo Kang, bragged that the Rajin-Sonbong would "be of great significance in the development of our foreign economic relations."[39] While this free trade zone ultimately failed due to North Korean authorities' overzealous oversight and inability to refrain from administrative meddling, many lessons were learned; North Korea based future, and more ambitious, foreign investment opportunities on this experience. Efforts are now underway to revive the plan, having established 'Rason Special City.'

Just before the death of Kim Il Sung in 1992, the North enacted constitutional revisions to support its bid for foreign investment. One article was added, reading, "The State shall encourage institutions, enterprises or associations of the DPRK to establish and operate equity

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[38] The North's Administration Council Decision No. 74 stated, "Free economic and trade zones shall be created in Rajin and Sonbong, North Hamgyong Province. Rajin, Sonbong, and Chongin Port shall be free trade ports, and foreigners are allowed to establish and run various forms of business including co-production, joint venture and foreign-funded business and engage in service business of various forms." "DPRK Administration Council on Creating Free Economic and Trade Zones," *Foreign Trade of the Democratic People's Republic of Korea* (No. 2(329) 1992), p. 12.

[39] "Foreign Trade Developing in the DPRK," p. 13.

and contractual joint venture enterprises with corporations or individuals of foreign countries," and another new article stated, "The DPRK shall guarantee the legal rights and interest of foreigners in its region." On October 5, 1992, the (North) Korean Supreme People's Assembly promulgated the Foreign Investment Law, the Contractual Joint Venture Law, and the Foreigners' Enterprise Law, to be followed on January 31, 1993 by the Law on Foreign Investment Enterprises and Taxation on Foreigners, the Foreign Exchange Administration Law, and the Law on Free Economic and Trade Zones. These laws were in addition to the existing Equity Joint Venture Law (September 8, 1984), which was followed up by the Regulations Concerning the Operation of Joint Ventures and the Law on Foreigners' Income Tax (March 7, 1985). Many had high expectations for economic growth and international engagement when the North began passing such laws, but a lack of confidence and incredible political investment risk meant that these early efforts to attract foreign capital failed. However, many of these efforts have continued, as is noted below, and North Korea continues to attempt to create an environment attractive to foreign investors.

For example, North Korea has operated the International Korean Business Centre for nearly two decades; a center which it describes as a "comprehensive one-stop service for worldwide companies and individuals interested to trade and explore opportunities with the DPR of Korea," with offices in Pyongyang, Thailand and Spain.[40] The business centre

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[40] – "Official Webpage of The Democratic People's Republic of Korea." The website is run by The Korean Friendship Association, which is led by Special Delegate of the Committee for Cultural Relations with Foreign Countries. Andro Cao de Benos is also president of the International Korean Business Centre, http://www.korea-dpr.com/business.htm.

is proud to have reached deals with "first-class companies in Italy, Switzerland, Netherlands, Thailand, Australia, Arab Emirates and other countries in the fields of shipbuilding, garment manufacturing, IT programming, film animation, mining, food stuff production, electronics, arts & crafts, etc."[41] The centre also hosts several business delegations for potential investors each year, and claims that since it started these visits in 2007, approximately 80 percent of delegation members ended up signing contracts with the North Korean government.[42]

Despite the North's ambitions, there are concerns that the North's infrastructure simply cannot support modern industrial production. Dilapidated power grids, antiquated equipment and the lack of material resources in the North cause many factories to grind to a standstill, while others are unable to provide a full day's work to employees.[43] As the North's economy slowly imploded in the 1990s, operations at manufacturing plants throughout the country had fallen off by as much as 75 percent,[44] and have yet to completely rebound in the 21st century. However, North Korean authorities try to find the silver lining, advertising to potential foreign investors the availability of "highly qualified, loyal and motivated personnel" that the government promises "will not abandon their positions for higher salaries once they are trained" without noting

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41 - International Korean Business Centre itinerary for a foreign business delegation hosted in February 2010, http://www.korea-dpr.com/kfa2010/kfa-biz-feb-2010.htm.

42 - Ibid.

43 - Cho Jeong-ah, et al., *Bukhan Juminui Ilsangsaenghwal* [The Everyday Lives of North Koreans] (Seoul: Tongilyeonguwon [Korea Institute for National Unification]), December 31, 2008, pp. 35-36.

44 - Hyeong-jung Park, *Bukhan-ui Kyeongje Kwanli Chegye: gigu-wa unyeong* [Economic Management System of North Korea: Organization and Operation] (Seoul: Haenam Publishing House, 2002), p. 29.

that this is largely because they would have nowhere else to go.[45] Many observers are also appalled by the actions of the North's People's Security Bureau and other means used by the Kim's regime to maintain control of every aspect of the lives of the people, but the regime is proud to advertise that "all business [is] made directly with the government…a government with solid security and [a] very stable political system," and guaranteeing "exclusive distribution of products (sole-distribution)."[46]

Another website, "Naenara," is maintained by the Korea Computer Center. This site prominently displays the North's laws on foreign investment, equity joint ventures and contractual joint ventures. It also lists the North's foreign trade corporations and agencies, and it provides this information for potential foreign investors in Korean, English, French, Spanish, German, Russian, Chinese, Japanese, and Arabic.[47] North Korea also publishes a quarterly English-language journal, *Foreign Trade*, advertising products for export, but also highlighting successful foreign investments and advertising potential opportunities for others interested in helping Pyongyang get its hands on foreign capital. The latest issue (No. 414, 2010) advertises, "There are many profitable investment projects in the DPRK including sectors of metal, power, coal and rail transport, service sectors like communications, air transport and hotels, and IT and other hi-tech domains," and does so in an article on ORA Bank, a joint venture bank set up in 2007 by the North's Foreign Trade Bank and Egypt's ORAKAP Far East Holding.[48] Relations with these two entities

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45 - "Official Webpage of The Democratic People's Republic of Korea."

46 - Ibid.

47 - http://www.kcckp.net/en/

48 - "ORA Bank," Foreign Trade, No. 414, 2010. Accessed at http://www.kcckp.net/en/periodic/f_trade/index.php?contents+1446+2010-01+43+10 on February 17, 2010.

have diversified into hotel renovation, cellular phone networking, cement production, and more. The North's ventures into these cooperative projects mean opportunities for engagement with the outside world, and opportunities to learn from and influence North Korean officials and residents.

These steps, while far from comprehensively or sufficiently enforced, were designed to prepare the North Korean economy for foreign investment and to give it some semblance of attractiveness to foreign investors. North Korea has continued to improve conditions for, and now relies quite heavily on, foreign investment. This also indicates that the technocrats in Pyongyang have been acquiring more of a voice. This is exactly the direction in which Washington, Seoul and the rest of the concerned international community should encourage the North to move.

No Time Like the Present

The January 1, 2010 New Year's Joint Resolution stated, "It is the consistent stand of the DPRK to establish a lasting peace system on the Korean peninsula and make it nuclear-free through dialogue and negotiations." It also called for the improvement of the daily lives of North Koreans through reform of the agricultural and light industry sectors. To this end, the North needs to rebuild its basic social infrastructure, including electrical, transport, and communications networks. The establishment of the Taepung International Investment Group, the revitalization of the Rajin-Sonbong free trade area, large-scale, long-term investment projects with both China and Russia in mining and transportation, and repeated announcements by the North's government-owned media

outlets reveals the North's ambition to make the necessary improvements by raising foreign capital and enticing overseas investments. If Pyongyang is determined, we have one of three choices: provide assistance, encourage investment, or deal with the North's illegal economic activities.

Kim Jong-il has set his own deadline for creating his legacy. He declared that in 2012, he would "open the gate to a great prosperous and powerful nation." The development of nuclear weapons allows him now to focus on the 'prosperity' half of that goal, and the last year has seen the 150-day battle and 100-day battle, grand attempts at currency reform and market restructuring, an emphasis on the development of light industry and agriculture, and a full-court press to attract foreign investment. The extent to which North Korean authorities attempted to overhaul the economy, cut down inflation and reign in independent wealth with overarching currency reforms at the end of 2009 and beginning of 2010 reveal an urgency felt for economic success. The failure of these reforms reflects the lack of sophistication in North Korean tactics, and highlights an area in which re-engagement, through private-sector, pragmatic exchanges and investments, and through NGO and government-supported training opportunities, could allow for at least some influence on the perceptions of policy makers.[49] The extent to which North Korea is actually ready to allow such cooperation is, however, questionable. Furthermore, Pyongyang's insistence on playing politics with inter-Korean cooperative

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[49] – Training programs on capitalism and market economics have been held previously for officials from the Ministry of Foreign Affairs, Ministry of Trade, the Economy Inspection Division of the Korean Workers' Party, National Planning Committee, the Department of National Security Defense, the University of the People's Economy and Kim Il Sung University. Jong Dae Shin and Dean J. Ouellette, "Human Resource Development and International Cooperation," *The Dynamics of Change in North Korea* (Seoul: Kyungnam University, 2009), p. 268.

economic projects is likely to discourage foreign investors. Seizing South Korean assets in Keumgang and abandoning contracts regarding Kaesong illustrate the short-sightedness of North Korean decision-making; while some Chinese tour companies appear ready to take advantage of the Keumgang facilities, they are not likely to pay as much for the tours as Hyundai-Asan, and Pyongyang's actions regarding the Kaesong Industrial Complex could discourage others from front-loaded investments.

Currently, targeted sanctions are in response to Pyongyang's refusal to play by international rules, and should not be lifted for any reason other than North Korean compliance. However, the sanctions are limited in scope, and the limited impact of those sanctions is further weakened by Chinese trade. Dick Nanto and Mark Manyin postulate that "it is possible that China views sanctions on exports of luxury goods as "unenforceable," since such goods can be bought on the open market by North Korean traders," and note that UN sanctions have had "little effect on China's exports of luxury goods," as such the amount of such exports has actually continued to rise since China approved the UN censure of the North's nuclear and missile testing.[50] While the potential impact of sanctions has been the loss of access for the North to as much as two billion USD in overseas lending,[51] sources inside the North say that businesses are operating the same as ever (not that they operated particularly well before)[52] while PRC-DPRK trade continues to grow, despite the sanctions,

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[50] - Dick Nanto and Mark Manyin, "China-North Korea Relations," *CRS Report for Congress*, March 9, 2010. Accessed atwww.nautilus.org/for a/security/10016CRS.pdf on March 9, 2010.

[51] - Mary Beth Nikitin, et. al., "North Korea's Second Nuclear Test: Implications of U.N. Security Council Resolution 1874," *CRS Report for Congress*, July 23, 2009, p. 12. Accessed at http://www.fas.org/sgp/crs/nuke/R40684.pdf on March 16, 2010.

[52] - "Buk Oueguk tujaga-deul: saeobche eoryeoum eobta [North foreign investors: no

to an average of 100-200 million USD per month, and approximately 10 percent of which is made up of sanctioned luxury goods.[53] In addition, the U.S. decision to not only back off pressures applied to the Banco Delta Asia, but to jump through hoops to return frozen funds to the North in a manner dictated by Pyongyang, showed the North that we were not ready to play chicken with them. In the aftermath of the Cheonan incident, Seoul banned only some inter-Korean economic cooperation (allowing companies in the KIC to continue manufacturing), and what losses the North will suffer will likely be lessened by increased Chinese investment. If we won't take a hardline approach, then we should take advantage of the increased access to the average North Korean to change their image of the 'imperialist American aggressor' and support a growing middle-class of consumers and government of technocrats that understand the benefits of opening up and engaging the international community. This is how we can encourage North Korea to take a more responsible and open approach to inter-Korean and international affairs. This is the first step in building a 'peace regime' on the Korean peninsula.

Setting the Ball in Motion

Without resolution of the *Cheonan* incident, it appears difficult to return to nuclear and peace negotiations. We need to re-evaluate the goals of our North Korea policies, and the best strategies and tools available to reach them. Experts agree that Pyongyang is a relatively rational actor, and when offered an option better than the status quo, North Korea can be

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difficulties with the business framework]," *No Cut News*, March 10, 2010.

[53] Nanto, "China-North Korea Relations."

enticed out of its shell. This is because Pyongyang relies heavily on its internal-balancing approach to relations with both South Korea and the United States, yet is well aware of its relative weakness on most fronts. Without economic and infrastructure repairs, North Korea will continue to lack the confidence necessary to take meaningful trust-building steps, and without trust, there is no hope of a peace regime on the Korean peninsula, and little chance of a denuclearized North Korea.

While denuclearization under the Kim Jong-il regime is unlikely, those states concerned with a peaceful and stable Korean peninsula can and should encourage confidence-building measures through investment, particularly in projects that, while economically viable and relatively secure for the investor, also help to restore North Korean infrastructure. Kim Jong-il can't live forever, and now is the time to 'get in on the ground floor,' building relationships, confidence and opportunities for furthering trust and peace in the future.

Objectives

By economically engaging North Korea, we can:

- Establish outposts of cooperation, creating opportunities for dialogue and a window through which North Koreans can more clearly hear the voice of the international community; messages delivered through invested, private-sector partners of the North Koreans can more easily overcome Pyongyang's attempt to outside information as being sinister propaganda or political maneuvering.
- Educate North Koreans, from technocrats and factory managers to

farmers and market traders, in the ways of market economics and trade. This can help stabilize both the North's economy and foreign policy by deterring short-sighted or narrowly-focused decisions; increasing consistency builds confidence and improves foreign and inter-Korean relations as well as improves standards of living. This would again encourage Pyongyang to be more accepting of trust-building cooperative efforts by offering economic and diplomatic incentives for responsible and transparent behavior.

- Rebuild infrastructure and improve power and transportation woes, thereby improving the lives of the people. In the short-term, this could possibly embolden the North to be more selective in its cooperative ventures and more apt to try to regain central control of the economy, but as was seen in early 2010, improving the economic situations of the North Korean people by supporting market economics actually serves to restrict central government control over the economy and encourage capitalistic tendencies among market-goers. Increasing public wealth will increase the expectations of the people on their government, while at the same time, the central government's relative decline in control over the economy means the people are less reliant on the regime for food and other necessities, further eroding the basis of the Kim Jong-il regime's hold over the people.

- Inevitable regime change (Kim Jong-il cannot live forever) will provide a window of opportunity for a shift in the direction of the regime's politics, both domestically and internationally. Now is the time to lay the seeds of encouragement and introduce the incentives of becoming a more responsible and transparent actor. Prior to significant shift in

Pyongyang politics, interested governments should encourage economic engagement but avoid politicizing investments or investing public funds to the point of becoming vulnerable to Pyongyang's strategy of threatening private-sector investment in order to build support for appeasement policies within the domestic public of the target country, a tried-and-true tactic in its negotiations with Seoul.

Action Plans

In order to most pragmatically engage North Korea in way that would reach the objectives listed above, Washington, Seoul, and the international community would be well served to:

- Encourage pragmatic, private-sector economic and financial cooperation; avoid government subsidies or insurance that would dull the incentive for North Korea to provide a transparent and friendly investment atmosphere, but limit sanctions and other barriers to cooperation. Prevention of proliferation is an obvious task-at-hand, as is limiting the North's access to technology that could be used to further its weapons programs. However, private-sector investment in joint ventures and other cooperative projects.

- Support efforts for educational and training opportunities, including technical and other support, in-country training, courses offered outside the North, and even texts, syllabi and online and/or digital courses on topics such as international banking, global economics, market economics, corporate governance, and more.

- Encourage ROK-PRC-Russia-DPRK working-level talks on cross-border rail, road, and energy grid, connections, and promote cooperation such as recent Russian and Chinese investment in port, rail and road revitalization projects within the North in conjunction with economically viable and strategic projects, including port access and energy exploration.

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A Comparison of German and Korean Division: Analogies and Differences

Hanns Günther Hilpert

Abstract

The comparative analysis shows striking similarities in the post-war security situations of Germany and Korea, simultaneously leading to artificial separation and the deep-freezing of the division into cold war confrontation. Once division was established, two different systems and mentalities developed. In the end, both the GDR and the DPRK thoroughly failed economically. But although Korean division has endured until now, the situation in the Korean peninsula still looks very much like the German situation of the 1980s. Once the artificial inner Korean border falls, North-South migration is bound to occur, and the ROK will face similar political and economic challenges as the FRG did in 1990. More revealing than the similarities are the regional and national differences, however, which may explain why unification took place in Germany, but not in Korea. Both the mutual trust built up over nearly 20 years of détente and the FRG's deep Western multilateral integration were preconditions and facilitators in the process of reunification. The differences also imply that unification will be much more difficult for Korea, since the DPRK is in absolute and relative terms much poorer and larger.

Key Words: German-Korean comparison, North Korea, German reunification, German division, Korean division

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Introduction

On November 9, 1989, the Berlin Wall came down and the process of German reunification started. The Cold War ended only in Europe, however. In Asia, the Democratic People's Republic of Korea was visibly not affected by the historic developments in Europe. Alas, Korean division continues up to the current day. Since Korea and Germany suffered the comparable fate of artificial separation and division over a period of nearly 40 years, it may be helpful to use Germany as a yardstick for analyzing the problems and implications of the still divided Korea – across a distance of 20 years. It may be asked: Are there any lessons Korea can draw from Germany's past experiences of division and reunification? Using the German experience as an instrument to analyze the Korean situation is only permissible, however, if something comparable exists. Therefore, a kind of stocktaking is needed.

Roughly divided, the transition from national division to unification has a political dimension, a security dimension, an economic dimension and a human dimension. First, national politics determine whether sufficient political consensus and sufficient political power exists in order to make unification happen. Second, international politics and security demand that unification does not threaten regional or international peace. Third, economic analysis shows the eventual unification costs depending on both state entities' size as well as their income, factor endowment and productivity ratios. Fourth, the human/cultural dimension exposes whether the people and the societies of both sides will fit easily into one reunified nation. Of course, these four dimensions are not equivalent. Obviously the political dimension constitutes the necessary pre-conditions,

and these determine if reunification can be translated into action at all. The estimated economic and human costs, however, are rather influential in decision-making. Looking at these four dimensions in Germany and Korea, both analogies and differences can be discerned. With the intention of searching for conclusions and lessons for contemporary Korea, the following analysis follows this juxtaposition.

As will be shown further on, analogies mainly can be found in the genesis of the divisions and in the evolving formation of two different states and systems, both in Korea and in Germany. Consequently, five striking analogies will be examined, namely (1) crucial geostrategic locations, (2) the parallel genesis of the divisions, (3) the international security context, (4) the development of capitalistic versus socialistic systems, (5) the emergence of different identities and mentalities. The obvious differences result primarily from the different historical developments and political structures of North and South Korea and of East and West Germany. Such different patterns can be noticed (1) in the regional security environments, (2) in the size and income ratios, (3) in the depth and intensity of the division, (4) in the differences between West Germany and South Korea, and (5) in the differences between East Germany and North Korea.

Striking Similarities between the German and Korean Divisions

Crucial Geostrategic Locations

Both Germany and Korea occupy sensitive geopolitical positions in their respective regions. Germany is located right in the centre of Europe, with hardly any natural borders impeding either access to Germany or

expansion from there. As a consequence of its crucial geostrategic location, Germany's foreign policy orientation was always considered crucial to the European balance of power. Korea is located between the three major powers of Northeast Asia, namely China, Japan and Russia, and is equally open to entry and exit. Korea, which has traditionally been perceived both as an "entry door to China" and as a "dagger pointed at Japan," is regarded by those two neighbours with deep strategic concern. Historically China and Japan have strived for a friendly, and possibly politically dependent, Korea. As a consequence of their strategic locations, both Germany and Korea have been military battlegrounds in geopolitical competitions between external regional powers at several points in history.

Parallel Genesis of the Divisions

Both Germany and Korea were divided as a consequence of the Cold War between East and West. Both divisions were unintended, however. When the allied powers deliberated the post-war fate of wartime enemy Germany and of occupied Korea at the Yalta Conference from February 4 to 11, 1945, they neither planned nor desired the territorial and political division of these two countries. Both in Germany and in Korea, division occurred, however, when the initially temporary occupation zones were transformed into two separate states. In Germany the western sectors, then controlled by France, the United Kingdom (UK) and the United States (US), were merged on May 23, 1949, to form the Federal Republic of Germany (FRG). On October 7, 1949, the eastern sector governed by the Union of Soviet Socialist Republics (USSR) became the German Democratic Republic (GDR). In Korea, a trusteeship was formed by the

US and the USSR with a "zone of control" demarcated along the 38th parallel. The purpose of this trusteeship was to establish a provisional Korean government which would become "free and independent in due course." With mistrust growing rapidly between the US and the USSR, no agreement was reached on how to reconcile the competing provisional governments and how to hold joint elections. Following separate elections both in the South and the North, two separate Korean states were established; first the Republic of Korea (ROK) on August 15, 1948 and the Democratic People's Republic of Korea (DPRK) on September 9, 1948.

The International Security Context: No Unification without International Consent

Since both Germany and Korea are located in crucial geostrategic locations, the circumstances and the conditions of the reunification had or will have important implications for the regional and global order. Thus the way in which Germany and Korea are anchored into their regional security environment to a high degree defines that same environment. A Germany or Korea firmly integrated into a workable system of regional security enhances regional stability and peace, whereas a Germany or Korea loosely inserted into the region would endanger regional stability and peace, as it would invite foreign competition for influence. There is also an imminent risk that security uncertainties may entice Germany or Korea to enhance their own security by unilateral measures. Unification, both of Germany and Korea, has uncertain consequences for the regional and international security architecture. Therefore international acceptance of reunification is a necessary

precondition for unification.[1] Because of the international security implications involving unification, both Germany and Korea are not fully sovereign states. In this respect a great many quite similar critical reunification issues had to be resolved or will have to be resolved in the course of reunification by some kind of international agreement. The significance of the various issues discussed below, however, may differ between Germany and Korea.

- *A peace treaty*: Germany was until 1990, and Korea still is, in a state of war according to international law. In the case of Germany, a necessary premise of reunification was a peace treaty ending World War II. A necessary precondition for Korean reunification will be a peace treaty ending the Korean War. In the case of Germany a formal peace treaty was not intended by the four allied powers, so the 1990 Treaty of Final Settlement of Germany (or Two Plus Four Agreement) set an end to the war instead. This formula became the precondition for the full restoration of German sovereignty. In future the Potsdam Treaty of 1945 cannot be utilized by a third country as the basis for a claim for a peace treaty or for German reparations.[2]

- *Territorial dimensions*: Both (pre-unification) Germany and Korea had/have unresolved territorial issues, which had/have to be closed prior to unification. Germany in the Two Plus Four Agreement re-

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[1] – Hanns W. Maull and Sebastian Harnisch, "Exploring the German Analogy: The "2+4 Process" and Its Relevance for the Korean Peninsula," unpublished document, Trier University, 2001.

[2] – Eckart Klein, "Deutschlands Rechtslage" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), pp. 284-285.

cognized the Oder-Neiße-border to Poland and renounced formally all territorial claims based on pre-war German territories.[3] Admittedly, territorial issues are far less important for the settlement of the Korean division and are not likely to become an obstacle for Korean unification. But unified Korea will also face discussions on its border issues with China (Mount Paektu) and Japan (Tokdo).

- *Possession of nuclear weapons*: Both (pre-unification) Germany and Korea had/have to clarify their positions on weapons of mass destruction. To calm the fears of its neighbours, Germany declared formally in the Two Plus Four Agreement its permanent abdication of nuclear, chemical and biological weapons. The German abdication did not constitute a major issue in the Two Plus Four negotiations, because neither the FRG nor the GDR possessed nuclear weapons nor had Germany any armament intentions. In the case of Korea, the topic obviously is a core issue. Already at present, the DPRK's possession of nuclear weapons does threaten directly its neighbours (ROK, Japan), it has the potential to set off a horizontal proliferation of nuclear weapons (regionally and internationally), and it damages the international non-proliferation treaty. In the case of unification, a major international demand will be the complete disarmament of the DPRK's nuclear arsenal and possibly even of its civil capacities. Similar agreements will be needed in the areas of chemical weapons, biological weapons and possibly land mines.

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[3] - Ibid., pp. 286-288.

- *Conventional force reduction*: Both Germany and Korea located or locate a high concentration of conventional army forces on their soil, including a considerable number of foreign forces (NATO forces in the FRG, Soviet forces in the GDR, US army forces in the ROK). In principle, a reunification process establishing peace and stability should require the demobilization of army forces. It also raises the question of the future of the foreign forces stationed there. For Germany the Two Plus Four Treaty stipulated that Germany's force level shall not exceed 370,000 men and that the Soviet troops shall leave Germany no later than 1994.[4] In the case of unification, the dismantling of the Korean forces as well as the future of the US army forces in Korea will be major issues.

- *Alignment*: In both Germany and Korea, the two separate states were aligned to opposing powers and systems. When reunification has to be dealt with, the question of alignment comes up. In the Two Plus Four negotiations, Germany upheld its right to freely choose to align with NATO. Eventually the USSR conceded, but with the provision that neither foreign troops nor atomic weapons may be stationed on East German soil. In Korea a similar debate will arise: Will the ROK remain aligned to the US? Will a unified Korea allied to the US be acceptable for China? If so, will the US be allowed to station troops or even nuclear weapons north of the 38th parallel?

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[4] - Ibid., pp. 285-286.

The Development of Capitalist Versus Socialist Systems

Both in post-war Germany and in post-war Korea two adversarial states emerged with antagonistic systems of political governance and social organization.

The FRG and the ROK became states with capitalist economic systems and pluralistic societies. They both excelled in economic development. Despite tremendous war destruction both the FRG and the ROK created their own versions of economic miracles and became world-class industrial powerhouses. Both states developed into working democracies, although the democratization process started in the ROK at a considerably later stage. On the other hand, both *the GDR and the DPRK* built up socialist systems which demonstrated astonishing similarities, especially in the early years[5]: (1) Pressured by the Soviet occupation forces, all leftist domestic forces were merged into one unitary socialistic party (SED = Socialist Unity Party of Germany, KWP = Korean Workers' Party). The SED and the KWP were asserted to be the true representatives of the working class and the people, and became the leading political forces, (2) Camouflaged as police or coast guard forces, a powerful military was built up, (3) Following the Marxist-Leninist blueprint, socialist states were established: opposition was eliminated; jurisdiction was subordinated; the legislative bodies (the People's Chamber in the GDR; the Supreme People's Assembly in the DPRK) were reduced to rubber stamp parliaments; mass organizations, mass media and constant propaganda were set up to organize society and to create socialist men and women; by means

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[5] - Rüdiger Thomas, "DDR: Politisches System" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), p. 177.

of land reforms and expropriations, virtually all agrarian and industrial property was transformed into social and state property; and central state planning decided on all economic production, distribution and consumption.

Some initial successes in reconstruction after the war notwithstanding, the socialist systems completely failed in creating sustainable economic growth. Both the GDR and the DPRK lost in the competition between the systems. After 40 years of separation, their peoples were economically worse off than their fellow countrymen in the West (of Germany) and in the South (of Korea). Furthermore, the socialism practiced in the GDR and the DPRK resulted in the destruction of housing, infrastructure and environment in both states. North Koreans even suffered an awful famine in the mid 1990s. As a consequence of the socialist failures, massive economic assistance has been required. Both massive public investment in the physical infrastructure and extensive business investment in manufacturing industry and in agriculture are needed.[6]

The Emergence of Different Identities and Mentalities

The artificially separated peoples of both Germany and Korea developed different mindsets, attitudes and mentalities as a consequence of living different lives in different systems over a period of 40 or 60 years.

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[6] Jürgen Gros, "Wirtschaft" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), p. 847; Karl-Heinz Paqué, *Die Bilanz: Eine wirtschaftliche Analyse der Einheit*. München: Hanser, 2009, pp. 1-23, 208-214; Gerlinde Sinn and Hans-Werner Sinn, *Kaltstart, Volkswirtschaftliche Aspekte der deutschen Vereinigung* (München: Beck, 1993).

In post-unification Germany, different attitudes remain intact even after 20 years of living together in the same state. Thus internal unity has not been reached in Germany yet. Value surveys show that Easterners, when compared with Westerners, have a higher esteem for equality (in contrast to liberty) and for social security (in contrast to individual opportunity). Easterners also hold less systemic faith in democratic and capitalistic institutions, although this may originate in unfavourable transformation experiences. Remembering their lives in the former GDR, Easterners keep a distinct identity. Internal unity of Germany is not helped by the fact that many Westerners ignore, disregard or even have contempt for these memories.[7]

No reliable information exists on the mindsets and attitudes of the North Korean people. For two reasons, it may be assumed that – compared with Germany - the mental gap between North and South Korea is much higher. First, the division between the ROK and the DPRK not only has lasted longer, but has also been much more strict and severe. Second, North Korean defectors arriving in South Korean society do face tremendous problems in adapting and integrating into modern society.

Obvious Differences between German and Korean Division

Different Security Environments in Europe and Asia

Already prior to 1945, the roles of Germany and Korea in international policy and security were completely different. Germany was an

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[7] – For value surveys, Elisabeth Noelle-Neumann and Renate Koecher (eds), *Allensbacher Jahrbuch der Demoskopie Band 11 (1998-2002), Balkon des Jahrhunderts*, München: Saur 2002.

expansionist military power all throughout the 19th and 20th centuries, challenging the European status quo. Germany under Nazi leadership not only unleashed a devastating war of aggression against its neighbours, but was also responsible for the crimes against humanity committed during the Holocaust. Abroad Germany was widely considered a threat to world peace and a country prone to political intemperateness with no consideration for the fears and needs of its neighbours. Therefore many foreign politicians and analysts regarded German division as a necessity to uphold peace and stability in Europe. Like an antipode of Germany, Korea throughout its history has practically never tried to expand beyond its own territory. Korea, historically being a rather inward-oriented country, was always more preoccupied with withstanding the offensive advances of its neighbours. There has never been a Korean Question in Asia as there has been a German Question in Europe. In contrast to Germany, Koreans do not bear any responsibility for the painful division of their fatherland. Korea is rather seen as the passive victim of unfavourable circumstances.

Once division was established, the Cold War reigned both in Germany and in Korea, with the FRG and the ROK becoming integrated into the US-led pluralistic Western world, and the GDR and the DPRK becoming members of the USSR-led socialist community of states. But it was only in Korea where cold war turned into hot war: the DPRK, intending to unite Korea by force, was stopped through military intervention by the US, which was authorized by UN Security Council resolutions 82 and 83. In turn, America's advance into the North was countered by Chinese intervention. During the Korean War (1950-53), probably more than two million soldiers and around three million

civilians lost their lives, approximately 1.5 million fled from the North to the South, and many families were separated for good. The lasting legacy of the Korean War is a deep anti-communist sentiment in the ROK, deep anti-Americanism in the DPRK, and throughout Korea a bitter feeling against the great powers. The armistice, signed only by the US, China and the DPRK, is still the only safeguard for peace on the Korean peninsula. Fortunately Germany never experienced an inter-German war, only security crises such as the Berlin Blockade (1948/49) and the construction of the Berlin Wall (1961). Since the two superpowers were facing each other eye to eye in Berlin and in Germany, a military clash on German soil probably would have meant full-scale war between NATO and the Warsaw Pact, and also quite likely a nuclear confrontation. Neither side wanted to risk such an escalation.

The global character of the superpowers' antagonism notwithstanding, Europe and Asia featured quite different security environments during the Cold War. Compared with Europe, Asia's security environment was somehow more diffuse and turned out to be less stable. Proxy wars such as those in Korea and Vietnam became possible. In Europe two multilateral defence alliances were opposing each other – the US-led NATO and the USSR-led Warsaw Pact – with the FRG and the GDR as the respective frontline states. In addition, Europe was divided by two economic blocs, the European Economic Community (EEC) and the Council for Mutual Economic Assistance (COMECON), each including the FRG and the GDR, respectively, as essential parts. In contrast to Europe, Asia was and still is characterized by a system of bilateral security alliances. America's five bilateral alliances with Australia (1952), Japan (1952), the Philippines (1952), the ROK (1954) and Thailand (1954/64)

constitute the predominant regional security architecture, which is instrumental to the maintenance of peace, strategic stability and economic development in Asia. On the other hand the USSR held military alliances with Mongolia (1921-1992), China (1950-1960) and the DPRK (1961-1996). What is more, China, pursuing an independent foreign and security policy after the split with the USSR in 1960, forged its one and only military alliance with the DPRK (1961). Thus the DPRK, in contrast to the Eastern European Soviet satellite states, possessed two guardians.

In the 1970s, political détente softened the Cold War confrontation in Europe. The superpowers started nuclear disarmament negotiations, and the Helsinki Conference on Security and Cooperation in Europe (CSCE) set binding norms guiding the relations between the participating states, such as inviolability of frontiers, refraining from the use of force, peaceful settlement of disputes and non-intervention in internal affairs. To be sure, the military and ideological antagonism continued, but Cold War confrontation was complemented by peaceful coexistence.

In Asia, such a "Helsinki Process" never started. What is even more important, the Cold War ended in 1990 only in Europe. The Gorbachev reforms of the 1980s ("Glasnost," "Perestroika") had launched a powerful political process which finally led to the breakdown of the already ailing Soviet system. With the fall of the Berlin Wall, the whole European post-war policy architecture collapsed. In East Asia, however, the DPRK was able to maintain its governance system intact, proving that it was not a dependent puppet regime. The DPRK's resilience was reinforced by political and economic support from a rising China, which remains strategically concerned about the potential of a reunified Korea militarily allied to the US.

Bilateral Size and Income Comparisons

When comparing divided Germany of 1989 with divided Korea of today, the stark differences in bilateral size and income relations are conspicuous [see Table 1].[8]

Table 1. Size and Income Comparisons FRG-GDR versus ROK-DPRK

	FRG (1989)	GDR (1989)	Percentage Share
Population (millions)	62.4	16.4	26.3
Area size (km^2)	248,689	108,333	43.6
GDP (billions DM)	2,237	353	15.8
GDP per capita (DM)	36,300	21,500	59.2
Foreign Trade Volume (billions DM)	1,148	286	24.9
	ROK (2007)	**DPRK (2007)**	**Percentage Share**
Population (millions)	48.5	23.2	48.0
Area size (km^2)	99,173	122,762	123.8
GNI (billions US$)	971.3	26.7	2.7
GNI per capita (US$)	20,045	1,152	8.1
Foreign Trade Volume (billions US$)	728,3	2.9	0.4

Sources: Statistisches Bundesamt, Wiesbaden 1990; Statistisches Jahrbuch der DDR, Berlin 1990; Ministry of Unification, Seoul, http://www.unikorea.go.kr/eng/default.jsp?pgname=NORtables.

- In 1989, the last year before German reunification, the 16.4 million GDR population was roughly one-fourth of the FRG population of 62.4 million people. On the other hand, 23.2 million North Koreans

[8] See a similar analysis in Marcus Noland. *Avoiding the Apocalypse, The Future of the Two Koreas* (Washington, DC: The Institute for International Economics, 2000), pp. 286-295.

today make up nearly half of the South Korean population of 48.5 million.

- In 1989, the Gross Domestic Product (GDP) of the GDR corresponded to a 15.8% share of the West German GDP. The corresponding share of DPRK Gross National Income (GNI) in relation to the GNI of the ROK in 2007 amounted to a mere 2.7%.[9]

- The comparison of income relations shows a similar picture. Whereas the per capita income of the GDR was roughly 60% of FRG per capita income, DPRK per capita income is just 8.1 % of ROK per capita income.

- GDR foreign trade volume was about a fourth of the FRG foreign trade in 1989. The DPRK's foreign trade is less than one percent of the ROK foreign trade at present.[10]

The percentage shares clearly show that the DPRK of today is much poorer relative to the ROK than the GDR ever was in comparison to the FRG prior to reunification. On the other hand, the DPRK population is

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9 – It has to be conceded that the comparison of performance measurements, such as GDP and GNI, between market economies and centrally planned economies is not really permissible. The European transformation history has shown that once external liberalisation takes place, the industrial production in (former) centrally planned economies nose-dives. Therefore, both the GDR 1989 figures and the DPRK 2007 figures under "normal" market economy conditions would have been considerably lower.

10 – It has to be admitted, though, that the foreign trade comparison is unfavourably skewed at the expense of the DPRK: (1) Both East-West German trade and North-South Korean trade did not/do not count as international trade. This omission especially downsizes the DPRK trade, of which a dominant share is carried out with the ROK; (2) The GDR exports were somehow inflated because the GDR's trade with Comecon trading partners was not carried out at market terms and was bound to collapse once Comecon was dismantled.

nearly half the ROK population, whereas the GDR population was just about a quarter of the FRG population. In addition, the DPRK's area size is even larger than the ROK's area size. Just looking at the numbers, one can easily conclude that merging the North and South Korean economies will be much harder than the unification of East and West Germany had been. To lift the income and production of the North up to Southern levels will demand many more resources than in the comparable German case (both in absolute and in relative terms). More capital will have to be employed to close the economic gap between the North and the South. At the same time, the incentive to migrate from the North to the South will be relatively higher. To make matters worse, both the absolute and the relative gaps are widening year by year. An already rich ROK is still growing, while a very poor DPRK stagnates.

The Depth and Intensity of the Division

After the Korean War, the division between the North and the South became complete. North-South trade effectively ceased to exist. Postal and telephone lines were cut off permanently. In the following years the DPRK even succeeded in controlling virtually all communication and information flow into and out of its territory. Resurgence of war was a constant and not unrealistic possibility at least until the early 1990s. Mutual hate and mistrust, hostile propaganda, and extreme accusations characterized official inter-Korean relations. No personnel encounters were permitted, apart from some officially sponsored family meetings of the more recent past.

In comparison, German division was less strict and less complete[11]: until the Berlin wall was built in 1961, the domestic border between East and West remained somewhat permeable. East Germans could still leave the GDR via Berlin. Domestic trade between the FRG and the GDR (East-West trade) never stopped. Already in 1951, a trade agreement between the different currency areas of the West and East had been concluded. This German domestic trade proved to be highly profitable for both sides. To keep business going, the FRG government granted an ever increasing credit line to the GDR (so-called swing credit). Postal and telephone communications, though at times interrupted, were in principle always allowed. Parcels containing scarce consumer goods were privately sent to relatives and friends in the GDR, thus improving the overall provisioning of the people. For people from the FRG, business and holiday traffic into the GDR remained possible, although it was heavily restricted and tightly controlled. People in the GDR could receive West German television. Only in the GDR's southeastern districts around the city of Dresden, reception was not possible. Some TV programmes (e.g. "Kennzeichen D") especially dealt with GDR issues and even had some influence on official policy. By an application process, pensioners were allowed to emigrate from the GDR to the FRG. Moving to the West for the purpose of family reunions or for other reasons was also possible. However, approval of the applications was highly arbitrary. In many cases the FRG government paid a bounty to facilitate the move. After the construction of the Berlin Wall, it became common practise for GDR

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11 – Peter-Jochen Winters, "Innerdeutsche Beziehungen" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), p. 444.

political prisoners to have their freedom purchased by the FRG government. The purchasing price per prisoner rose from an initial 40,000 DM to 100,000 DM. Cultural and sports exchanges took place, although under tight restrictions. In the 1980s a small youth exchange program and a twin city program started. Journalists from both sides were mutually admitted, but they had to be formally accredited. Journalistic activity in the GDR was heavily restricted, however.

In the 1972 Basic Treaty ("*Grundlagenvertrag*") the FRG and the GDR recognized each other as legal constitutional entities, but not as sovereign states. Each side promised to respect the other's territorial borders, autonomy and independence. Each pledged not to interfere in the interior or foreign affairs of the other, and to develop relations on an equal footing. Permanent representatives, not ambassadors, could speak for their side's interests within the other German state. Special treaties on business, science, technology, communication, culture, sports, etc. could be concluded. The Basic Treaty, which was approved by the FRG constitutional court, became a stable and sustainable basis for the further development of mutual German relations. The FRG government continued to feel responsible for the fellow German citizens in the GDR and constantly tried to achieve a humanitarian relaxation of the division. Subsequent to the 1972 Basic Treaty, the two German states concluded a total of 30 agreements on practical division issues.[12]

Catholic and Protestant parishes from the FRG assumed godparenthoods over GDR parishes with the dual objective of financially

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[12] - Jens Hacker, "Grundlagenvertrag" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), pp. 417-429.

sponsoring them and keeping contact on pastoral issues and questions of faith.[13]

Differences between West Germany and South Korea

Reunification came to Germany as a surprise, but in retrospect, it can be assessed that the FRG was politically and institutionally quite well prepared.

The FRG was closely integrated into a dense network of both *regional political integration (EU) and transatlantic security cooperation (NATO)*. The existing European security architecture had provided both reassurances for Germany's neighbours and solid anchors for Germany's foreign policy already prior to unification. The long-established multilateral framework perfectly fulfilled the same task during and after reunification. German reunification itself was carried out multilaterally within the so-called Two Plus Four Process. By virtue of the multilateral enclosure, German reunification received the necessary American leadership and support and the (initially hesitant) approval of Germany's European partners as well. Thus multilateralism was a critical prerequisite for the successful unification of Germany.[14]

A major advantage was the FRG's location at the centre of *European economic and monetary integration*. The fact that the FRG was a part, if not the heart, of a wider economic space alleviated the unification process in many ways. With the Deutsche Mark being the key currency of the

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[13] - Peter Maser, "Kirchen" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), pp. 491-492.

[14] - See Maull and Harnisch, "Exploring the German Analogy," p. 3.

European Monetary System (EMS), anticipation of German unification did not lead to a currency shock, although the financial markets anticipated early on the detrimental economic and financial impact of the GDR collapse on the FRG economy and government budget. Through a kind of involuntary burden sharing, Germany's neighbours bore the costs of sharply rising interest rates in 1990, too. Thus the whole European capital market provided capital for the financing of Germany's reunification. A further advantage was the deep integration of the FRG into the single European market. Europe supplied companies eager to invest in the GDR and transferred technical and organizational know-how. Europe offered markets for East German products and job opportunities for GDR citizens.

After 40 years of *democratic normalcy*, the FRG possessed sufficient internal strength and resilience to weather the political, economic and social challenges of reunification. The FRG constitution (basic law), with its foundation in the rule of law, social balancing, federalism, and anti-totalitarianism, had created political stability and a wide-spread satisfaction with the political system and its institutions. It also contributed to the high degree of social stability within the FRG. In spite of a pronounced polarity between left and right parties, West German society was characterized by a broad political consensus. Social tensions were low, compared to the situation in neighbouring West European countries.

In contrast to the FRG of 1989, the ROK would face a less favourable starting position, if unification started today. To begin with, the ROK is much less integrated into multilateral structures. The ROK's security ties with the US are only of a bilateral nature. Second, the process of regional

political and economic integration in East Asia is far less developed than in Europe, and given the reluctance of Asian nation-states to renounce sovereignty to supranational bodies, no meaningful regional integration should be expected anytime soon. Korean unification would start from a much more difficult initial outset. To be sure, American leadership and support may be granted as in the case of Germany, but for the time being there exists no multilateral framework to enclose or to bolster Korean reunification. Third, there is no resilient regional setting for economic burden sharing. Product and factor markets in the ROK as well as in the whole of Asia are of a purely national nature. At best, Korea's northern part may be provided with preferential loans and grants from the Asian Development Bank (ADB) or from Japan. Fourth, the ROK lacks the political and social consensus culture of the FRG of the 1980s. To be sure, after more than 20 years of democratic normalcy, democracy is well entrenched in the ROK as well. However, one must worry that the inevitable heightened tensions in the course of unification might challenge the internal stability of Korea.

Differences between East Germany and North Korea

The GDR and the DPRK, both socialist and authoritarian states of a divided country, have developed fundamental differences. Five major points are suggested here.

First, the DPRK succeeded in gaining foreign policy independence from its former Soviet and Chinese masters. No foreign troops are based in the DPRK, since the Chinese People's Liberalization Army (PLA) left in 1961. Notwithstanding treaties of amity and alliance with the USSR (until

1996) and with China, no foreign power has the capacity to coerce the DPRK politically. The DPRK has developed a truly independent security policy, which is firmly based on its military power. The DPRK has established an autonomous capacity for a conventional first strike beyond the 38th parallel, which would potentially carry tremendous damages to the South. This capacity should deter the US from a military attack on the North. Furthermore, the DPRK commands an arsenal of ballistic missiles and nuclear weapons. Through the latter, the DPRK has gained political clout. In distinct contrast, the GDR never attained foreign policy independence from the USSR. As a socialist satellite state, the GDR followed Soviet leadership on all essential international affairs, even on the issue of Germany proper. The GDR constitution stated explicitly that the GDR was forever and irrevocable allied with the USSR and an inseparable part of the socialist community of states (Art. 6, 2). The GDR army was also firmly integrated into the Warsaw Pact system and thus subordinated under Soviet command. However, the GDR was able to withstand Soviet pressure on some important occasions. For example, the GDR opposed the stationing of new intermediate-range missiles on GDR territory in the mid 1980s.

Second, judging from DPRK foreign policy behaviour and official declarations, the reunification of the Korean peninsula on DPRK terms and the upholding of national Korean resistance against American imperialism seems to be the true mission of DPRK statehood. From this standpoint, the DPRK has always considered itself the true and sole representative of the Korean nation, while the ROK is demeaned as a contemptible colonialist puppet regime. The GDR, however, maintained an all-German claim only in the first two decades of its history, thereby

challenging the rival claim of the FRG. Subsequent to the conclusion of the German Basic Treaty of 1972, the GDR began to abandon its all-German claims in its quest for international recognition as a legitimate and sovereign state. The new GDR constitution of 1974 deleted all references to an all-German nation covering the two states. Previous mentions of German unification on the basis of democracy and socialism were suppressed. Henceforth, the GDR considered itself as the socialist fatherland of workers and peasants on German soil. The GDR's major foreign policy goal was its explicit recognition as a separate German state by the FRG. The GDR called on the FRG to abandon the claim to exclusive representation of Germany and to recognize a special GDR citizenship.[15]

Third, the GDR (as well as the DPRK) established a Stalinist political and economic system in its founding years, but later on the GDR pursued a gradual de-Stalinisation. Although remaining an authoritarian regime of injustice until the demise of Erich Honecker in 1989, the political climate in the GDR became comparatively mild and tolerant. Dissent and disagreement were tolerated as long as the political authority of the SED was not challenged directly. In visible contrast to the DPRK, the GDR did not develop totalitarian characteristics. There was no cult of personality for any of its leaders. Although many arbitrary sentences were handed down, in general the judiciary was subject to the rule of law. The treatment of political prisoners was sometimes harsh, but there were no gulag-style camps.

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[15] - Johannes Kuppe, "Deutschlandpolitik der DDR" in Werner Weidenfeld and Karl-Rudolf Korte (eds.), *Handbuch der Deutschen Einheit, 1949-1989-1999* (Bonn: Bundeszentrale für politische Bildung, 1999), pp. 252-266.

Fourth, whether by mistake or out of weakness, the GDR permitted an increasing economic dependency on the FRG. A steady flow of FRG money helped the GDR to outperform their Comecon neighbours. Most important, the GDR received a yearly lump-sum of 575 million DM for maintaining the motorway transit routes to West Berlin and was granted an interest-free trade credit for East-West trade. In 1989 this so-called swing credit amounted to 2.5 billion DM. Both the advantageous East-West trade with the FRG and the acceptance of a major FRG credit loan in 1983-1984 amounting to 1.9 billion DM stabilized the overall difficult economic situation of the 1980s. But these financial support lines made the GDR increasingly dependent on FRG goodwill. With the USSR declining into economic decay, the FRG became effectively the most reliable provider of financial reassurance preventing the economic collapse of the GDR.[16] Such economic dependence was always avoided by the DPRK at any cost, even if it meant the physical annihilation of a large part of the North Korean population during the Great Famine of the 1990s.

Fifth, the GDR was a reliable partner in international relations. Negotiations tended to be difficult, but once an agreement was struck, the GDR stuck to it. The GDR, being eager to attain international recognition and reputation, did not want to be regarded as untrustworthy or unreliable.[17] The DPRK on the other hand never hesitated to deceive their foreign counterparts, if such opportunistic manoeuvring could reap some short-term gains.

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[16] - Gros, "Wirtschaft, " pp. 848-849; Paulson, "Außenpolitik, " p. 33.
[17] - Paulson, "Außenpolitik, " pp. 32-33.

Conclusion

The comparative analysis shows striking similarities in the post-war security situations of both Germany and Korea, simultaneously leading to an artificial separation and the deep-freezing of the division into Cold War confrontation. Once division was established, two different systems and two different mentalities developed. In the end, both the GDR and the DPRK utterly failed economically. But although Korean division has endured until today, the situation on the Korean peninsula still looks very much like the German situation of the 1980s: once the artificial inner Korean border falls, North-South migration is bound to occur and the ROK will face political and economic challenges similar to what the FRG faced in 1990.

More revealing than the similarities are the differences, however. The latter can be a fruitful basis for conclusions and lessons.

- The differences may explain why unification took place in Germany, but not in Korea. Both the mutual trust built up over nearly 20 years of détente and the FRG's deep Western multilateral integration served as preconditions and facilitators in the process of reunification. But the DPRK, in contrast to the GDR and other Eastern European COMECON countries, has never been a puppet regime living on Moscow's mercy. Thus the demise of Soviet power ended socialist one-party rule only in Eastern Europe. What is more, the DPRK could and can rely on the continuous backing of China. Furthermore division was and is more intense in Korea. To this day, the DPRK manages to seal off its territory against foreign influences that might

have a destabilizing effect, although initial signs of disintegration can be detected.

- The differences imply that unification will be much more difficult for Korea. The DPRK is in absolute and relative terms much poorer and larger. The DPRK's economy and environment is more run-down than the GDR's ever was in the 1980s. Korean division is also much deeper, it is more complete and it has endured 20 years longer. For the coming Korean unification it can be expected that more resources will need to be spent, that the North Korean people's mental adaptation to capitalism will be more difficult and more protracted, and that most probably frictions will be more pronounced.[18] In only one aspect Korea may have an advantage. Korea can learn from the practical examples of system transformation of the 1990s and from Germany's experience of unification. Even now, a thorough contingency plan can be set up.

- The history of German division, especially in the period after the conclusion of the Basic Treaty of 1972, has shown that economic cooperation, provided reliably on a long-term basis, may slowly build up trust and change attitudes. To be sure, economic cooperation helps to stabilize the regime, but it also helps to alleviate the poor living conditions of the people and improves official relations. Economic cooperation will only have a sustaining political impact if it

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18 - See also Aidan Foster-Carter, "One Country, Two Planets: Is Korean Reunification Possible?" in The Institute for Far Eastern Studies, Kyungnam University (IFES) and Friedrich Naumann Foundation for Liberty (FNS) (eds.), *Twenty Years after the Fall of the Berlin Wall and Lessons for the Korean Peninsula*, November 9, 2010, Seoul, http://www.fnfkorea.org/uploads/document/%281109%29proceeding.pdf, pp. 73-85.

is not utilized for short-term gains such as business profits or political concessions, but is pursued persistently. Only after both Germanys had mutually recognized sovereign equality and legal legitimacy did bilateral relations improve and East-West cooperation on practical matters begin in earnest. Only then could mutual trust and dependency be built up.

- The German experience of détente in the 1970s and 1980s also shows that rapprochement is not a substitute for unification or for system transformation. System convergence is not possible. Thus injection of foreign capital into the DPRK socialist system will not lead to adaptation, but rather to economic waste. ROK financial spending in the DPRK may be necessary for the gradual building up of political trust, and it may also be considered as a kind of advance investment in the reconstruction of North Korea, but it should not be regarded as a stepping stone for system merging.

- The FRG's strong political and economic fundamentals contributed positively to the unification process. Furthermore, the central role the FRG played in the regional economic integration of Europe and in the security architecture of NATO not only made unification acceptable to Germany's neighbours, but also alleviated the pain of the process. Although the international political framework is markedly different for Korea nowadays, the ROK can profit from investing in international trust-building, too. A responsible Korea, actively participating in international burden sharing, refraining from unilateral actions or measures vis-à-vis the DPRK, and actively promoting regional co-operation and integration, will gain even more international prestige

and appreciation. By acquiring political goodwill abroad, the ROK may further reassure wary regional partners and gather support in the still uncertain future for reunification.

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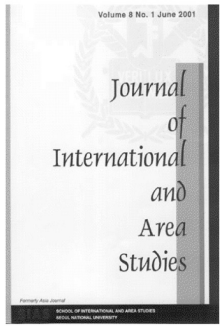

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