

PROSPECTS FROM KOREAN REUNIFICATION

Colonel David Coghlan

April 2008

Visit our website for other free publication downloads

<http://www.StrategicStudiesInstitute.army.mil/>

[To rate this publication click here.](#)

This publication is a work of the U.S. Government as defined in Title 17, United States Code, Section 101. As such, it is in the public domain, and under the provisions of Title 17, United States Code, Section 105, it may not be copyrighted.

The views expressed in this report are those of the author and do not necessarily reflect the official policy or position of the Department of the Army, the Department of Defense, the U.S. Government or the Australian Army, Department of Defence or Government. This report is cleared for public release; distribution is unlimited.

Comments pertaining to this report are invited and should be forwarded to: Director, Strategic Studies Institute, U.S. Army War College, 122 Forbes Ave, Carlisle, PA 17013-5244.

All Strategic Studies Institute (SSI) publications are available on the SSI homepage for electronic dissemination. Hard copies of this report also may be ordered from our homepage. SSI's homepage address is: www.StrategicStudiesInstitute.army.mil.

The Strategic Studies Institute publishes a monthly e-mail newsletter to update the national security community on the research of our analysts, recent and forthcoming publications, and upcoming conferences sponsored by the Institute. Each newsletter also provides a strategic commentary by one of our research analysts. If you are interested in receiving this newsletter, please subscribe on our homepage at www.StrategicStudiesInstitute.army.mil/newsletter/.

ISBN 1-58487-351-5

PREFACE

The U.S. Army War College provides an excellent environment for selected military officers and government civilians to reflect on and use their career experience to explore a wide range of strategic issues. To assure that the research conducted by Army War College students is available to Army and Department of Defense leaders, the Strategic Studies Institute publishes selected papers in its “Carlisle Papers in Security Strategy” Series.



ANTULIO J. ECHEVARRIA II
Director of Research
Strategic Studies Institute

ABOUT THE AUTHOR

DAVID COGHLAN is a colonel in the Australian Regular Army. A 1984 graduate of the Royal Military College Duntroon, as a junior officer Colonel Coghlan specialized in Ground Based Air Defense followed by a number of operations and planning related appointments, including command at the Regimental level. His operational experience includes deployments to East Timor and Afghanistan. Colonel Coghlan has a Masters of Defence Studies from the University of New South Wales and is a member of the U.S. Army War College Class of 2008.

ABSTRACT

Throughout the 1990s, predictions of Korean reunification were rife. Since then, enthusiasm for such predictions have faded, and although the underlying assumption of reunification remains, forecasts of when and how this will occur have been more subdued. Reunification poses two distinct yet interdependent conundrums: reunification itself, which is the immediate challenge; and the strategic landscape that emerges from reunification, which has the potential to fundamentally transform strategic relationships in Northeast Asia. Within this context, this paper examines the prospects from Korean reunification. Initially, it will establish the framework from which such prospects will emerge: the nature of the North Korean regime, the cost of reunification, and likely reunification scenarios. From this framework, a raft of challenges and opportunities present themselves to the stakeholders in the region; and South Korea, China, the United States and, to a lesser extent, Japan and Russia will be examined to determine prospects from Korean reunification. The paper will suggest that China, at the expense of the United States, has positioned itself to profoundly influence the nature of reunification, the “tilt” of a unified Korea, and with it, the future Northeast Asian strategic environment.

PROSPECTS FROM KOREAN REUNIFICATION

Throughout most of the 20th century, the Korean people have yearned for the establishment of an independent and unified Korea. Before World War II, this was denied to them by Japan's annexation of the Korean Peninsula in 1910. With the defeat of Japan in 1945, hopes of a unified independent Korea were again raised but soon dashed by the partitioning. Ostensibly a temporary division to expedite the surrender of Japanese forces, as wartime cooperation between occupying powers quickly developed into post-war competition, the division of Korea became permanent, and reunification hopes faded. Throughout the subsequent Korean War, both sides attempted to achieve reunification by force without decisive result, and although after 1953 reunification nominally remained on the agenda of both Koreas, in the increasingly tense environment of the Cold War, the issue received little more than token attention.

The Korean desire for reunification is based on a long and proud history of unity that saw Korea develop into a culturally and ethnically homogenous country with a deep sense of national unity. This, combined with significant Chinese influence, has resulted in a Korean people with a strong adherence to the ties of family, culture, and history. Because of this background and despite decades of tension and animosity between North and South, Koreans harbor a powerful desire for reunification. To most Koreans, the current division of the peninsula is a temporary aberration that, with time, will be resolved.

Attempts during the Cold War to overcome hostilities and obtain some degree of reconciliation as a first step toward reunification were not successful. In 1972 both Pyongyang and Seoul philosophically agreed that reunification would occur peacefully without foreign interference. Divergent views on how this was to be achieved stalled further progress. In 1984 similar attempts were again made but failed amid the mutual distrust and acrimony characteristic of Republic of Korea (ROK)-Democratic People's Republic of Korea (DPRK) relations throughout the Cold War. However, in the wake of German reunification, the death of Kim Il Sung in 1994, and the Korean Peninsula summit of 2000, there was a raft of predictions by scholars, commentators, and officials of not *if* but *when* reunification would occur.¹ Most of these assessments assumed that reunification would be achieved by the absorption of North Korea by the South. Many went further and predicted when reunification would occur: in 1996 the then director of the U.S. Central Intelligence Agency predicted collapse within 3 years;² earlier that year, the U.S. Commander in Korea forecasted collapse within "a very short period"³ while in 1992, one academic predicted reunification "certainly by 2000; probably 1995; possibly much sooner."⁴ Interestingly, China did not share such expectations of North Korean collapse.⁵

Over the past few years, enthusiasm for such predictions have faded, and although the underlying assumption of eventual reunification remains, forecasts of when this will occur have been fewer and more subdued than the confident predictions of the 1990s. Eventual reunification poses two distinct yet interdependent conundrums: reunification itself, which represents the most immediate challenge; and the strategic landscape that emerges from reunification, in which the prospect of a unified Korea has the potential to fundamentally transform strategic relationships in Northeast Asia.

Within this context, this paper will examine the prospects from Korean reunification. Initially, the paper will establish the essential framework from which the prospects from reunification will emerge: the nature of the North Korean regime, the cost of reunification, and the likely scenarios which may deliver reunification. From these scenarios, a raft of challenges and opportunities present themselves to the stakeholders in the region; and South Korea, China, the United States, and, to a lesser extent, Japan and Russia will be examined to determine likely prospects that may emerge from reunification. The paper will suggest that China, at the expense of the United States, has maneuvered itself into a position to profoundly influence the nature of Korean reunification and the “tilt” of the post-unified Korea and, with it, the future Northeast Asian strategic environment.

NORTH KOREA: SYSTEM DEFENDING SURVIVAL

Pyongyang’s resilience, durability, and therefore survival confound most observers primarily because “what we know about . . . North Korea is exceeded by what we do not know.”⁶ Because of this, analysis and subsequent prediction are difficult and almost exclusively assumption based. What we appear to know is that survival of the regime⁷ has replaced reunification of the peninsula (on North Korean terms) as the primary objective of the DPRK.⁸ Survival of the state is undertaken within the overarching Juche ideology that emphasizes self-determination by placing a premium on independence, self-reliance, and self-defense.⁹ The central tenet of Juche is the “military first” policy that emphasizes the overriding requirement to support military expenditure and investment above all other priorities.¹⁰ Such a policy has produced a daunting military capability. North Korea has an active military of 1.17 million with a reserve component of over five million personnel, making it the fifth largest military,¹¹ including what is believed to be third largest inventory of chemical weapons in the world.¹²

However the cost of rigid adherence to Juche and the military first policy has been great and is reflected in the chronic condition of the North Korean economy. Technically a rent seeking system in which most overseas earnings are realized through illegal activities,¹³ the North Korean economy has been described “as the world’s largest contingent liability.”¹⁴ The prognosis for the consistently contracting economy¹⁵ is poor unless significant systemic reform is undertaken.¹⁶ Yet such a change is highly unlikely as the degree of reform required runs counter to the central philosophy of Juche and military first. Because of this, North Korea only undertakes reform, usually minor and peripheral in nature, when it is absolutely essential, a strategy described as system-defending reform.¹⁷

It is within this context of system-defending reform that the North Korean brinkmanship over its nuclear program can be examined. As North Korea has become increasingly isolated, it has attempted to compensate for this loss by widening its strategic options through its ballistic missile, biological, and nuclear weapons programs.¹⁸ Pyongyang’s motivation for pursuing such programs is twofold: to ensure state survival and to use them, as we have seen with the DPRK nuclear program, as a bargaining chip to further underwrite state survival by gaining concessions from the West.¹⁹ The recent series of Six-Party Talks provided a good example of these overall policies at work: the talks have promised Pyongyang a raft of much needed resources to prop up the economy (and

therefore prolong the regime). In return, North Korea has promised to curtail its nuclear program. However, given Pyongyang's track record, not even the most optimistic observer would expect North Korea to fully comply with any agreement that neuters its strategic trump card. Most believe that Pyongyang will continue its program as part of the overall policy of what has been labeled strategic deception²⁰ and continue to push to find the limits of brinkmanship on this issue. North Korean official announcements tend to reinforce this belief: Pyongyang's main theme for 2007 was building an "Economically strong Socialist Country based on Nuclear Deterrence."²¹

THE ENORMOUS COST OF REUNIFICATION

The enthusiasm and motivation for Korean reunification, fueled by what appeared to be a quick and efficient German reunification, have been significantly dampened by the realization of the enormous cost. Although comparisons with the German experience were understandable, in hindsight the two situations have far less in common than first thought.²² Despite these differences, a few lessons from the German experience, especially in relation to monetary union, property rights, and privatization of industries, will be relevant to the Korean situation.²³

Estimates of the cost of Korean reunification vary widely, normally lying in the range of \$25 billion to \$3.5 trillion,²⁴ and usually concentrate on financial costs only.²⁵ Such a wide range is primarily due to a combination of three factors: different starting assumptions over North Korea's real situation; what is factored into each costing (e.g., education, environmental repair); and, finally, the reunification end-state envisaged and when (e.g., common education standard between north and south within 30 years of reunification). One recent study aims to determine the cost of doubling of the North Korean gross domestic product (GDP) within 4 years of reunification (this is assessed as the minimum level of economic improvement required to limit mass migration to the south). Based on this criterion, reunification will cost between \$50 and \$67 billion.²⁶ However, and of critical importance, this study does not factor in the cost of humanitarian, educational, cultural, and social programs that will be an essential part of the reunification process.²⁷

Regardless of the estimates, no doubt the cost of reunification will be huge, and despite Korea's palpable distrust of foreign investors, Seoul will be unable to absorb the economic cost itself and will have to raise up to two-thirds of the capital required from overseas, primarily through a combination of international private and public funds.²⁸ Who provides this money to Seoul is likely to wield considerable influence in both reunification itself and the post-reunification environment.

REUNIFICATION SCENARIOS

Despite the perils of prediction in relation to this issue, the scenarios of how reunification is likely to be achieved require examination as the manner of reunification will provide the basis for a unified Korea with a commensurate effect on the regional strategic landscape. Possible scenarios for the "how" of reunification can be grouped into four areas: gradual change, an indefinite status quo, system collapse, and war.

Gradual.

The gradual approach to reunification is a “multistage process in which economic and political union will be gradually achieved through negotiations between North and South Korea.”²⁹ There are various theories on how gradual reunification will take place. Most are underpinned by the requirement for Pyongyang to implement a level of reform necessary to allow the DPRK to adopt Chinese style free market laws³⁰ in an effort to arrest its contracting economy. At the same time, “no attempt should be made to democratize the North Korean government. In fact . . . a Chinese model of economic development requires an authoritarian central government to impose economic reforms from above.”³¹ Such reforms need to be paralleled by a gradual increase in economic cooperation between North and South while military confidence-building measures would be put in place to reduce both the cost and size of respective force structures. These measures may then allow the relationship to progress through a commonwealth-type arrangement that would eventually lead to complete federation.³²

Despite the appeal of this scenario, it relies on a series of “assumptions of expectations that seem highly optimistic,”³³ not the least of which is the requirement for fundamental political and economic reform in North Korea. No evidence suggests Kim Jong-il is capable or inclined to carry out such sweeping reform, and even if he did, there is no guarantee of success.³⁴ However, the point is moot: the degree of reform necessary would require the end of Juche and the military first policy, a price that North Korea is unwilling to pay for an outcome that would spell the end of the regime. Therefore, as one study has suggested, this scenario “would probably ensue under the most favorable and perhaps less plausible circumstances.”³⁵

Status Quo.

This scenario sees North Korea muddling through indefinitely³⁶ and only implementing minimal changes that are absolutely necessary for state survival (system-defending reform). Economically, this would see a continuation of the rent-seeking system, while diplomatically a combination of solid negotiating skills and nonabandonment of its nuclear, biological, and ballistic missile programs (under the military first policy) will allow North Korea to continue to pursue its proven policy of brinkmanship in order to win concessions from the West that can then be (re)invested into survival of the state. Pyongyang’s history of resilience suggests this scenario is likely and rational.³⁷ As the cost of reform inherent to the gradualist scenario is too high, Kim Jong-il and the North Korea elite have little choice, if they wish to survive, than to carry on as they have been—implementing the minimal amount of reform necessary to ensure state survival. Although the phrase “muddle through” is often used in this scenario, the implication of “muddled” as jumbled, tangled, and generally disorganized may not be appropriate. For nearly 20 years, North Korea has defied predictions of collapse and survived—perhaps there is more coherence to the North Korean strategy than Pyongyang is credited for. As Nicholas Eberstadt notes, contrary to the conventional wisdom of the DPRK as an “unremittingly hostile negotiating partner,” the reality may be that all that is necessary to get to yes with the DPRK is “to concede every important point demanded by the North

Korean side while sacrificing vital interests of one's own."³⁸ Regardless, the probability remains that for the foreseeable future this is the scenario that will be played out on the Korean Peninsula.³⁹

Collapse.

Should North Korea's muddling through approach break down, the DPRK could face failure, collapse, and for most observers, absorption by the South. Within this third scenario, Pyongyang's adherence to Juche and military first would mean it would be unable to make the necessary adjustments for survival. In turn, with the economy failing and a likely humanitarian crisis looming, economic breakdown would lead to political instability and then to state collapse. There are a number of variations of two themes within this scenario; the North Korean army takes over and assumes effective control of the state, or a collapse within which no party gains control results in some form of internal conflict.⁴⁰ It is impossible to predict which variation could occur, but they share common characteristics: a collapse could occur with little or no notice; a range of factors may trigger the collapse; some form of external intervention may be required, especially in the event of a humanitarian disaster or internal conflict;⁴¹ and immediate measures would have to be taken to ensure the security of North Korean Weapons of Mass Destruction (WMDs). In this scenario, most attention and discussion focuses on such aspects of the collapse, while little attention is paid to the subsequent absorption of the North into the South: Samuel S. Kim suggests that the absorption argument is fatally flawed and is "marred by freewheeling conceptualization, right-leaning bias, and inattention to the many obstacles and barriers to peaceful Korean unification."⁴²

War.

The final and most ominous reunification scenario is one of war that leads to the military defeat of the DPRK.⁴³ North Korean initiated war is the worst case of all these scenarios, and although the likelihood is remote given the capabilities of the North Korean military, the possibility of a precipitative event (including an accidental one) triggering war cannot be ruled out. Although North Korea is unlikely to prevail in a conventional campaign against the South, there is the possibility that Kim Jong-il could initiate war out of desperation (the so-called cornered rat syndrome⁴⁴) or related to this, facing irreversible economic decline but still possessing a strong military, he may resort to preventative war to gain a negotiating position favorable to Pyongyang. Given that North Korea is unlikely to get to such a position against a prepared enemy, the optimal time for North Korea to attack is during a period of low tension, ideally when the United States is preoccupied elsewhere.⁴⁵ Assuming that Kim Jong-il is more interested in state survival than state suicide, this option is remote. However, considering the stakes, it cannot be discounted.

Despite the perils of predictions and the almost unlimited combinations of the scenarios presented, some conclusions can be drawn to guide stakeholder approaches to reunification and beyond. First, despite the optimism of the 1990s, none of the scenarios discussed envision early reunification, and it seems that for the foreseeable future the status quo on the Korean Peninsula will remain. Second, the likelihood of the gradual scenario in which

the two Koreas reunite in a soft landing appears, as it is predicated on fundamental reform by North Korea, to be highly unlikely. Consequently, all scenarios suggest to one extent or another that reunification is not going to be soft⁴⁶ and in the case of system collapse or war, could be potentially devastating for the Korean Peninsula. Third, with status quo likely to be in effect for the foreseeable future, this provides all interested parties time to prepare to comprehensively reduce the impact of a reunification hard landing and subsequent absorption by the South. Fourth, bearing in mind the cost of reunification, the longer North Korea survives, the more anachronistic it will become; the greater the disparity between North and South; and the higher the eventual cost of reunification. Finally, despite the time available from the status quo option, the worst case wildcards of unexpected collapse and/or war cannot be discounted and must be planned for. Given these scenarios, a raft of prospects, opportunities, and challenges is presented to stakeholders in the region. The next part of this discussion will examine how these stakeholders may respond to these challenges.

SOUTH KOREA: UNREQUITED SELF-DETERMINATION

Consistent predictions of North Korean collapse and absorption by the ROK that stoked much of the fervor for reunification among South Koreans throughout the 1990s has been replaced with a less idealistic and more pragmatic approach. Seoul accepts that, barring wildcards, reunification will not be achieved in the short term: in the words of President Roh Moo-hyun, “the possibility of a sudden collapse of North Korea is remote, and the South Korean government has no intention to encourage it.”⁴⁷ The reasons for this more pragmatic approach by Seoul are many but are primarily dominated by the enormous and potentially crippling cost that reunification will impose on South Korea, especially if reunification is achieved through a hard landing scenario. Regardless of which scenario delivers a unified peninsula, the economic impact on Seoul will directly affect, and almost certainly detract from, the South Korean standard of living.

The government approach to this issue is also reflected in public opinion, a recent poll showing that although 67 percent of South Koreans believe the peninsula should be unified, 56 percent believe that South Korea will lose more than it will gain from the process.⁴⁸ To Seoul, the worst case scenario for reunification is war, and although the likelihood of this is remote, it cannot be discounted. The best case scenario, and the only one likely to afford some degree of self-determination in the process, is preservation of the status quo including, as President Roh inferred, the avoidance of policies that may provoke a North Korean collapse. Although at different ends along the continuum of reunification scenarios, an important deduction from both scenarios is the overwhelming requirement for planning. Although such planning is underway, there is a need for this work to be transparent. The advantages of such transparency are threefold: it may reduce suspicion in North Korea and facilitate further rapprochement with Pyongyang; thorough planning may start to develop the financial fidelity that will be required by institutions that may have a future role in helping to fund reunification (for example the Asian Development Bank);⁴⁹ and, finally, it may start to provide a solid basis to commence the scoping of commitments to fund the reconstruction of a unified Korea.

Security and economic related issues will be the two most pressing problems that Korea will have to address post-reunification. How Seoul responds to these challenges will set the long-term course for not only Korea but also for the wider strategic landscape.⁵⁰ In general terms, Seoul will be faced with three post-reunification security options: neutrality, autonomy, or alliance.⁵¹ A permanently neutral Korea, in which Seoul binds itself to neutral behavior at all times, is suggested by some as a solution to a post-unified Korea's security needs.⁵² However, such an approach has a range of disadvantages and is more suited to minor states⁵³ and, as such, is inappropriate to the post-reunification environment (due to Korea's middle power status and the associated interests of the great powers in the region). In some ways, a neutral Korea could undermine regional security as "any move made by a neutral Korea could be perceived as favoring one or more of the great powers."⁵⁴

Autonomy provides a somewhat more realistic option than neutrality. In a unified Korea, where justification for the retention of U.S. troops on its soil would be no longer valid, Seoul may seek to realize the long-held desire for self-determination and strategic independence. Within this option, Korea could follow some type of dual hedging approach where it attempts to maintain equally favorable relations with China and the United States, and in doing so, play each against the other.⁵⁵ The danger to this option is that it may awaken an unpalatable form of Korean nationalism, especially if Seoul is equipped with ex-North Korean ballistic missile, biological, or even nuclear capabilities, that may in themselves pose a threat and undermine regional security.

Alliance is the most likely security option for a unified Korea. But with whom? To a considerable extent, which alliance option Korea picks will depend on which scenario eventually delivers reunification and the role of China and the United States in that process. Should Korea choose to ally with the United States, the basis of the alliance will have to change to reflect the new post-reunification environment. Should that occur, the fundamentals of the strategic landscape in the region will remain essentially unchanged. However, if Korea tilts to Beijing, the fundamentals will irrevocably change. An additional factor to complicate this strategic milieu will be the composition and capabilities of the unified Korean military. From almost all perspectives, "a unified Korea with a declared nuclear capability would lead to a serious deterioration in regional stability, greatly fuelling latent strategic rivalries."⁵⁶

A further factor in determining which alliance Seoul may pursue will be the attitude and perceptions of the unified Korean government and public toward China and the United States. Pan-Korean feelings continue to resurface and grow in South Korea. These feelings rekindle myths of national victimization against Korea,⁵⁷ that "the North should no longer be seen as an enemy . . . but as a brother to be embraced and helped,"⁵⁸ and are underlined by a pervasive anti-Japanese sentiment.⁵⁹ As pan-Korean feelings intensify, so also does what has been termed anti-Great Powerism,⁶⁰ primarily manifested as anti-Americanism. Increasingly, especially since the U.S. shift to the right post-September 11, 2001 (9/11), South Koreans perceive the United States not as the guarantor of peace but rather as a greater threat to Korean security than the DPRK.⁶¹ This is especially the case with younger Koreans who, in the words of a former U.S. Ambassador to Seoul, "shared a lot of qualms . . . about alleged U.S. unilateralism in the world."⁶² While support for America declines in South Korea, China's stocks are on the rise, with the majority of

Koreans seeing Beijing in a more favorable light than the United States.⁶³ The reasons for this proclivity appear threefold: Chinese economic success, increased Chinese political influence, and China's historical influence on the peninsula.⁶⁴

Informing, facilitating, and underpinning the security option pursued by a unified Korea will be economic factors. Post-unification, the primary challenge will be to fund and coordinate the reconstruction of North Korea. As previously discussed, South Korea is assessed as being capable of providing only one-third of the funds necessary for reconstruction. Therefore, anything Seoul can do to reduce the strain on its economy needs to be pursued. To not do so will almost certainly have a deleterious effect on the reconstruction process and the standard of living in the South, with accompanying domestic political risk. Consequently, those who significantly contribute to the cost of reunification have a unique opportunity to improve their image and gain increased influence with the people and government of a unified Korea.

Should Korea wish to accept international funding but not wish other countries to deliver such projects directly, Seoul may consider using a third party, perhaps under the auspices of the United Nations (UN) or European Union (EU) to deliver reunification projects. Use of the UN would be theoretically sound, as no major power would receive too much credit.⁶⁵ However, given the poor track record of the organization, there is some risk to this course of action. The EU, the largest foreign investor in South Korea and its fourth largest trading partner,⁶⁶ could also assume such a role. However, for either organization to take the lead in such an endeavor, early access to detailed, transparent, and costed plans is essential to inform preparation, ameliorate risk, and attract financing commitments.

Despite the long-held Korean desire for self-determination, the security and economic direction of a unified Korea, and the direction Seoul tilts in the future will be to a large extent based on the actions (or inactions) of China, the United States, and, to a lesser extent, Japan and Russia, in and beyond reunification, rather than by Korea herself.

CHINA: GAINING THE UPPER HAND

To China, North Korea serves as a strategic buffer against the U.S./ROK alliance. As such, Beijing is committed to the indefinite existence of North Korea and, despite outward support for the peace process, has little interest in reunification.⁶⁷ Reunification by war would be a worst case outcome for China. The result of such a conflict would most likely be a unified peninsula aligned to the United States, with the possibility of increased Japanese influence in the region. At the same time, Beijing would have to deal with an expected influx of North Korean refugees⁶⁸ and the immediate redirection of South Korean investment from China into the reconstruction of the North.⁶⁹ It comes as no surprise, then, that China remains committed to indefinite status quo on the peninsula, that reunification is in the (remote) future, and to be achieved as President Jiang Zemin has noted, through "dialogues and negotiations, and [China] will, as always continue to work actively for the maintenance of peace and stability on the Peninsula."⁷⁰ To achieve this, Beijing will have to continue to prop up Pyongyang, and although the cost of ensuring the status quo will be significant, it will be far less than the realization of China's worst case reunification scenario.

Such an approach reflects Beijing's broader policy objectives that seek a multipolar world where it gains prominence and influence, ideally as the power and authority of the United States wane.⁷¹ Within the Korean region, it can be assumed that "an unstated goal of Chinese Diplomacy is to separate South Korea from the U.S.-Japan bloc and draw Seoul closer to China."⁷² To achieve this, Beijing is pursuing a two-Korea policy in which it seeks to maintain a balance in its relations with Pyongyang and Seoul.⁷³ In the case of North Korea, China underwrites retention of the status quo through economic and other aid. In the South, political and economic relations have expanded rapidly and successfully: bilateral trade consistently grows at an annual rate of around 20 percent,⁷⁴ and China has recently surpassed the United States to become Korea's number one trading partner and the primary destination for outgoing Korean investment. Successfully pursuing such policies facilitates the retention of North Korea as a buffer, solidifies a growing financial interdependency with the South, and, in doing so China presents itself to Seoul as a nascent strategic alternative to the U.S. hegemon.⁷⁵ The change in South Korean public opinion discussed earlier suggests such a shift may be underway.

If the retention of the status quo on the peninsula suits Beijing for the indefinite future, will China ever facilitate or support reunification? Due to the many variables involved, Beijing may have little choice. In the long term, Beijing may be faced with the possibility of a nationalistic and unified Korea allied to the United States with the unwanted prospect of "another noncompliant power (like Vietnam) on its . . . flank with a competing ideological and social system."⁷⁶ To further complicate such an outcome, a unified and emboldened Korea may pursue latent historical territorial claims against China.⁷⁷

If China considers such a scenario unacceptable to its interests or if the price of underwriting North Korea becomes too much, Beijing may decide to act to protect its interests⁷⁸ and secure its influence on the peninsula. If China decided to unilaterally intervene in North Korea and was successful, Beijing would maintain its strategic buffer, control the status quo between the North and South, and be in a position to allow reunification on its terms. In doing so, China would put itself in an extremely strong position to shape the future of not only Korea but also the wider strategic landscape. Triggers for such an intervention could include: "if a teetering North Korea signals a readiness to tilt toward Beijing in exchange for enhanced economic and political support"⁷⁹ to stave off imminent collapse; to prevent a North Korean initiated war; and to prevent or stop internal North Korean instability that may escalate to wider conflict.⁸⁰ Once the DPRK was under effective control, Beijing would have two broad options: introduce Chinese economic (and other) reforms to preserve North Korea as a permanent strategic buffer; or work toward eventual reunification in cooperation with Seoul, but on Beijing's terms. Although by no means likely, the possibility of such an intervention cannot be discounted and with suggestions that "many Chinese analysts argue that North Korea has become more of a liability than an asset to China, and that regime change there would suit China's interests,"⁸¹ a further deterioration in Pyongyang-Beijing relations may prompt China to consider such an option.

UNITED STATES: LOOSING THE INITIATIVE

Given the rising Chinese influence on the peninsula and the implications of this on regional security, the United States does not appear to have the luxury of adopting a “wait and see” approach to a unified Korea. Of the reunification scenarios, the preservation of the status quo on the peninsula (with a non-nuclear North Korea) is the Washington’s best option for the foreseeable future. At the other end of the spectrum, a war initiated by North Korea with little or no notice is the worst case scenario. Although the U.S./ROK alliance would prevail, the scale of casualties and the associated humanitarian crisis would be disastrous for all involved.

Despite no short- to medium-term interest in promoting reunification,⁸² in the longer term the United States seeks a Korea that is unified, stable, and democratic; maintains a free market economy; effectively integrates the North and South; forsakes WMD;⁸³ and is permanently aligned to Washington. However, at least for the past decade, the policies followed to achieve these objectives have been inconsistent, sometimes contradictory, occasionally threatening, and often sluggish.⁸⁴ The momentum gained from the advances made by the Clinton administration in respect to North Korea were largely lost by the Bush administration as it decided over a 6-month period what approach to take with North Korea. The outcome was a hard and in some ways hostile approach to Pyongyang which was labeled by President Bush as part of the much maligned “axis of evil.”⁸⁵ To the disappointment of the South Korean government,⁸⁶ this dramatic change in policy dampened hopes for progress with North Korea, while to other observers, the treatment of North Korea was seen as U.S. hypocrisy over its (selectively applied) anti-WMD policies.⁸⁷

Of the four reunification scenarios, given current trends only war will deliver to Washington any real likelihood of a dominant position on the unified peninsula. The other three options, especially should China choose to unilaterally intervene in the North, are far more likely to result in a Korea tilted toward Beijing. Time is also in China’s favor: the further into the future the reunification occurs, the stronger the Chinese position is likely to be, while conversely, the relative U.S. strength in the region is likely to decline over time.

Therefore the prognosis for U.S. long-term interests on the peninsula (and by extension the region) is not particularly rosy. If events stay true to their current course, a dramatic change to the Northeast Asian strategic landscape is likely with the rise of China, possibly resulting in a “U.S.-led maritime bloc with Japan as a critical partner . . . balanced against a China-led continental bloc that could include Russia and possibly unified Korea.”⁸⁸ If the United States wishes to regain the initiative and delay or even reverse such an outcome, Washington must become far more proactive and implement a range of measures to prove to South Korea that the United States is a better long-term alliance option than China.

To achieve such an outcome, the United States must address a range of issues. The first of these is policy, where the overriding concern must be the establishment of a consistent, proactive, and long-term policy framework within which the United States can secure its interests on the peninsula. Such a policy must be underpinned by an overarching long-term U.S. policy toward China. However, given the lack of consensus with respect

to China in the United States, such a policy does not exist.⁸⁹ Despite this, consensus needs to be found on the Korean question. One option to establish, or at least to inform, such consensus is the establishment of a Washington-based think tank to improve the level of knowledge, options, and debate within the United States over Korean issues.⁹⁰ Such an initiative will not produce overnight results, but sooner or later such issues will have to be considered by future U.S. administrations and Congress.⁹¹ The sooner the debate is started, the better prepared the United States will be to craft a stable and coherent policy approach toward a future Korea.

While consideration of policy options percolates along, an early decision is required to facilitate a better dialogue between all stakeholders in the peninsula. One reason this has not been easy to achieve is the lack of any regional framework within which such dialogue can take place. As the establishment of such an organization will not occur in the short term, the best potential for further discussion is to utilize the six party conference format⁹² (that may in time have the potential to provide the basis for a future regional security dialogue). The approach the United States should take to such dialogue is one of constructive engagement within which the United States is happy to talk to all parties.⁹³ This would include bilateral talks with Pyongyang with a view to eventually normalizing relations, a move that would not be without detractors or controversy,⁹⁴ yet would offer a direct way to increase U.S. influence in North Korea.

Better engagement will also be required toward South Korea, where Washington should strive to improve its image, ideally at the expense of China's influence. In the short term, this means listening to South Korean concerns and addressing them in a timely and decisive manner. Particular areas that should be resolved are the emotional "rub" points that fuel anti-American feelings. One such area is the tension over the Status of Forces Agreement (SOFA) with Seoul that many South Koreans believe treats them unfairly. By amending the agreement and paying rent for the bases the United States occupies,⁹⁵ Washington could start to repair its somewhat tarnished image. On a related issue, Washington could propose an accelerated withdrawal of U.S. troops from the peninsula (that could be linked to the already agreed to decision to transfer the operational control of ROK forces to Seoul in April 2012).⁹⁶ Such measures may, although not great in the larger picture, remove some of the irritants in the U.S.-ROK relationship.

In the longer term, the United States should be more proactive in discussing with Seoul future adjustments to the U.S.-ROK alliance. A passive approach is unlikely to work, especially if current anti-American feeling and proclivity toward China continue to gain further momentum. In a unified peninsula, without the threat of a belligerent and unpredictable North Korea, the justification for the retention of U.S. troops on the peninsula will be slender. A likely outcome of this may be the withdrawal of U.S. forces from Korea and the retailoring of the U.S. presence in Japan⁹⁷ that would respect Seoul's sovereignty while still providing nearby forces to act as a spoiler to any Chinese regional aspirations.

A final area within which the United States needs to be more proactive, and one of the few opportunities that offers a potential to gain an advantage over China, is for Washington to take the lead in sourcing the funding required to reconstruct a unified Korea. By committing significant funds, and facilitating likewise from other Western nations, the United States could demonstrate a transparent, long-term, and enduring

commitment to reunification in a manner that China will be unable to match. A critical enabler to such an initiative is detailed planning to facilitate accurate costings, and the United States should encourage Seoul to undertake such planning. Despite the attraction (within the United States) of delivering such projects directly into North Korea, this is likely to be unpalatable to Seoul and some other stakeholders. Therefore, the United States and other partners should be prepared to have the projects delivered by Seoul or, as previously discussed, a third party like the UN or EU.

JAPAN: BETWEEN A ROCK AND A HARD PLACE

Due to its geography, the stability of the Korean Peninsula is essential for Japan's security. Well within the range of Pyongyang's ballistic missiles, the reunification by war scenario that may incorporate some form of direct action against the Japanese mainland is Tokyo's worst scenario. Should North Korea mature a nuclear capability, the stakes will be proportionately higher. Therefore, the retention of the status quo on the peninsula with a non-nuclear North is the preferred outcome sought by Tokyo for the foreseeable future. In the longer term, Japan does not seek Korean unification.⁹⁸ However, reunification is likely: Tokyo must accept the likelihood of eventual reunification and the implications of a unified Korea to Japan's future.

In broad terms, the interests of Washington and Tokyo converge in their approach to Korea's post-unification options. However the worst case scenario of a unified Korea closely allied to China would be further complicated for Japan by a range of factors including a possible resurgence of Korean nationalism that may find expression in anti-Japanese sentiment; the potential of a WMD-capable Korea provoking a regional arms race that Tokyo would feel compelled to enter; and the unpalatable possibility of tension with Korea over a range of historical disputes.

Rather than face such a daunting specter, Japan "seeks a united Korea that is friendly to Tokyo and Washington, that is economically viable and politically open, and that will allow token U.S. presence to remain."⁹⁹ Yet, and similar in some ways to the United States, Japan's current policy course in this area is, paradoxically, helping to push South Korea toward China and perhaps the first steps in realizing Japan's worst case post-unification fears. Tokyo finds itself in this bind because its "policy options are limited by a variety of historical legacies and complex strategic considerations,"¹⁰⁰ which significantly complicate its dealings with both Koreas, which in turn are united in a common and pervasive distrust of Japanese motives.¹⁰¹

If Tokyo wishes to reduce the likelihood of a China aligned Korea, it needs to change course and, in consultation with the United States, take a longer term view. Such considerations need to take into account and hedge against Japan's long-term (and probably irreversible) demographic decline that will negatively impact the economy and, as time progresses, result in the relative decline of Japanese national power,¹⁰² especially as Korea emerges from reunification.

Foremost, and an essential enabler to subsequent progress, Japan must face and reconcile itself with the reality of its history. There are a range of contentious issues to be addressed. Toward the North, Tokyo's hard line stance on the abduction issue, fuelled by domestic politics, effectively precludes Japan from talking to North Korea or

from participating in discussions, for example over the nuclear issue, critical to Japanese security.¹⁰³ In the South, issues include Japan's disingenuous text books; the comfort women issue; visits to war shrines by Japanese leaders; and the lack of an apology, or even acknowledgement, of Japanese behavior as a colonial power.¹⁰⁴ The deeply-held emotions that surface over such issues invoke a downwardly spiraling Catch-22-like situation when Korea (which in 2005 announced a new doctrine requiring an apology and compensations from Japan for wartime atrocities¹⁰⁵) raises concerns over such issues (often in response to domestic political pressures) that, in turn, raises a nationalistic response in Tokyo (also often driven to satisfy domestic agendas) that provokes Seoul, and so on.

If Tokyo actually manages to address its history, it should then set about improving the Korea-Japan relationship through a series of trust-building initiatives. Such activities could include a reconfirmation of the defensive nature of the Japanese self-defense forces (and in doing so assuage concerns of a reemergence of a militaristic Japan) and a commitment to generously contribute towards the funding required to rebuild a unified Korea. Such a donation might be couched as a settlement of Korean post-colonial claims against Japan, thought to be in the vicinity of \$10 billion.¹⁰⁶

The second major shift required from Japan is to scope and pursue a closer alliance with the United States. As previously discussed, should Seoul tilt toward Beijing, then Washington will need to restructure and possibly increase the numbers of troops stationed in Japan. Tokyo should facilitate such a possibility and could even preempt reunification and accommodate the United States in the short term, thus providing Washington options to withdraw from South Korea. A continuation or even an increase of American troops in Japan could deliver economic benefits to Tokyo in reduced defense spending, the savings from which could be invested into the cost of an increasingly older population. However, before meaningful progress can be made on a closer alliance, rub points of the extant relationship will need to be addressed – no small feat.

RUSSIA: RENEWED RELATIONSHIPS

Under the leadership of President Vladimir Putin, Moscow has taken a more active diplomatic approach toward the Korean Peninsula as it seeks to regain some of the influence it lost during the 1990s and to position itself to take advantage of economic opportunities in the region.¹⁰⁷ Sharing a common border with North Korea in the Russian Far East, Moscow has no interest in war on the peninsula or Pyongyang's collapse and therefore supports the status quo. In the longer term, Russia sees reunification as an opportunity to regain its strategic relevance to the region and to reap economic benefits.¹⁰⁸ To realize such opportunities, Moscow is pursuing "a well-calibrated two-Korea policy"¹⁰⁹ underpinned by a significantly enhanced economic partnership that has delivered (in the period 2000-04) an annual increase in Russian-DPRK trade of 36 percent and Russian-South Korean trade of 23 percent.¹¹⁰

From a security perspective, an optimal outcome for Russia from reunification is highly unlikely: a neutral or autonomous Korea in which Moscow could court Seoul at the expense of Beijing and Washington. At the other end of the spectrum, Russia's worst case is familiar: a nationalistic, nuclear equipped Korea closely aligned to China. Therefore, and with some trace of post-Cold War irony, Russia favors a unified Korea that keeps

the United States in and China out of the peninsula, and to facilitate this, Moscow will probably (with the occasional hiccup) continue to support an American role in the region, including a U.S. forward deployed presence.¹¹¹ Such an outcome would allow Russia to develop two major economic projects—a transnational oil and gas pipeline through North Korea to supply Japan and the South, and a Trans-Korean railroad connected to the Trans-Siberian rail system that offers the tantalizing prospect of a rail connection between a unified Korea and lucrative European markets.¹¹²

CONCLUSION

The enthusiasm for Korean reunification that was evident throughout the 1990s has faded due primarily to the resilience of the Pyongyang regime, which appears set to survive and muddle through for the foreseeable future, and the realization of the enormous cost of reunification and the impact that it will have on South Korea. Within this context, the how of reunification will set the scene and transform the long-term strategic relationships in Northeast Asia for the foreseeable future. None of the scenarios discussed envision early reunification, and it seems that for the foreseeable future, the status quo on the Korean Peninsula will remain. As such, how the key powers in the region prepare and respond to reunification and beyond will set the future strategic landscape in Northeast Asia.

In view of the huge impact it would have on South Korean society, short-term reunification is not in the interest of the ROK, and Seoul has no intention of encouraging it. Comfortable with a medium- to long-term status quo on the peninsula, South Korea would appear to have an adequate amount of time to comprehensively plan the enormous reconstruction task that lies ahead when reunification is eventually realized. Such planning needs to be open and should provide the basis for an accurate costing of reunification projects that in turn could serve as the basis for securing international commitment to such projects. From a security perspective, of the options Seoul faces, neutrality or autonomy are impractical, and alliance is the likely option that Korea will pursue. To a marked degree, which way Korea tilts will be influenced by which scenario delivers reunification. In the unlikely event of war, the U.S.-based alliance will probably continue. However, should reunification occur through other scenarios, Seoul will have to make a strategic decision. Such a choice will be primarily influenced by national sentiment, and in this area Korean attitudes are changing as renewed pan-Korean feelings emerge, anti-American sentiment increases, and favorable perceptions of China rise.

As such, with the current course of events, China holds and will do so for the foreseeable future the initiative to influence events on the Korean Peninsula. By underwriting North Korea, China secures its strategic buffer, allowing a stable environment in which trade and investment with South Korea can flourish, while at the same time and at the expense of the United States, Beijing gains kudos and influence among South Koreans. However, the wildcard of war, which would most likely result in consolidation of American influence over a unified Korea, is Beijing's worst scenario. To avoid such an outcome, China will need to continue on its current course and even consider intervening in the DPRK in order to prevent such a war or regime collapse and by doing so will gain a strategic initiative on the peninsula to a degree that the United States would be unlikely to be able to counter.

This situation has come about because of Washington's declining influence on the peninsula primarily due to its inconsistent policy approach toward Korea, and on the reunification issue in particular. Conversely, Chinese Korean policy appears successful to the extent that should events continue on their current course, the United States faces a distinct possibility of a unified Korea tilting toward Beijing. To regain the initiative and by doing so delay or reverse this situation, the United States must set realistic policies with the long-term intent of retaining Seoul as an ally. In the short term, this can begin by improving the quality of debate on Korean matters and by resolving some of the rub points that are currently fuelling anti-American sentiment in South Korea. Closely following such action should be open discussions with Seoul on the nature and type of post-unification alliance with parallel efforts to establish and maintain a constructive dialogue with Pyongyang. Finally, the United States should commit significant funding to the post-unification rebuild of Korea, and facilitate other like-minded nations to do the same. By doing so, Washington can demonstrate an enduring commitment to the region in one of the few ways that Beijing cannot.

The current Japanese approach to Korean reunification and beyond is counterproductive to Tokyo's long-term objectives involving Korea. This can only be resolved through policy change that allows Japan to reconcile with its history and to effectively address Korean concerns in this area. Japan should then embark upon a range of initiatives toward Korea that seeks to build trust between the two countries, including a commitment to finance a substantial amount toward the cost of the post-unification rebuild of Korea. However, Japan has to be realistic and hedge its bets should a unified Korea lean toward China. Tokyo needs to actively pursue a closer alliance with the Washington. Such an outcome, although domestically difficult to sell, may help assuage Japanese concerns of the impact of a nationalistic Korea and reduce the burden on an economy that will be increasingly focused on servicing an aging population.

Meanwhile Russia is quietly working at regaining lost influence on the peninsula to ensure its own security and position itself to take advantage of significant economic opportunities that reunification of the peninsula would present. As such, Moscow supports the status quo and, should reunification occur, Russia would prefer, as a hedge against China, a unified Korea that tilts toward Washington.

In sum, and cognizant of Nicholas Eberstadt's caution that attempting to predict the future on the Korean Peninsula is "in the realm of art,"¹¹³ some conclusions can be drawn from this discussion in respect to the prospects from Korean reunification. In the short term, none of the stakeholders on the peninsula have an appetite for reunification—the sum of the known risks and the unknown variables are simply too high. Therefore, the prospect of short-term reunification is low. Although the wildcard of war cannot be ruled out, it is highly unlikely. Rather North Korea, for the foreseeable future will muddle through and survive. In the longer term, prospects suggest that the United States has the most to lose from a unified peninsula, while China has the most to gain, with the possibility emerging that a post-unified Korea may tilt in alliance toward Beijing. Should this occur, the strategic landscape in Northeast Asia will fundamentally change, with a commensurate reduction in U.S. power and influence in the region. Such a possibility has emerged because U.S. policy toward Korea, when compared against Chinese efforts, has been unsuccessful: Chinese influence and support in the ROK has grown considerably

at U.S. expense. Should Washington seek to reverse this trend, it must develop and implement a policy approach that acknowledges the changing dynamics on the peninsula, effectively addresses Korean perceptions of the United States, facilitates better Korea-Japan relations, and, above all, demonstrates a long-term commitment to a unified Korea. Such a commitment should include a pledge of significant financial support toward the cost of rebuilding a unified Korea – this is one of the few areas where China will be unable to compete with the United States. If successful, such policies can demonstrate to the Korean people that the United States, rather than China, offers them the best strategic partnership for a post-unified Korea. However, given current prospects, this will not be easy.

ENDNOTES

1. Samuel S. Kim, "Managing the Korean Conflict," in *Inter-Korean Relations: Problems and Prospects*, Samuel S. Kim, ed., New York: Palgrave Macmillan Press, 2004, pp. 1-2.

2. Seung-Ho Joo, "Korean Foreign Relations Toward The Twenty-First Century: Reunification and Beyond," *American Asian Review*, Vol. XVI, No. 3, Fall 1998, p. 104.

3. Norman D. Levin, "What If North Korea Survives?" *Survival: The IISS Quarterly*, Vol. 39, No. 4, Winter 1997-98, p. 158.

4. Aidan Foster-Carter, a British sociologist, made this prediction. Marcus Noland, *Korea After Kim Jong-il*, Washington, DC: Institute for International Economics, 2004, p. 12.

5. Levin, p. 159.

6. Charles Wolf, Jr., and Kamil Akramov, *North Korean Paradoxes: Circumstances, Costs, and Consequences of Korean Unification*, Santa Monica, CA: Rand Corporation, 2005, p. 4.

7. Robert A. Manning and James J. Przystup, "The Great Powers and The Future of Korea," March 1998; *Columbia International Affairs Online*, available from www.ciaonet.org/wps/mar02/, Internet, accessed November 13, 2007, p. 7.

8. Some observers, for example, Homer Hodge, maintain that as survival of any state is a given, reunification remains the primary aim of Pyongyang. However, among such commentators, he appears to be in the minority. Homer T. Hodge, "North Korea's Military Strategy," *Parameters*, Vol. 33, Spring 2003, pp. 68-70.

9. Levin, p. 162.

10. Nicholas Eberstadt, "The Korean Peninsula Issues: State of the Affairs and Prospects," *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2002/2002f/2002fnxe.html, Internet, accessed November 21, 2007, p. 8.

11. Chae-Jin Lee, "Conflict and Cooperation: The Pacific Powers and Korea," in *Korea's Future and the Great Powers*, Nicholas Eberstadt and Richard J. Ellings, eds., Seattle: University of Washington Press, 2001, p. 73.

12. Samuel S. Kim, "The Mirage of a United Korea," *Far Eastern Economic Review*, November 2006, p. 10.

13. Wolf and Akramov, pp. 13-15.
14. Marcus Noland, "North Korea and the South Korean Economy," *Peterson Institute for International Economics*, available from www.petersoninstitute.org/publications/papers, Internet, accessed November 14, 2007, p. 3.
15. Jonathan D. Pollack and Chung Min Lee, *Preparing for Korean Unification: Scenarios and Implications*, Santa Monica, CA: Rand Corporation, 1999, p. 33.
16. One observer assesses "It's tempting to conclude that North Korea is, at least financially, not too big to fail, but too big to save." William Pesek, "Viewpoint: Korean Reunification a Costly Pipe Dream," *International Herald Tribune*, October 8, 2007 [newspaper on-line], available from iht.com/bin/print.php?id=7792902, Internet, accessed November 9, 2007, p. 2.
17. Adrian Buzo, "Economic Reform in the DPRK," *The Economics of Korean Reunification*, Vol. 2, No. 1, Spring 1997, p. 63.
18. Pollack and Lee, p. 33.
19. Above these two overall objectives, each event is usually motivated by a further series of specific objectives that Pyongyang hopes to achieve through its various programs. North Korean motivations for the 2006 nuclear test are assessed to have been a range of factors including an attempt to ensure security of the regime, secure bilateral talks with the United States, domestic political factors, and technical motivations. U.S. Congressional Research Service, *North Korea's Nuclear Test: Motivations, Implications and U.S. Options*, December 12, 2006, pp. 7-8.
20. Eberstadt, p. 3.
21. Moon-Young Hah, "North Korea's 2007 New Year's Joint Editorial: Analysis and Prospects," *Korea and World Affairs*, Vol. 31, No. 1, Spring 2007, p. 6.
22. Similarities are few: both situations have a shared language and culture in common and had been artificially divided into a centrally planned and controlled economic system and a democratic, free market economy. Differences are notable and make comparisons unsuitable especially in the respective areas of geography, population, economy, and military. Wolf and Akramov, p. 51.
23. Marcus Noland, "Economic Strategies for Reunification," in *Korea's Future and the Great Powers*, Eberstadt and Ellings, eds., pp. 210-213.
24. Samuel S. Kim, p. 12.
25. Paul Chamberlain notes that the challenges of the social aspects of reconstruction will probably be greater than the political and economic costs involved and the rebuilding of Korea's societal institutions (family, religion, education, economical, and political) will be the major long-term challenge of reunification. Paul Chamberlain, "Cultural Dimensions of Korean Reunification: Building a Unified Society," *International Journal on World Peace*, September 2004, pp. 7-29.
26. Wolf and Akramov, pp. 38-42.
27. One commentator, Victor D. Cha, suggests that the "funny math" that undermines such estimates is flawed as it does not offset the cost of living with a nuclear armed North Korea against the projected cost of reunification. If this occurred, the "cost of unification would appear lower than commonly believed." For example, this more holistic approach would take into account the costs of the short-range missile test by North Korea into the Sea of Japan that resulted in a 4 percent fall in the Seoul stock market index. Victor

D. Cha, "Korean Unification Is Affordable," *Far Eastern Economic Review*, March 27, 2003, pp. 23.

28. Wolf and Akramov, pp. 41-43.

29. Kim Hak-Joon, "Korean Reunification: A Seoul Perspective," in *Korea Under Roh Tae-woo: Democratisation, Northern Policy and Inter-Korean Relations*, James Cotton, ed., Canberra: Australian National University Press, 1993, p. 48.

30. Samuel S. Kim, *The Two Koreas and the Great Powers*, New York: Cambridge University Press, 2006, p. 309.

31. Leif R. Rosenburger, "Unifying Korea: Beyond Hopes and Fears," *Contemporary Southeast Asia*, Vol. 16, No. 3, December 1994, p. 312.

32. A typical model proposed for a unified Korea is by Kim Hak-Joon, a South Korean. He advocates the creation of a systems commonwealth approach based on the principle of "One Nation Two Systems" in which both North and South Korea maintain their sovereign right to conduct international relations and resolve bilateral differences within a commonwealth framework. When fully mature, a commonwealth could then progress to complete federation. Kim Hak-Joon, pp. 287-289. Another model is the installation of a "peace regime" on the peninsula underpinned by a complete range of state-to-state and people-to-people relationships all focused on improving security and cooperation between the two Koreas. James E. Goodby, "Creating a Peace Regime in Korea," The Brookings Institution, May 30, 2006, available from www.brookings.edu/opinion/2006/0530northkorea_goodby.aspx, Internet, accessed November 13, 2007, pp. 1-2.

33. Pollack and Lee, p. 43.

34. *Ibid.*

35. Wolf and Akramov, p. 23.

36. Levin, p. 156.

37. Although the resilience of the DPRK has confounded most observers, not all have been surprised. Charles Armstrong argues that North Korea's resilience is based on its blend of Confucian history with a unique and powerful populist version of communism that owes more to Mao than to any Soviet-like approach. He suggests:

If the goal of the founders of the DPRK was to create a faithful copy of the Soviet Union on Korean soil, they clearly failed. But if their goal was the creation of a communist Korean state that would establish deep and lasting roots that would be distinctively and idiosyncratically "Korean" and thus be able to survive a horrendously destructive war, decades of confrontation with South Korea and the United States, a prolonged economic crisis, famine, and the collapse of nearly all other communist states . . . then . . . for better and often worse, the North Korean revolution would endure.

Charles K. Armstrong, *The North Korean Revolution: 1945-1950*, Ithaca, NY: Cornell University Press, 2003, p. 245.

38. Nicholas Eberstadt, "North Korea Triumphs Again in Diplomacy," September 21, 2005, *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2005/2005/2005ln3e.html, Internet, accessed November 21, 2007, p. 2. Along a similar vein, Scott Snyder suggests:

Contrary to conventional wisdom among U.S. policymakers, North Korea's negotiating style and objectives have conformed to a consistent and all-too-predictable pattern. Those elements . . . that

might fairly be termed “irrational” have less to do with North Korean negotiating behavior and more to do with the inconsistencies and lack of coordination between American and South Korean negotiating approaches and the sporadic attention to North Korea as a policy priority.

Scott Snyder, *Negotiating on the Edge: North Korean Negotiating Behavior*, Washington DC: United States Institute of Peace, 1999, p. 143.

39. Abraham Kim, “The Challenges of Peacefully Reunifying the Korean Peninsula,” in *Inter-Korean Relations: Problems and Prospects*, Samuel S. Kim, ed., New York: Palgrave Macmillan Press, 2004, p. 212.

40. Pollack and Lee, p. 59.

41. Suzanne M. Tovar, *How Will External Powers Affect Korean Reunification?* Master’s Thesis, Monterey CA: U.S. Naval Postgraduate School, September 2005, p. 6.

42. Samuel S. Kim, *Far Eastern Economic Review*, p. 10.

43. Elements of the previous collapse scenario can flow over to the war scenario. For example, should collapse lead to internal conflict in the DPRK, especially if opposing factions have access to WMD, there is the risk that some elements of the conflict may spill over to South Korea, or other regional neighbors either by accident or design. Such a situation may invoke outside intervention and in turn raise the possibility of wider escalation.

44. Chae-Jin Lee, p. 67.

45. Hodge, p. 78.

46. Andrei Lankov suggests “there are reasons to believe that the so-called contradiction between the ‘soft’ and ‘hard’ landings may be an illusion. A ‘soft landing’ might be ‘desirable’, but it is hardly ‘feasible’ and is likely to turn ‘hard’ very quickly.” Andrei Lankov, “Soft Landing: Opportunity or Illusion,” December 9, 2004, Nautilus Institute, available from www.nautilus.org/fora/security/0454A_Lankov.html, Internet, accessed November 13, 2007, p. 2.

47. Samuel S. Kim, *The Two Koreas and the Great Powers*, p. 306.

48. Cheoleon Lee, “Gallup World Poll: Implications of Reunification of Two Koreas,” *The Gallup Poll Briefing*, October 2006, p. 46.

49. Gifford Combs, “The Role of International Finance in Korean Economic Reconstruction and Reunification,” in *Korea’s Future and the Great Powers*, Eberstadt and Ellings, eds., p. 242.

50. Scott Snyder observes that, despite the fundamental importance of such challenges, “Given the stakes involved, many Korean analysts appear to be in denial regarding the prospective Sino-U.S. confrontation, and the ROK government ‘has taken no concrete steps in planning on these issues’.” Scott Snyder, “Sino-Korean Relations and the Future of the U.S.-ROK Alliance,” *NBR Analysis*, Vol. 14, No. 1, 2003, pp. 70.

51. Various combinations of these options are suggested by a range of commentators. See, for example, Pollack and Lee, pp. 86-88; and Manning and Przystup, p. 11.

52. In Kwan Hwang goes one step further than most commentators and suggests that a pre-reunification declaration of neutrality by Seoul would provide a more secure framework within which the reunification process can advance. In Kwan Hwang, “Neutralization: An All-Weather Paradigm for Korean Reunification,” *Asian Affairs: An American Review*, Winter 1999, pp. 195-207.

53. Seung-Ho Joo, *American Asian Review*, p. 131.
54. Pollack and Lee, p. 87.
55. Suk-hee Han, "Korea's Perception of Sino-American Relations and Its Policy Alternatives," *The Korean Journal of Defense Analysis*, June 2007, pp. 141-151.
56. Pollack and Lee, p. 87.
57. Sheila Miyoshi Jager, "Time to End the Korean War: The Korean Nuclear Crisis in the Era of Unification," October 24, 2006, *Japan Focus*, available from www.japanfocus.org/products/search/2255, Internet, accessed November 9, 2007, p. 5.
58. Jiyul Kim, "Pan-Korea Nationalism, Anti-Great Power-ism and U.S.-South Korean Relations," December 13, 2005, *Japan Focus*, available from www.japanfocus.org/products/details/1679, Internet, accessed November 3, 2006, p. 5. An influential Korean politician describes the relationship between the two Koreas as "that of a married couple on the verge of divorce." Guen Hye Park, "The Republic of Korea and the United States: Our Future Together," February 21, 2007, *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2007/2007l/2007lghp.html, Internet, accessed November 21, 2007, p. 7.
59. Takayuki Onozuka, *Security of Japan and Korean Unification*, Strategy Research Project, Carlisle Barracks: U.S. Army War College, March 15, 2006, p. 10.
60. Jiyul Kim, *Japan Focus*, p. 3.
61. Jager, p. 4.
62. Thomas C. Hubbard, "Peace Outlook in the Korean Peninsula: U.S.-ROK and U.S.-DPRK Relations," May 22, 2006, *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2006/2006S/2006stch.html, Internet, accessed November 21, 2007, p. 3.
63. Cheoleon Lee, p. 47. Also see Snyder, *NBR Analysis*, p. 66.
64. Additionally, Chan Yul Yoo notes: "Is Korea's pro-China proclivity all a result of anti-American sentiment? It might be partially so, but a more fundamental cause seems to reside in the anticipatory psychology of the Korean people towards the ascendancy of China as a new center of power." Chan Yul Yoo, "Anti-American, Pro-Chinese Sentiment in South Korea," *East Asia: An International Quarterly*, Vol. 22, Spring 2005, pp. 21-22.
65. Edward A. Olsen, *Korea, The Divided Nation*, Westport, CT: Praeger Security International, 2005, p. 167.
66. European Union, *The EU and Korea – Major Economic Partners*, available from ec.europa.eu/external_relations/south_korea/intro/eco_trade_relat.htm, Internet, accessed January 11, 2008.
67. Charles L. Pritchard, "Korean Reunification: Implications for the United States and Northeast Asia," January 13, 2005, The Brookings Institution, available from www.brookings.edu/papers/2005/0114northkorea_pritchard.aspx, Internet, accessed November 13, 2007, p. 7. Zhang Quanyi, "What Korean Unification Means to China," October 12, 2007, Nautilus Institute, available from www.nautilus.org/fora/security/07077Zhang.html, Internet, accessed November 9, 2007, p. 2.
68. Nicholas Eberstadt and Richard J. Ellings, "Assessing Interests and Objectives of Major Actors in the Korean Drama," in Eberstadt and Ellings, eds., *Korea's Future and the Great Powers*, Seattle: University of Washington Press, 2001, p. 333.

69. William J. Taylor, "Prospects for Reunification," *The World and I*, Vol. 15, June 2000, p. 2 [database on-line], available from ProQuest, accessed November 9, 2007.
70. President Jiang Zemin, quoted in Tovar, p. 34.
71. Jiyul Kim, "Continuity and Transformation in Northeast Asia and the End of American Exceptionalism: A Long-Range Outlook and U.S. Policy Implications," *The Korean Journal of Defense Analysis*, Vol. XIII, No. 1, Autumn 2001, pp. 235.
72. Denny Roy, "China and the Korean Peninsula: Beijing's Pyongyang Problem and Seoul Hope," *Asia-Pacific Security Studies*, Vol. 3, No. 1, January 2004, p. 2.
73. Samuel S. Kim, *The Two Koreas and the Great Powers*, p. 98.
74. Snyder, *NBR Analysis*, p. 54.
75. Suk-hee Han, pp. 137-139.
76. Victor D. Cha, "Defensive Realism and Japan's Approach toward Korean Reunification," *NBR Analysis*, Vol. 14, No. 1, 2003, p. 23.
77. Ming Liu, "An Obsessed Task: Prospects, Models, and Impact of Korean Reunification," *East Asia: An International Quarterly*, Vol. 17, No. 4, Winter 1999, p. 52.
78. Pollack and Lee, pp. 75-78.
79. *Ibid.*, p. 76.
80. Steve A. Fondacaro, *An Alternative Scenario for the Reunification of Korea*, Strategy Research Project, Carlisle Barracks: U.S. Army War College, May 10, 1997, p. 17.
81. Roy, p. 3.
82. Pollack and Lee, p. 6.
83. Eberstadt and Ellings, p. 322.
84. A recent summary of U.S. policy toward North Korea and China notes "With attention diverted, high officials divided, and sharply divergent priorities of successive guiding hands, a coherent, pragmatic course to the region could not emerge." Gilbert Rozman, "Security Challenges to the United States in Northeast Asia: Looking Beyond the Transformation of the Six-Party Talks," November 2007, *East Asian Security: Two Views*, Carlisle, PA: Strategic Studies Institute, U.S. Army War College, available from www.strategicstudiesinstitute.army.mil/pdffiles/PUB800.pdf, Internet, accessed January 3, 2008, p. 39.
85. Jiyul Kim, *Japan Focus*, p. 4.
86. Jager, p. 2.
87. Liselotte Odgaard, "The Balance of Power in Asia-Pacific Security: U.S.-China Policies on Regional Order," *The Korean Journal of Defense Analysis*, Vol. 19, No. 1, Spring 2007, pp. 29-33.
88. Jiyul Kim, *The Korean Journal of Defense Analysis*, p. 250.

89. Michael Pillsbury, "How to Hedge Against Rising China," May 22, 2007, *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2007/2007S/2007smxp.html, Internet, accessed November 21, 2007, p. 2.

90. Olsen, pp. 168-169.

91. For example, the authorization of a peace treaty with the DPRK will require U.S. congressional approval.

92. Gavan McCormack, "North Korea and the Birth Pangs of a New Northeast Asian Order," October 24, 2007, *Japan Focus*, available from www.japanfocus.org/products/search/2555, Internet, accessed November 9, 2007, p. 8.

93. Taylor, p. 3.

94. Paul F. Chamberlain, "Today's Korean Question: Establishing Peace on a Denuclearized Korean Peninsula," in Bruce E. Bechtol, Jr., ed., *The Quest for A Unified Korea: Strategies for the Cultural and Inter-Agency Process*, Quantico, VA: Marine Corps University Foundation, 2007, pp. 54-55.

95. Tovar, p. 83.

96. *Statement of Admiral Timothy J. Keating, U.S. Navy Commander U.S. Pacific Command Before the Senate Armed Services Committee on U.S. Pacific Command Posture*, U.S. Congress, Senate Armed Services Committee, April 24, 2007, p. 13.

97. Carl E. Haselden, Jr., "The Effects of Korean Unification on the U.S. Military Presence in Northeast Asia," *Parameters*, Winter 2002/2003, p. 121.

98. Joungwon Alexander Kim and Myungshin Hong, "The Koreas, Unification and the Great Powers," *Current History*, April 2006, p. 188.

99. Masashi Nishihara, President of the Japanese National Defense University, quoted in Michael H. Armacost and Kenneth B. Pyle, "Japan and the Unification of Korea: Challenges for U.S. Policy Coordination," in Eberstadt and Ellings, eds., *Korea's Future and the Great Powers*, p. 126.

100. *Ibid.*, p. 129.

101. Steven A. Ruehl, *When Korea Reunites . . . Will Asians Say Hello or Goodbye to G.I. Joe?* Carlisle Barracks, PA: U.S. Army War College, March 28, 2001, p. 9.

102. Jiyul Kim, "Continuity and Transformation," *The Korean Journal of Defense Analysis*, p. 245.

103. Yoichi Kato, "Japan's Security Posture toward North Korea and China," February 13, 2007, *The Institute for Corean-American Studies Lectures*, available from www.icasinc.org/2007/2007w/2007wyik.html, Internet, accessed November 21, 2007, p. 5.

104. Kim and Hong, p. 189.

105. Samuel S. Kim, *The Two Koreas and the Great Powers*, p. 165.

106. Noland, *Korea After Kim Jong-il*, p. 69.

107. Joseph P. Ferguson, "Russia's Role on the Korean Peninsula and Great Power Relations in Northeast Asia: Ramifications for the U.S.-ROK Alliance," *NBR Analysis*, Vol. 14, No. 1, 2003, p. 4.

108. Kim and Hong, p. 189.
109. Onozuka, p. 9.
110. Samuel S. Kim, *The Two Koreas and the Great Powers*, p. 142.
111. Ferguson, pp. 33, 50.
112. Samuel S. Kim, *Inter-Korean Relations: Problems and Prospects*, p. 14.
113. Nicholas Eberstadt, "The Persistence of North Korea," *Policy Review*, October and November 2004, available from www.hoover.org/publications/policyreview/3436436.html, Internet, accessed January 11, 2008, p. 1.