

12 September 2013

North Korea's Soft Landing

Most observers predict that the reunification of the Korean Peninsula will be more complex and expensive than was the case for East and West Germany. Think again, says Jaewoo Choo. South Korea has had decades to learn from the German experience and is well-placed to facilitate the 'soft-landing' of the North.

By Jaewoo Choo for ISN

North Korea continues to send mixed messages to the international community about the current status of its nuclear weapons program. At the same time, the Kim regime also wants to improve the country's economy, albeit without mentioning specific measures. Pyongyang's current stance is encapsulated in its "*Byungjin*" or 'parallel development' policy, which was approved during a plenary session of the Party Central Committee (PCC) on March 31, 2013. Yet, just three months later, the North backtracked on its 'economy and nuclear weapons' policy by declaring its readiness to denuclearize in accordance with "teachings left by Kim Il-Sung and Kim Jong-Il."

By comparison, there has been little in the way of change in the South. The new administration in Seoul, led by Park Geun-hye, continues to advocate peace and stability on the Korean Peninsula. At her inauguration in February, the South Korean President outlined the basic guidelines of her specific North Korean policy. The so-called "trust-building process" rests upon the North showing that it is genuinely sincere about its commitment to denuclearization. In return, South Korea will offer a familiar set of economic incentives as well as political initiatives such as summit meetings, arms talks and further dialogue regarding the armistice. These three key elements provide the framework for the so-called 'perpetual peace' on the Peninsula, a concept that remains dependent upon the development of sufficient levels of trust between the two Koreas.

South Korea has also expressed on numerous occasions its willingness to bear the costs for rapprochement and the 'soft-landing' of the North. Such declarations have, in turn, been scrutinized by the international community in terms of costs and benefits to the South and to make a comparison with the post-Cold War reunification of Germany. Experts suggest that reunification will cost South Korea at least \$3 trillion from the outset, a figure that far outstrips the estimated \$1.2 trillion spent on German reunification. However, making comparisons with the two Germanys is unhelpful and serves to downplay the long-term benefits that the Koreas could accrue via unification.

Walls Come Tumbling Down?

To begin, the demographics of the Korean Peninsula are way different than East and West Germany. Despite opposing political and economic systems, levels of education and the structure of labor

market within the two Germanys shared some striking similarities. By contrast, a reported 60% of North Koreans have received secondary education, with 16.3% of the population going into higher education and vocational training. The latter statistic, however, pales in comparison with the South, where 80% of the population has entered into higher education. Moreover, an estimated 35% of North Koreans work in the service sector, whereas the rest of the population makes a living in the primary and secondary sectors. With its burgeoning service sector, it's a very different story in the South.

From the outset, German reunification efforts were compromised by the need to integrate a highly educated and skilled East German workforce into the technologically superior industrial base of the West. While the majority of East Germans at the time of unification held university degrees, their technical expertise lagged way behind West German counterparts. Consequently, many West German industries and businesses were ill-equipped to fully and immediately absorb the East German workforce. This, in turn, prompted a sharp increase in unemployment levels and reliance upon social security handouts.

By contrast, South Korea does not face the same daunting prospect of integrating a similarly well-educated and skilled workforce into its economy. Instead, Seoul potentially has at its disposal a largely under-educated and manual-labor oriented workforce that has yet to be fully exposed to modern business practices. In the event of reunification, this may result in the North making the jump from a planned economy to free-market capitalism with relative ease.

There are, without doubt, countless observers and commentators that may cast such a transition as mere wishful thinking. In response, South Korea will simply point out that German reunification has provided it with more than its fair share of lessons and observations. For instance, Seoul has no interest in the immediate physical integration of the Korean Peninsula. Instead, it will stop an exodus of North Koreans to the South in order to utilize them for nation-building and reconstruction in the North. This would undoubtedly be popular with a South Korean population that worries about the difficulties that may arise from the immediate reunification of the Peninsula. In return, the South will mobilize its government agencies and commercial sectors to assume their fair share of responsibilities for reintegrating and rejuvenating the North.

Outside Looking In

To assist with economic development and rehabilitation, a unified Korea is likely to attract a far higher level of foreign investment than Germany ever did. This should, in turn, ease the Peninsula's integration into the northeast Asian and global economy. Both China and Japan are likely to view the new Korea as an opportunity to enhance and maintain their economic development. Tokyo, for example, is likely to view the Peninsula as a new trading route into Northeast Asia. Beijing, on the other hand, would be keen to economically integrate the North into its development programs for northeastern China. It regards improved access to logistics and ports in North Korea as essential to the success of its Dongbei Zhenxing and Changchun-Jilin-Tumen area development projects. To help realize these goals, in 2012 China was ready to launch a \$3 billion project known as the 'North Korean Fund'.

Indeed, maintaining sound diplomatic relations not only with China, Japan but also with the South's traditional ally the United States serves to reinforce the argument that the Korean Peninsula's 'landing' does not necessarily have to be hard and bumpy. These three leading powers hold considerable sway over global finance and governance mechanisms, and hold the key for increased foreign investment in the unified Korea. In this respect, another major determinant of investment will be the new Korea's status as a nation unburdened by commitments to transnational organizations akin to the European Union (EU). Accordingly, if the new Korea can harness its influence with leading international actors, it may eventually surpass the creation of 500,000 small and medium companies

that occurred in the aftermath of German reunification.

A Long Wait

However, facilitating a relatively pain free 'soft landing' nevertheless remains a challenge. It seems inevitable, for example, that Park's "trust-building process" will remain at the mercy of outbursts of belligerence and recalcitrance by the Kim regime. For instance, rumors continue to suggest that North Korea has finally succeeded in miniaturizing its nuclear warheads. However, Park appears determined to break the deadlock between the two Koreas - at least at this stage of her presidency.

And with good reason. The "trust-building process" has been well-received by the international community, most notably China and the United States. Indeed, Beijing's economic sanctions and the loss of an estimated \$90 million in revenue are likely to have played a major part in North Korea's decision to negotiate the reopening of the Kaesong Industrial Complex. Yet patience is likely to remain a virtue, both for the international system and the Park administration. Indeed, the South Korean president has stated on numerous occasions that it plans to take its time with bringing the North to the negotiating table. Underpinning her 'brick by brick' approach is a determination to see the North commit to several key principles, most notably that Pyongyang does not take the South's economic assistance for granted.

Ultimately, Park's 'slow but steady' approach to re-engaging with the North reflects that the reunification of the Korean Peninsula remains a distant prospect. But that is not to say that as and when the chance to reunite North and South Korea emerges that reunification will be an overly-expensive project. Seoul has now had over three decades to learn from the German experience of reunification. It can see that its demographic challenges are not the same as those that confronted the two Germans. Moreover, a reunified Korea may be in a position to reap economic benefits that a united Germany could only dream about. As a result, the reunification of the Korean Peninsula might be far simpler and more cost-effective than you think.

Dr. Jaewoo Choo is a Professor of Chinese Foreign Policy in the Department of Chinese Studies at Kyung Hee University, South Korea.

For additional reading on this topic please see:

[China and Its Peripheries: Contentious Relations with North Korea](#)

[Start Thinking Now About Transitional Justice in a Post-Transition North Korea](#)

[North Korea Wants Peace, and It Should Be Given Peace](#)

For more information on issues and events that shape our world please visit the ISN's [Dossiers](#) and the [ISN Blog](#).

[text]

Publisher

[International Relations and Security Network \(ISN\)](#)

Creative Commons - Attribution-Noncommercial-No Derivative Works 3.0 Unported

<http://www.isn.ethz.ch/Digital-Library/Articles/Detail/?ots591=4888caa0-b3db-1461-98b9-e20e7b9c13d4&lng=en&id=168960>

ISN, Center for Security Studies (CSS), ETH Zurich, Switzerland