US Policies Toward The Korean Peninsula and Korean Unification

By Onur Kanan
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Abstract

Since the 38th parallel became a border between South and North Korea, both countries have followed distinctively different paths. South Korea has become a part of the global community, while the North has followed an isolationist policy. More recently, North Korea has developed a nuclear programme, which is increasingly becoming a threat to the security of the region and the world. The international community has put restrictions and imposed sanctions on North Korea in order to deter it from continuing to develop its nuclear program. Despite the restrictions, we observe that almost all negotiations and sanctions have failed to force North Korea to abandon its nuclear arsenal. This report explores the historical background of the disunity of the Korean peninsula, proposes alternatives to the failing policies of the US and its allies, as well as discussing the advantages and disadvantages of a possible Korean unification.
Introduction

The centre of the global economy is shifting east. Specifically, it is shifting to Northeast Asia, concentrated in the economies of China, Japan and South Korea. The economies of the region have grown at considerably higher rates than both Europe and the United States (US) in the last few decades. The Chinese economy is expected to surpass the US economy by 2028 and Japan currently possesses the third largest economy in the world and probably will continue to do so for another decade. Furthermore, the so-called ‘Asian Tigers’ (Hong Kong, Singapore, South Korea, and Taiwan) continue to grow at rates that have allowed them to compete with the advanced economies of the world.

Despite the economic success story, the region continues to face persistent and enduring issues, which challenge the region’s ability to continue in its path of economic growth. Some of the main challenges in the region include the issue of Taiwan’s independence, the Senkaku Islands’ territorial dispute between China and Japan, and the broader historical problems – such as Japan’s invasion of Taiwan, the Korean Peninsula, and parts of China – which have remained unresolved.

However, the biggest threat towards the peace, security and stability of the region and the world is North Korea’s nuclear programme. Over the years, several countries have tried and failed to convince North Korea to end its nuclear pursuit. Despite the economic progression of North East Asia, not one single organisation or institution in the region has been capable of effectively dealing with North Korea’s military threats. The dithering political and military cooperation has primarily been due to bitter historical tensions and territorial disputes between regional countries, as well as differences in political systems and ideologies. The United States and several other countries have continued to impose sanctions on North Korea, but many question the sanctions’ effectiveness and whether they are sufficient to get rid of North Korea’s nuclear arsenal. Therefore, it is more imperative than ever before to find alternative ways to enhance cooperation in Northeast Asia.

This report aims to demonstrate why North and South Korea should be unified and address the advantages and disadvantages of unification. While defending this argument, the report attempts to provide a historical framework chronicling the major milestones leading up to the division between the two Koreas; how North Korea has ended up being so different from its estranged southern neighbour; as well as the broader global implications of a divided Korean peninsula. Moreover, it will also highlight how the North Korean dilemma can be resolved.
Historical Background of the Division of the Korean Peninsula

Before examining the current problems on the Korean peninsula, it is imperative to look at historical events, which have laid the groundwork for the Korean division. By the end of the Second World War, the US had emerged as an economic and political giant, a superpower. Simultaneously, the Soviet bloc was gathering power to challenge the US-centric world order that was emerging. After the war, the US sent more than seven million military personnel abroad, and the US Navy undertook the policing of international waters; American industries produced 40 per cent of the world’s total output and constituted one third of the world’s exports, while its treasury owned two-thirds of the world’s gold reserves (Pyle, 2007, p. 210). In addition, Western Europe was recovering from the war largely as a result of American aid and, until today, has continued to enjoy a democratic and capitalist path under the auspices of US hegemony.

The Cold War started with the clash of ideologies between the Eastern-bloc countries (led by the Soviet Union) and the Western-bloc countries (led by the United States) following the Second World War. It was called the Cold War because it was a war between liberal and illiberal ideologies rather than an all-out war in the fields. It was a war in which Western capitalist countries and communist Eastern countries fought against each other without using weapons; except in the case of wars fought on the Korean Peninsula and in Indochina.

During the post-war settlement conference held in Potsdam, Germany, from July 17 to August 2, 1945, after Germany’s defeat, major differences in opinion emerged between the US and the Soviet Union vis-à-vis the future of Europe. While the conference was underway, US president Henry Truman was informed of the successful completion of the atomic bomb test in Alamogordo, New Mexico and casually mentioned to Russian leader Joseph Stalin that the US had invented a new weapon of extraordinary power (Truman, 1955, p. 416). Having known that the US was working on an atomic bomb through the Russian spies hidden in the US army, Stalin reacted calmly to the news of Truman at the time. Nevertheless, when he returned to Russia, he ordered the Russian army to work faster to complete Russia’s own atomic bomb (Gordon, 2009, p. 9).

The differences in opinion became clearer after Japan’s defeat on August 14, 1945. Now, in the wake of the total defeat of Germany, Italy and Japan, it was time to design a new world order. However, both the US and the Soviet Union wanted to establish this new order by imposing their ideologies on other countries.

Europe came to be divided by what became known as “the Iron Curtain”, which effectively blocked the Soviet Union and its satellites from direct contact and engagement with Western powers. On the other side of the world, the US and its allies established NATO (the North Atlantic Treaty Organization) on April 4, 1949 as a collective defence system in which members agreed to a pact of mutual defence, which included West Germany. In reaction to this, the Soviet Union established the Warsaw Pact by signing the Treaty of Friendship, Cooperation and Mutual Assistance with Albania, Bulgaria, Czechoslovakia, East Germany, Hungary, Poland and Romania on May 14, 1955. Thus, West Germany came under the sphere of influence of the capitalist powers whereas East Germany became communist. China also became communist in 1949 when Mao Zedong defeated Chiang Kai-shek’s Kuomintang Nationalist Government, which was supported by the US. In 1950, based on a shared ideology and similar geopolitical outlooks, the Soviet Union and the newly-formed People’s Republic of China signed the Sino-Soviet Treaty of Friendship and Alliance. While all these developments were taking place on the international stage, the Cold War...
turned into a hot war in two places: one in the Korean Peninsula in the 1950s and the other one in Indochina in the 1960s and 1970s (Mandelbaum, 2002, p. 147).

On August 9 1945, the Soviet Union broke the Neutrality Treaty with Japan, which ended the nearly six years of peace between the two countries, and invaded Manchuria, which had been under Japanese control since September 18, 1931. Through this invasion, the Soviet Union gained control of Manchukuo, Mengjiang and North Korea. The Russians were able to “carry away with them, as prizes of war, all the heavy machinery, machine tools, railroad ties, and even furniture – as well as 700,000 Japanese prisoners from the Kwantung Army” (Elleman, 2001, p. 223).

As for the Korean Peninsula, it had been under the Japanese occupation from 1910 until the end of World War II. When Japan was defeated in the war and retreated from its Asian territories, Russia came to occupy the Korean peninsula north of the 38th parallel, while the US occupied the south. When the US and the Soviet Union withdrew their troops from the Korean Peninsula in 1948-1949, “a Communist regime headed by Kim Il-sung...
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established itself in the North with the Soviet Union as its patron. In the South, a non-Communist government was formed under Syngman Rhee (Mandelbaum, 2002 p. 174). Thus, there were two separate governments on the Korean Peninsula, one in the north and the other on the south side of the 38th parallel, both claiming to be the legitimate government of all of Korea.

Eventually, the tension between the two Koreas caused the outbreak of a war on the peninsula when North Korea invaded South Korea on 25 June 1950 with Stalin's assent. While the Soviet Union and China were supporting North Korea, 21 member states of the United Nations sent troops to defend South Korea. As the war was entering its third year, an armistice was signed on July 27, 1953, and the Korean Demilitarised Zone (DMZ) was established. The DMZ is two and a half miles wide that runs along the 38th parallel and serves as the line of separation between North and South Korea (Mandelbaum, 2002, p. 175). No peace treaty between the two Koreas has been signed so far, meaning that the two Koreas are, until today, technically still at war. Ever since the Korean War, the North and South have followed a very different political and economic and political paths.

It is important to note that the tensions on the Korean Peninsula have never solely been a regional problem, let alone merely a problem between the two Koreas. It has been, and remains an international problem. Prior to the end of the Second World War, the Korean Peninsula was not a significant issue in the global agenda. The world powers were busy creating a new world order, imposing their own ideologies on other countries and dealing with the heavily defeated countries such as Germany and Japan. Only four per cent of the American people, for example, knew of the existence of Korea before the Korean War. However, when the Cold War escalated and North Korea invaded the South, the US came to understand the imminent danger of communism and the strategic importance of the Korean Peninsula.

The US attempted to solve the problem through the United Nations by taking advantage of the fact that the Soviet Union was boycotting the UN Security Council at the time. The Security Council voted to take military action against North Korea on June 27, 1950 and the Soviet Union – as one of the five states that have veto power – could not veto the action since there was no Soviet delegate in the meeting (“Soviets”, 2009). After the vote, a multinational UN-authorized force was dispatched to the Korean peninsula to counter the North, resulting in three years of intense fighting.

The Korean War also affected the foreign policies of other countries such as Turkey. The US and the Western European countries did not want to take the risk of a serious confrontation with the Soviet Union by accepting Turkey to NATO when it was established in April 1949. However, when the UN requested the member states to provide military aid for South Korea, Turkey was the second country to answer the UN call, sending a brigade of 5,000 troops comprising three infantry battalions, an artillery battalion and auxiliary units to South Korea (“S. Korea Seeks”, 2012). As a result of Turkey’s contribution to the war, it was almost impossible for NATO’s members to reject Turkey’s membership. Consequently, Turkey became a member of NATO in September 1951.

The causes of the Korean War and how it was brought to an end with the assistance of numerous countries demonstrate its international import. Even today, the Korean divide retains its importance on the global agenda.
Separate Paths of Economic Development of South and North Korea

In the immediate post-war period, the North Korean economy was superior to South Korea’s because most of the heavy industrial equipment stayed on the North side of the peninsula, which North Korea was able to benefit from for two decades. Moreover, North Korea received economic support from the Soviet Union, China and other communist countries after the war.

North Korea implemented various economic plans such as the “Three-Year Plan” between 1954 and 1956 and the shortened “Five-Year Plan” between 1957 and 1960. From the beginning of the post-war period until the 1970s, North Korea put special emphasis on heavy industry and steadily increased its industrial output, producing steel, machine tools, tractors, trucks, bulldozers, and generators. North Korea was superior to the South in terms of industrialisation and per capita income until the early 1970s (Park, 2004, p. 3). In fact, average food intake in North Korea was higher than in the South in 1982, averaging 3051 calories and 2,936 calories, respectively (Mason, 2013, p. 123).

North Korea’s economy, particularly its heavy industry, was growing impressively in the first two decades of the post-war period. It was able to increase its industrial output and even began exporting to the Middle East. However, the country bought machinery from Western countries and Japan to upgrade its industry and technology, sinking into crisis when it could not pay its debt of nearly $2 billion due to the oil shock and global economic recessions. From this point on the economy began to stagnate. New technology and machinery, raw materials, energy and hard currency were in short supply. Unlike the socialist Eastern European countries, which were not affected by the economic crisis because they had gradually liberalised their economies, the North Korean government still had strict control over the economy. The consequence of the highly centralised economic policy of the government has been severe and has continued to have implications to this very day (Park, 2004, p. 3).

Over the course of time, North Korea has moved away from the communist movement, tightened its control and closed the country to the outer world by adding the ideology of “Juche” - which means national self-reliance - into the constitution in 1972 (Martin, 2004, p. 111). Although North Korea today describes itself as a ‘democratic republic’ and a socialist state and holds elections, the majoritarian international view is that North Korea has been and continues to be ruled by reclusive authoritarian leaders, inclusive of current leader Kim Jong-Un.

Industrial production, healthcare, education and housing are under the strict control of the state, which causes various problems inside the country. For example, food production continues
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to be a major problem, as seen in the 1994-1998 famine, which led to the deaths of millions of people (Bardsley, 2011). Although it cannot feed its own people, North Korea invests large amounts of money in its military programme and has the world’s fourth-largest military, after China, the United States and India, with 1.2 million active, reserve and paramilitary personnel (Scobell & Sanford, 2007, p. 1). The country is implementing military-first policies; civilian members of society are urged to follow the spirit of soldiers, and battlefield slogans are encouraged throughout society including schools, hospitals and companies (Park & Kim, 2010, p. 131).

Following the end of open hostilities on the Korean peninsula, South Korea’s economy, entered into a long period of stagnation and was worse off in comparison to the North. The total damage of the war to industrial offices, plant and equipment, public facilities, private dwellings, and transport equipment (exclusive of installations) in South Korea was nearly $3 billion, which was equal to the combined GNP (Gross National Product) for 1952 and 1953, according to the official government data (Frank, Kim & Westphal, 1975, p. 11). However, the South embraced liberal economics unlike the North and opened itself to world markets. Over the course of time, it became a staunch ally of the US and cleverly figured out how to benefit from US policies and integrate into the world economy. South Korea, for example, signed a Mutual Defence Treaty with the US in 1953. Its economy started to grow in earnest at the onset of the Vietnam War since it had sent troops to Vietnam and received financial support from the US in exchange. As Axelrod (2014, p.153) explains:

South Korea may be viewed as the staunchest ally of the United States in the Vietnam War because it contributed a total of 32,000 soldiers to the conflict between 1964 and 1974 - with troop levels reaching a peak of 50,000 in 1968. […] The fact is that the United States ‘reimbursed’ (the official term used) South Korea $235,560,000 for its contribution to the Vietnam War, a cash injection that grew the country’s gross national product fivefold during the war.

With some economic plans under the leadership of President Park Chung-hee and direct aid from the US and the UN, the South Korean economy began to soar and leave the North Korean economy behind. According to a 1975 report on the state of the South Korean economy, ‘In 1973, the growth of real GNP increased to 16.5 per cent. The mining and manufacturing sectors grew about 30 per cent, while exports exceeded the previous year’s total by nearly 100 per cent’ (Frank, Kim & Westphal, 1975, p. 23). According to The Economist, the GNI (Gross National Income) per person in South Korea in 2013 was approximated at $26,200 compared with $1,200 in North Korea (‘North Korea’s Economy’, 2015). Today, South Korea is one of the leading economies producing high value-added products and owns world-famous companies that operate in the tech and automobile sectors such as Samsung, Hyundai, LG and Kia.

Three graphs below clearly show the differences between North Korea and South Korea today (‘North Korea’s Economy’, 2015).
Figure 1: *People in North Korea vs. South Korea*

Table 2: *Infrastructure and Environment in North and South Korea*
One of the most successful projects of South Korea in the post-war period was to host the Summer Olympics in Seoul in 1988. South Korea took advantage of the Olympic Games in various ways. Firstly, South Koreans showed the entire world that they were capable of hosting a world-class event successfully while introducing the newly industrialised South Korea to the world. Secondly, the games provided a symbol of legitimacy for South Korea in world affairs as it was officially recognised by former Soviet-bloc countries and China, which in turn marked a significant policy shift in the relationship between North Korea and the world. A simple sporting event suddenly turned into a major political success with the wise attempts of South Korea. Upon this achievement, North Korea faced increasing isolation from its previous allies and sought to ensure its survival by pursuing a more extreme kind of leverage on the world stage - namely nuclear deterrence.

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### Table 3: Economy – Industry & Technology – Military in North and South Korea

<table>
<thead>
<tr>
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<th>North Korea</th>
<th>South Korea</th>
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<tr>
<td>GDP 2013, $bn</td>
<td>30.7</td>
<td>1.307</td>
</tr>
<tr>
<td>GNI per person 2013, $'000</td>
<td>1.2</td>
<td>26.2</td>
</tr>
<tr>
<td>total trade Goods, 2013 $bn</td>
<td>7.3</td>
<td>1.070</td>
</tr>
<tr>
<td>iron-ore production 2013, tonnes m</td>
<td>6.7</td>
<td>547</td>
</tr>
<tr>
<td>mobile phones subscriptions 2014, m</td>
<td>0.7</td>
<td>616</td>
</tr>
<tr>
<td>CO₂ m tonnes 2013</td>
<td>0.65</td>
<td>693</td>
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<tr>
<td>armed forces 2015 f’cast m</td>
<td>1.19</td>
<td>0.65</td>
</tr>
<tr>
<td>nuclear warheads 2014, estimate</td>
<td>6-8</td>
<td>nil</td>
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</table>
North Korea on the Path of Nuclearisation

In the early 1990s, Pakistan emerged as North Korea’s most vital source of nuclear weapons technology. Abdul Qadeer Khan, chief architect of the Pakistani nuclear programme, confessed in February 2004 that Pakistan sold its nuclear technology to Iran, Libya and North Korea (Iqbal, 2005). As North Korea became more and more isolated from the rest of the world, it developed closer relations with Pakistan. Pakistan’s former Prime Minister Benazir Bhutto admitted that she brought blueprints of the North Korean missile technology to Pakistan for her country’s missile program (Iqbal, 2005). From this point forward, North Korea worked diligently to improve its nuclear weapons capabilities and has carried out numerous nuclear tests, directly challenging the established world order and posing a serious threat to peace and stability in the region.

North Korea has conducted six nuclear tests as of yet: October 2006, May 2009, February 2013, January 2016, September 2016 and September 2017. With every test, the country has tried to increase the range and efficiency of the weapons with the aim of improving its nuclear technology to the point that it can directly threaten the US mainland.

North Korea has also violated numerous international laws and has made many provocations between 1950 and 2007. The Congressional Research Service, a public policy research arm of the United States Congress, prepared a report consisting of around 164 crimes committed by North Korea.

The most intense phase of the provocations was in the latter half of the 1960s when North Korea (Democratic People’s Republic of Korea–DPRK) staged a series of limited armed actions against South Korean and U.S. security interests. Infiltration of armed agents into South Korea was the most frequently mentioned type of provocation, followed by kidnapping and terrorism (actual and threatened). From 1954 to 1992, North Korea is reported to have infiltrated a total of 3,693 armed agents into South Korea, with 1967 and 1968 accounting for 20 per cent of the total. Instances of terrorism were far fewer in number, but they seemed to have had a continuing negative impact on relations between the two Koreas. Not counting North Korea’s invasion of South Korea that triggered the Korean War (1950–1953), North Korea’s major terrorist involvement includes: attempted assassinations of President Park Chung Hee in 1968 and 1974; a 1983 attempt on President Chun Doo Hwan’s life in a bombing incident in Rangoon, Burma (Myanmar); and a mid-air sabotage bombing of a South Korean Boeing 707 passenger plane in 1987. Provocations have continued intermittently in recent years, in the form of armed incursions, kidnappings, and occasional threats to turn the South Korean capital of Seoul into “a sea of fire” and to silence or tame South Korean critics of North Korea. (Nanto, 2003, p. 2)

The Clinton administration signed ‘The Agreed Framework’ with North Korea on October 21, 1994, however, the agreement was all but forgotten by the Bush administration from 2001 to 2004. Between 2005 and 2008 however, the administration continued to engage in lengthy bilateral discussions with the North Korean delegation within the context of Six-Party Talks (Pritchard, Tilleli, Snyder & Haas, 2010, p. 6). The incident that caused the sudden escalation of mistrust between the US and North Korea was the infamous post 9/11 “axis of evil” speech given by George W. Bush. In this speech, he designated North Korea along with Iran and Iraq as state sponsors of terror (Park, 2010, p. 36). After the 2003 invasion of Iraq and an increase in the belligerent rhetoric towards Iran, North Korea believed that it could be the next target. This was obvious from the statement in Rodong Sinmun, the newspaper of the governing Workers’ Party: “It is becoming certain that, in case the U.S. imperialists’ invasion of Iraq is ‘successful,’ they will wage a new war of aggression on the Korean Peninsula. They should understand that North Korea is not Afghanistan nor Iraq” (as cited in Brooke, 2003).

When North Korea withdrew from the Nuclear Non-Proliferation Treaty in 2003, which aims to prevent the
spread of nuclear weapons and weapons technology in the world, the extent of the mistrust between the US and North Korea was made apparent, leading the Americans to the understanding that they would not be able to solve the nuclear issues on its own. This led the US to regional cooperation from to help push denuclearisation in North Korea. It was hoped that these efforts would lead to improved relations in Northeast Asia, development of the regional economy and ultimately bring peace to the Korean peninsula. Thus, the US, China, Russia, South Korea, Japan and North Korea signed the Six-Party Joint Statement on September 19, 2005 (Pritchard, Tilleli, Snyder & Haas, p. 3). When the UN condemned North Korea on 19 April 2009 for its failed satellite launch, North Korea declared that it would withdraw from the Six-Party Talks and continue to carry out its nuclear development programme. Since then, little to no progress has been made concerning nuclear proliferation in the Korean peninsula.

According to Cai (2010, p. 141), there are four benefits for North Korea having nuclear weapons. First, North Korean leaders believe that nuclear weapons are a deterrent against any potential invasion of the country. Second, because North Korea has long known that it has already lost the economic competition with South Korea, it believes that nuclear weapons can create a psychological balance against the economic superiority of the South. Thirdly, nuclear weapons provide a cheaper alternative to conventional weapons and military power, and North Korea prefers the former since it has already been struggling with economic crises (Cai, 2010, p. 141). Having an awareness of these facts and understanding why North Korea holds tightly to its nuclear programme will help the US and other countries in adjusting their policies towards the country accordingly.

The world has witnessed many unexpected firsts in the first half of 2018. North Korean leader Kim Jong-Un has held meetings with Chinese President Xi Jinping, South Korean President Moon Jae-in and US President Donald Trump. The Kim-Trump summit was particularly interesting since this was the first time a sitting U.S. president has held a face-to-face meeting with a North Korean leader, which raised hopes about peace and stability on the peninsula. Even though all these developments can be considered ground-breaking, all the interested parties must understand the incentives and intentions of North Korea and develop realistic goals in their negotiations so that long-term stability can be achieved on the peninsula.

A report of the Independent Task Force Program launched by the Council on Foreign Relations - a think-tank focusing on US foreign policy - suggested in 2010 that the US should give priority to six policies towards North Korea (Pritchard, Tilleli, Snyder & Haas, pp. 43-44):

1. **Horizontal Proliferation:** North Korea should be prevented from exporting nuclear weapons and technology to other countries such as Libya and Syria.
2. **Vertical Proliferation:** North Korea should be prevented from developing and testing further nuclear weapons and technology.
3. **Denuclearisation:** North Korea should abandon its nuclear programme.
4. **Plan for instabilities:** The US and neighbouring countries of North Korea should have a plan in case of potential North Korean instability, which would send millions of refugees streaming across the border.
5. **Integration of North Korea into the international community:** If North Koreans are exposed to the outer world, then public awareness will increase, which may eventually lead to regime transformation.
6. **Improving the situation for the North Korean people:** North Korea is one of the most oppressive countries in the world and the human rights situation in the country is a tragedy. Therefore, the US should extend its hand to improve the conditions of the North Korean people.
Reunification of South and North Korea

There is a common tendency to draw a correlation between the division of East-West Germany and North-South Korea particularly since both were reflections of Cold War rivalries. However, there are key differences that need unpacking before highlighting why North and South Korea should be unified. With the fall of the Soviet Union and the end of the Cold War, liberal democracy and capitalism emerged as ideological victors. According to Mandelbaum (2002, p. 48):

The liberal economic order proved the more productive one. West Germany became more prosperous than East Germany, South Korea more than North Korea, and Taiwan more than China. In addition, the liberal political order proved far more attractive. Evidence for the disapproval of the Communist political system was the fact that, those it governed were not permitted to modify, question, or even to discuss it freely – no doubt for fear of what they would say and the repercussions of what that would entail. Nor, for the most part, were they allowed to leave; and when they could, many did. In all three countries, the flow of emigration proceeded in only one direction: from communism to liberalism.

One might ask: although communism was overwhelmingly defeated by capitalist ideologies and both East and West Germany were unified, which helped to bring an end to the Cold War, why is it that the North and South of Korea have remained divided? Professor of American Foreign Policy, Michael Mandelbaum lists three reasons in his book titled, The Ideas that Conquered the World (2002). Firstly, although both leaders of East Germany and North Korea were handpicked by the Soviet Union, the North Korean government was more independent than the East Germany’s government. Secondly, East Germany allowed the exchange of loans, the entry of visitors and broadcasters into the country in the later years of the Cold War; however, North Korea carried out a much stricter control by denying its people the freedom of information. Consequently, North Koreans were not only deprived of the chance to learn about the outside world, but the world was also unaware of what was going on inside its borders.

The third reason is related to the geography of both countries. East Germany was surrounded by non-communist and formerly communist countries, which were pursuing liberal policies, so it could not overcome the ideological influences coming from the outside world. The neighbours of North Korea, on the other hand, were the Soviet Union and China. South Korea was the only neighbouring country that was not under communist control, and the two-way traffic between North and South Korea was minimal (Mandelbaum, 2002, p. 177).

The most obvious disadvantage of unification is the likely negative impact on the South Korean economy. North Korea is far behind South Korea in economic terms, which means that the South – in the event of unification - must be willing to invest heavily in the North’s infrastructure, education, technology and other areas, which are essential for the country to integrate into the international community successfully. Many South Koreans prefer a divided but peaceful Korean Peninsula rather than a unified one due to the financial burden that future South Korean generations would have to carry.

When the Asian Financial Crisis in 1997-1998 hit, South Koreans made significant sacrifices in order to safeguard financial stability (Bae, 2011, p. 4). In a display of national solidarity, ordinary people donated their jewellery and...
gold to support their country’s economy. A countrywide campaign was organised to help the country survive the crisis, and ten tons of gold were collected in the first two days of the campaign when housewives gave up their wedding rings and athletes donated their medals and trophies (“Koreans Give up Their Gold”, 1998). Their sacrifice contributed to enabling South Korea to repay its debt ahead of schedule. Having grappled with the aftershocks of the financial crisis, most South Koreans today are worried about the cost of unification.

While in the short term, South Korea would bear the economic burden of unity, in the long run, a combination of North Korean labour and South Korean technological advancements would result in a stronger economy. The advantages outweigh the disadvantages in almost every aspect, which are listed below.

The first advantage can be seen in the regional demographic trends. South Korea has a rapidly ageing population due to low birth rates, and it will soon face shortages in its labour force. Under these circumstances, it will be difficult for the South Korean economy to maintain its current economic strength. However, if South and North Korea are unified, South Korea can utilise the low-cost and young labour force of the North, and North Koreans can get better jobs under the liberal market economy of the South.

Secondly, South Korea is heavily dependent on other countries in terms of natural resources and energy. It imports 97 per cent of its mineral resources and 2,300 tons of rare-earth elements per year while North Korea, on the other hand, is estimated to have significant supplies of unexploited resources. Major mineral imports of South
Korea include iron, gold and copper, which exist in large amounts in North Korea. North Korea has 20 million tons of rare-earth elements and the most significant deposits of magnetite in the world, as well as being one of the top 10 in tungsten, molybdenum, graphite, barium sulphate, gold, mica and fluorite (Bae, 2011, pp. 7-8). Therefore, in the case that both Koreas are united, South Korea’s dependency on other countries would decrease so that it could canalise the money that it uses to import resources into other areas in order to be more competitive among Asian countries.

Thirdly, the Korean Peninsula has a strategic geographical position, being located in the centre of four world powers: the US, Japan, China and Russia. According to Bae (2011, p. 7), “South Korea’s position is difficult because economically it is sandwiched between China and Japan and politically it is sandwiched between China and the US.” If the two countries were unified, they could play a major political and economic role in Northeast Asia. If not, they will keep living as sandwiched countries among giants.

The fourth advantage is related to the psychological dimension of the problem. People from the same families were separated when the two Koreas were divided. Many people from the North escaped and continue to escape to the South. Even though there are two countries on the Korean Peninsula, in reality there is only one nation, which understandably affects the psyche of the citizenry. Families have been living separately from each other for years, and the unification of the two Koreas would bring an end to this ongoing tragedy of the Korean people.

For example, Chung Ju-yung, the founder and former chairman of the Hyundai Group, was born in Kangwŏn (now located in North Korea) and established the company in Seoul (now located in South Korea). Ju-yung always dreamed of seeing the unification of both Koreas and invested
considerable resources on this dream because he believed that South Korea’s long-term security and economic competitiveness depend upon the unification with North Korea (“Chung Ju-Yung”, n.d.). Thus, the unification of the two Koreas encompasses not only an economic dimension but also a psychological one. According to a report titled “A United Korea? Reassessing North Korea Risks,” published by Goldman Sachs on September 21, 2009:

The North Korean economy is at a crossroads: growth has stagnated and the planned system is near collapse, but it has large untapped potential, including rich human capital, abundant mineral resources (valued at around 140 times 2008 GDP) and significant room for productivity gains.

Furthermore, the report continues, “the GDP of a united Korea in USD terms could exceed that of France, Germany and possibly Japan in 30-40 years, should the growth potential of North Korea, notably its rich mineral wealth, be realised.”

The fifth advantage is that North Korea has one of the largest armies in the world and spends vast sums of money in developing new military technologies. Likewise, due to the North Korean threat, South Korea has mandatory military service for all male citizens of the country, which significantly reduces labour productivity. As a result, the division on the peninsula has an enormous financial cost for both Koreas. If they are united, they do not have to spend such huge resources to defend themselves against each other.

Finally, the fact remains that a divided Korean peninsula represents a major source of instability for the region and the world. Whenever North Korea conducts a nuclear test, it not only creates tension in the region but also goes against the explicit wishes of the international community. No matter how much the North boasts about its nuclear technology, it is known that South Korea also has the technology and capacity to go nuclear within a short period if circumstances required it to do so. Additionally, Japan, which has indicated that it too could acquire nuclear weapons if dictated by necessity, possesses a plutonium stockpile larger than that of the US, which would allow it to produce a significant nuclear arsenal in a short period.

It is a rather unlikely scenario that countries will resort to the use of nuclear weapons, which would inflict irreparable harm to the world. However, it would be naive to completely dismiss the possibility. If the nuclear threat posed by North Korea is lifted, one of the most severe problems of the Northeast Asian region will be solved, which would contribute towards peace and security of the region.

Here the example of German unification provides a potent example of how regional cooperation can be enhanced following a prolonged period of tension and conflict. According to Bae:

After the German unification, European integration was further expanded and advanced. The number of EU member countries grew from 15 at the time of reunification to 27, forming the single largest integrated market with a total population of 500 million.” Similarly, Northeast Asia is about to become the wealthiest region in the world and forming a union in Northeast Asia similar to the one in Europe is not an unachievable goal once North and South Korea unite. (2011, p. 32)
**Conclusion**

As mentioned above, although the Northeast Asian countries—China and South Korea in particular—are growing economically, the region is still marked by instability and relatively weak bilateral relations. Even though most of the countries in the region face both domestic and regional problems, none of them are as divisive and as polarising as the Korean peninsula. The peninsula was divided into two states, North and South Korea, and since then the two Koreas have followed opposite paths. While North Korea became a communist country, closed its doors to the outside world, and placed strict controls on the market, South Korea became a liberal and westernised country and managed to integrate itself within the international community.

Left in isolation by the rest of the world, North Korea has developed and tested nuclear weapons, threatened its neighbours and the US with its nuclear programme, attacked South Korea several times, kidnapped Japanese citizens, and violated international law on numerous occasions. North Korea has posed, and continues to pose a considerable challenge to stability in the region.

The North Korean problem should be solved in order to achieve stability in the region, enhance cooperation in the region, and prepare the region to take its place as the economic powerhouse of the world. There are several ways to solve this problem, but the most productive and beneficial way is to unite the two Koreas. In the short term, South Korea will have to shoulder a heavy burden because unifying two countries will cost South Korea money and energy but in the long term, it will reap the fruits of unification.

If the Koreas were united, South Korea would benefit from the natural resources and the young labour force of North Korea, which would provide a solution to its low birth rate as well as its dependency on other countries for mineral sources. A united Korea would have a stronger voice on regional developments and would help Korea to match and even exceed prosperity levels in G7 countries such as Japan, France and Germany. Besides the economic advantages of the unification, it would also put an end to an enduring national tragedy, since friends, relatives and families who have been separated from each other for decades would be able to reunite. Moreover, a unified Korea could lay the groundwork for a sort of Northeast Asian union, just as a unified Germany did for the European Union. After the risks and benefits of unification are considered carefully, the main contention of this report is that South and North Korea should be unified for a better and stronger Korea, a more stable Northeast Asia and a more peaceful world.

For all these things to happen, the US and other countries involved in the Six-Party Talks should run the negotiations diligently to prepare North Korea for a smoother unification and transition by trying to denuclearise and democratisethe country. In the light of recent developments, both North Korea and the countries that will sit at the negotiation table must be realistic about their demands from each other. They need to avoid what has happened many times in the past and in order to be able to achieve tangible results, parties in the talks must understand one another’s concerns well. In addition, they should be realistic in their demands from North Korea to be able to get some result. For example, considering that North Korea has written its nuclear arsenal into its constitution referring to it as the “treasured sword of justice,” states joining the talks must understand that it will not give up on its nuclear weapons easily. It will inevitably be a long process, which will require the development of mutual understanding, trust and patience. If said negotiations are ultimately successful, the door to unifications should be opened with the aid of neighbouring countries. The US will also have a significant role to play in any re-unification talks and should seek the support for re-unification from the international community in order to contribute to peace, stability and prosperity in the region and the world at large.
References


