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US-KOREA 2016  
**YEARBOOK**



**JOHNS HOPKINS**  
SCHOOL *of* ADVANCED  
INTERNATIONAL STUDIES

# SAIS | US-KOREA 2016 YEARBOOK

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# INTRODUCTION

by Eunjung Lim

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This 2016 edition of the SAIS US-Korea Yearbook is a product of extensive research and study by SAIS students in the course “Korean Reunification and Asian Regionalization: Challenges and Prospects,” offered in the 2016 spring semester.

The “Korean Reunification” course was designed to help students comprehensively understand the divergent histories and international relations of the two Koreas in order to think deeply about the challenges of Korean reunification and the future of Asian regionalization. The first half of the course was devoted to understanding the historical backgrounds, political dynamics, economic development, security issues, and foreign policies of North and South Korea. During the second half, class participants traveled to South Korea on a study trip to explore policy issues associated with reunification. For roughly a week, the class visited 19 institutions to participate in briefings and conduct interviews with government officials, scholars, and politicians.

While discussion of reunification amidst the ongoing situation on the peninsula may seem overly idealistic, we believe it is important to prepare for the future, especially given the high potential for an unpredictable outcome. Following the course and the study trip, class participants gave their own insights on the issue. This volume is the result of their work.

This yearbook is composed of 10 papers and is divided into divided two parts. The first part covers historical reviews of approaches to Korean reunification and analyses of existing challenges. Christine Brown examines the history of the Northern Limit Line and the challenge it poses to reunification efforts between the two Koreas. Jaehan Park presents a comparative analysis of two conservative presidents in terms of their North Korea policies. Stephanie Faulkner employs international relations theories to analyze the determinants of the Clinton administration’s engagement approach and the Obama administration’s “strategic patience” policy. Yunping Chen examines the factors that affect Sino-North Korean relations under the current Xi Jinping administration. Han May Chan examines the reasons why the UNSCR sanctions regime has been ineffective in denuclearizing North Korea for the past two decades.

The second part of the yearbook covers future challenges for Korean reunification. Emily Potosky appraises past and current efforts by the South

Korean government and public to collect funds for reunification. David John Jea considers impact investing as a development tool and its applicability as a possible development tool in North Korea. Maggie Yuan Yao analyzes the current status of North Korea's power sector and future energy prospects following reunification. Crystal Styron examines and compares the Civil War-era United States with the modern day Korean peninsula. Ashley Patton considers reunification through a conflict management lens, focusing on reconciliation of citizens at all levels of leadership and society.

The yearbook represents the culmination of a semester-long intellectual endeavor to understand the past, present, and future of the two Koreas. We hope that readers will find this 2016 Yearbook to be informative on affairs on the Korean peninsula and a useful contribution to current US-Korea scholarship.

## **ACKNOWLEDGEMENTS**

The publication of the 2016 Yearbook, a proud product of the “Korean Reunification” class taught at the Johns Hopkins School of Advanced International Studies (SAIS), would not have been possible without the help and support of many institutions and individuals. First and foremost, we would like to express our sincere gratitude to US-Korea Institute Deputy Chairman Yong Shik Choo and Director Jae H. Ku for their support for the Korea Studies Program, the “Korean Reunification Class” and the Yearbook. We would also like to acknowledge the many officials and scholars in Washington and Seoul who helped arrange professional meetings and took the time to meet with our students to discuss their research topics. Thanks to the insight, knowledge, and generosity of these individuals, the student authors were able to produce the excellent scholarly works presented in this year’s publication.

Most of all, we would like to recognize the students of the “Korean Reunification” class for their efforts. Special thanks are directed to USKI Assistant Director Jenny Town and Research Assistant Henry Kan for supporting the production of the Yearbook. Last, but not least, I would also like to thank Byoung Sam Ku, Unification Attaché at the ROK Embassy in Washington; Marc Knapper, Deputy Chief of Mission at the US Embassy in Seoul; and class participants Inhyok Kwon and Jaehan Park for helping me organize the study trip.

December 2016

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**Han May Chan** is a second-year M.A. student at SAIS, concentrating in China Studies and International Economics at SAIS. She has interned with the US Department of State's Bureau of East Asian and Pacific Affairs Press Office and at the US Consulate General Shenyang Consular Affairs Section. She received her B.A. in Chinese and East Asian Studies from the University of California, Los Angeles in 2010. Her current research interests include the political, economic, social, and cultural developments of East Asia and US-East Asian relations.

**Yunping Chen** is a recent graduate of SAIS, who concentrated in Korea Studies and International Economics. Prior to SAIS, Yunping obtained her B.A. in international relations at Fudan University in Shanghai. She has interned with the United Nations Development Programme (UNDP) in Beijing. She has also supported Accion International's China Capacity Training Program, hoping to improve financial inclusion in China. With generous support from SAIS Korea Studies, she completed a summer internship with the Empathy Foundation for North Korean Refugees in Daegu, South Korea. After SAIS, she aims to combine her interests in human rights and international trade by pursuing a law degree.

**Stephanie Faulkner** is a second-year M.A. student at SAIS, concentrating in International Economics and American Foreign Policy. Growing up in Uijeongbu, South Korea, she developed an interest in US relations with the two Koreas. Her passion for US foreign policy towards the Korean peninsula culminated in her undergraduate internship at the Wilson Center, where she worked with former South Korean General Hongkee Lee on his research project involving the US-South Korean military alliance and its bilateral decision-making process in times of crises. Paired with her internship, she pursued her own research project evaluating the explanatory power of international relations theories in addressing the question of how the US-ROK alliance outlasted the dissolution of its *raison d'être*. With this background and passion, Stephanie enrolled in the Korean Reunification course to research an understated aspect of US foreign policy towards the Korean peninsula—US policy on Korean reunification.

**David John Jea** is a recent graduate of the M.I.P.P. program at SAIS, who was affiliated with the International Development Program. He attended SAIS as a part of the US Department of State's University Economic Training fellowship. As a Foreign Service Officer, he served in Madagascar, Afghanistan, Pakistan, The Bahamas, and Washington D.C. Prior to joining the State Department, he worked as an international development professional in Central Asia and as a Peace Corps business development volunteer in Russia.

**Jaehan Park** is a Ph.D. student at SAIS. Prior to SAIS, Mr. Park served in the ROK Army as an intelligence officer for three years, during which he assisted the South Korean government's delegation to Libya led by the Deputy Minister of National Defense for Personnel & Welfare in the aftermath of Gaddafi's ouster. His other military experiences include '11 Ulchi Freedom Guardian Exercise, and defense cooperation with the Kingdom of Belgium and the United States. Park was honorably discharged with the rank of first lieutenant. Previously, he worked in the financial industry. Mr. Park earned an M.A. in International Relations and Economics from SAIS with dual concentrations on Korea Studies and Global Theory & History, and a B.A. in business administration from Yonsei University.

**Ashley Patton** is a second-year M.A. student at SAIS, concentrating in Conflict Management, International Law and Organizations, and International Economics. She was awarded the Fisher Family Dean's Fellowship. She completed her B.A. in Political Science and Global Studies at UNC Chapel Hill and has had previous professional experience with the United States Department of Justice, various organizations of the United Nations, a marketing firm focusing on progressive non-profits and political campaigns, several non-profits focused on social justice, and the United States Congress. She has had international work and study experience in Tanzania, Mexico, Cambodia, and Italy.

**Emily Potosky** is a recent graduate of SAIS, who concentrated in Korea Studies and International Economics. She is primarily interested in the interplay of economic and security issues in East Asia. Emily graduated magna cum laude from the University of Mary Washington with a B.A. in Philosophy Pre-Law and Classical Civilizations. She first grew interested in Korea after living there from 2010-2013 as a Fulbright Korea English Teaching Assistant (ETA). She currently works at the Tax Foundation as a Taxes and Growth Fellow, where she researches and writes about federal and international tax policy and their effects on economic growth.

**Crystal Styron** is a second-year M.A. student at SAIS, concentrating in International Political Economy with a minor in International Development. Prior to SAIS, she graduated with an A.B. in Psychology from Princeton University. She then worked in Japan for several years through the Princeton in

Asia program. She is especially interested in the areas of trade, East Asia, and economic statecraft.

**Maggie Yuan Yao** is a second-year MA candidate, concentrating in Energy, Resources and Environment at SAIS. She grew up in Tianjin, China and received her undergraduate degree in Political Economy from the University of California, Berkeley in 2015. During her undergraduate studies, she participated in the Undergraduate Research Apprentice Program (URAP) focusing on Sino-US relations. She was a 2013 Cal-In-Sacramento fellow and interned at both the California Education Department and the Senate Office of International Relations. During her time at SAIS, she interned at the World Resource Institute (WRI) to conduct research on deforestation drivers and perform basic GIS analysis on the Democratic Republic of the Congo. She is currently working on China's energy sector at the King Abdullah Petroleum Studies and Research Center (KAPSARC) in Riyadh, Saudi Arabia.



## **YEARBOOK OVERVIEW**

### ***The Northern Limit Line: Challenge or Cooperation?***

by Christine Brown

Christine Brown examines the history of the Northern Limit Line and the challenge it poses to reunification efforts between the two Koreas. She then evaluates the issue from the perspective of regime theory, in which confidence-building measures in various non-security-related issues can lead to a cooperative maritime regime. This regime building can then pave the way to more productive discussions on sensitive security issues, such as the delimitation of maritime boundaries, which hinder reunification efforts.

### ***Presidential Leadership and Inter-Korean Relations: A Comparative Study on Roh Tae Woo's and Kim Young Sam's Reunification Policies***

by Jaehan Park

Jaehan Park examines the policies of conservative presidents Roh Tae Woo and Kim Young Sam to determine whether their policies toward North Korea were markedly different. In his analysis, he asks three key questions. First, does the prevalent narrative that conservative presidents take a more hardline stance against North Korea hold? If not, what is the source of the divergence? Second, did individual leaders, namely presidents, matter in the conduct of reunification policy? If so, how did their character and leadership affect inter-Korean relations? Finally, what are the policy implications?

### ***US Foreign Policy and Korean Reunification***

by Stephanie Faulkner

Stephanie Faulkner uses post-Cold War US foreign policy towards North Korea as a basis for understanding the implicit US policy on Korean reunification. Through a comparative analysis of the Clinton and the Obama administrations, this paper analyzes the determinants of the Clinton administration's engagement approach and the Obama administration's "strategic patience" policy by employing Kenneth Waltz' "three images" of international relations and Robert Putnam's two-level game approach. These theories highlight three factors that facilitated the Clinton administration's path towards engagement with North Korea and three elements that dissuaded President Obama from initiating dialogue with "rogue regimes," such as North Korea, and from pursuing a more engagement policy reminiscent of President Clinton's engagement policy.

***Factors Affecting Sino-North Korea Relations under the Xi Jinping Administration***

by Yunping Chen

Yunping Chen examines the factors that affect Sino–North Korean relations under the current Xi Jinping administration. From leadership level, country level and system level analysis, she concludes that the Sino-North Korean traditional friendship is no longer relevant for China’s foreign policy making toward North Korea, and the Chinese top leader Xi Jinping is more able to influence foreign policy than his predecessors. In addition, Xi Jinping prioritizes the development of China’s economy and prevention of the perceived U.S. encirclement over this friendship. This will make China regard North Korea more and more as a strategic liability and thus leads to changes in China’s foreign policy toward North Korea.

***The Effectiveness of Economic Sanctions on North Korea***

by Han May Chan

For the past two decades, the UNSCR economic sanctions regime has been ineffective in denuclearizing North Korea. First, China is indecisive and cautious in using the sanctions regime due to its own national security interests. Second, the US and other UN member states have little to no economic leverage over North Korea due to their long-imposed unilateral or multilateral sanctions. Third, application of the sanctions regime relies predominantly on voluntarism and could be costly to some countries. Finally North Korea, now accustomed to decades-long sanctions, has established creative ways to circumvent the sanctions regime. Without the lifting of economic sanctions, normalization with the United States or an offer of a peace treaty to guarantee its national security, there is little incentive for North Korea to either renounce its nuclear program or abandon its military-first economic policy.

***Financing Reunification***

by Emily Potosky

Emily Potosky describes the current state on the peninsula as it relates to Korean reunification, and appraises the past and current efforts by the Korean government and public to collect funds for reunification. Through the evaluation of multiple scholars’ estimates of the cost of reunification, she argues that President Park’s statement that reunification will be a “bonanza” is overly optimistic. She concludes by examining multiple options the South Korean government can take to fundraise for reunification, including unification taxes, investment in a sovereign wealth fund, and the issuance of unification bonds.

***Impact Investment in North Korea: Paradigm and Practice for Economic Development***

by David Jea

David John Jea considers impact investing as a development tool and its applicability as a possible development tool in North Korea. Factoring in North Korea's unique political and economic situation, his paper explores the pre-conditions, policies, and institutional structures that would make impact investment a potential development tool for a Korean peninsula on the path to reunification.

***In The Darkness: Current Status and Future Prospects of Electricity Supply in the DPRK***

by Maggie Yuan Yao

Maggie Yuan Yao analyzes the current status of North Korea's power sector and future energy prospects under the assumption of peaceful reunification. The energy sector, especially electricity supply, lies at the core of the solutions for the North Korea's economic development, the political-military situation on the Peninsula, and reunification of the two Koreas. This paper discusses the significance of electricity supply in the DPRK and evaluates the possibilities of electricity grid upgrade and interconnection, the employment of renewable energy, and the potential of nuclear generation after peaceful unification.

***"The Better Angels of Our Nature:" Lessons from Post-Civil War America for Post-reunification Korea***

by Crystal Styron

Crystal Styron examines and compares the Civil War-era United States and the modern day Korean peninsula. She argues that should Korean reunification occur, the newly-reformed Korean nation should seek to learn from the successes—and more notably, the failures—of the United States' own experiences with division and reunification.

***Toward Reconciliation in a Reunified Korea***

by Ashley Patton

In assessing the reunification of the Korean peninsula, one of the greatest issues that will exist surrounds how to peacefully unify the North and South Korean populations as one society. 70 years of tense history has created a number of differences, and thus challenges to reunification. A peaceful reunification will need be understood through a conflict management lens, specifically the essential reconciliation of citizens at all levels of leadership and society.





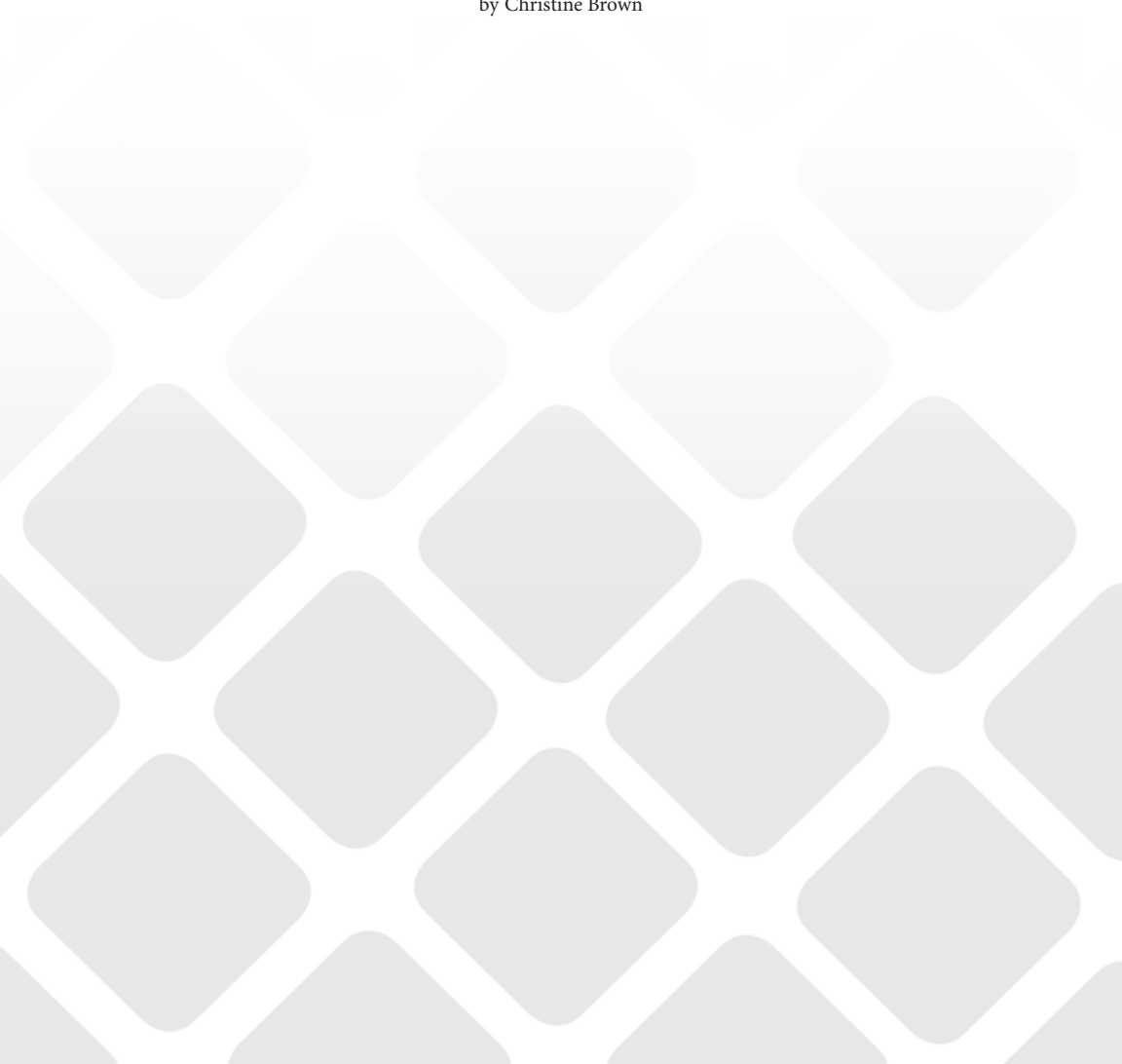
**Part I. Historical Reviews of  
Approaches to Korean Reunification  
and Analyses of Existing Challenges**





# **The Northern Limit Line: Challenge or Cooperation?**

by Christine Brown



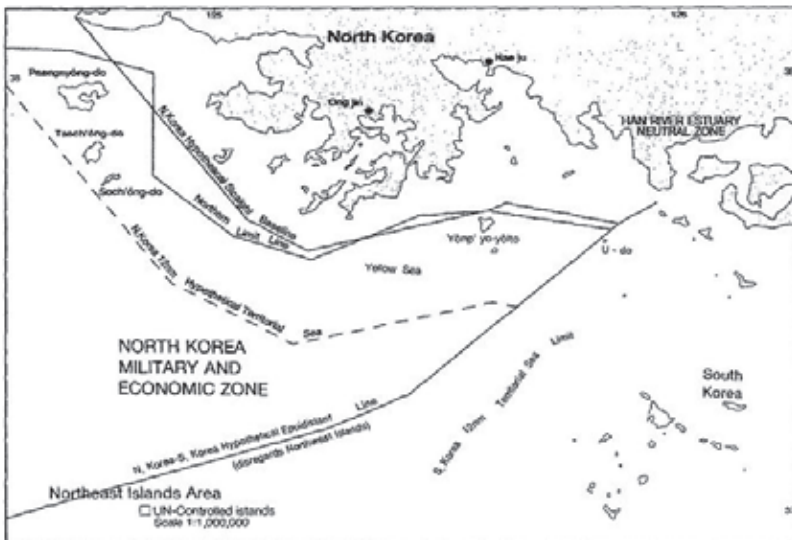


# THE NORTHERN LIMIT LINE: CHALLENGE OR COOPERATION?

by Christine Brown

## I. INTRODUCTION: THE NORTHERN LIMIT LINE AND REUNIFICATION

The Northern Limit Line (NLL) has been a source of conflict between North and South Korea since it was first promulgated on August 30, 1953, over a month after the Armistice Agreement was signed, signaling the end of the Korean War. The line was originally created by the United Nations Command in the absence of wording in the Armistice Agreement delineating maritime boundaries in a manner similar to the territorial Military Demarcation Line. The NLL was established as mid-channel between the five islands under the sovereignty of South Korea, as stated in the Armistice Agreement, and the North Korean-controlled Ongjin peninsula and was initially created in order to prevent South Korean vessels from venturing into North Korean territory in violation of the Armistice Agreement. However, it has transformed over the years to become a line preventing incursion of North Korean vessels into South Korean waters. North Korea did not start challenging the NLL until almost 20 years after its formation, with the first incursions starting in October 1973. Since then, the validity of the NLL has become a sensitive area of dispute and the scene of several deadly clashes between North Korean and South Korean military and fishing vessels.



Source : US Gov't

When the NLL was created, three nautical miles was the territorial sea norm; however, under the 1982 United Nations Convention on the Law of the Sea (UNCLOS), the territorial sea limit standard was revised to 12 nautical miles. The 200-nautical-mile Exclusive Economic Zone (EEZ) limit was also established under UNCLOS. Since North Korea rejected the NLL it established the Western Sea Military Demarcation Line in 1999, extending several miles south of the NLL and covering waters beyond the five South Korean-controlled islands. Both sides have continuously rejected each other's maritime territorial claims, leading to gray areas where conflict has been prevalent. The NLL itself also has no standing under customary international law as UNCLOS defines standards of non-encroachment of the territorial sea, superior claim of the mainland over islands in terms of access to territorial seas, and equitable distribution for both parties when determining delimitations to overlapping territorial sea areas.<sup>1</sup> Since the NLL and the Western Sea Military Demarcation Line are both arbitrary boundaries that do not conform to UNCLOS, of which both North and South Korea are signatory, there is a need for both parties to negotiate to delimit territorial and EEZ boundaries. However, due to decades of conflicts and inability to reach common understanding, the NLL remains as a persistent source of disagreement and the sole area of active conflict since the end of the Korean War.

Since the NLL was not in the Armistice Agreement, it solely remains an inter-Korean issue for both Koreas to resolve. However, the tensions that arise out of the NLL conflicts serve as a deterrent to reunification as North Korean provocations and subsequent South Korean reactions to these provocations stir up domestic sentiment and drive hardline policies, making it difficult to discuss matters of reunification. There are several existing studies that analyze NLL provocations and the challenges they present as well as the possibility of building a maritime regime that will induce cooperation. However, there is little to tie the resolution of the security aspect of the NLL to the regime-building confidence measures that may one day result in a negotiated agreement on delimitation of maritime boundaries. Therefore, this paper serves to bridge these two areas in a manner that outlines the issues and steps needed in order to mitigate this area of conflict and foster an environment conducive to reunification.

## **II. INTERNATIONAL REGIMES AND COOPERATION THEORY (REGIME THEORY)**

International regimes can best be described as “sets of implicit or explicit principles, norms, rules, and decision-making procedures around which actor expectations converge.”<sup>2</sup> Due to the lack of authoritative international

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1 John Barry Kotch and Michael Abbey, “Ending Naval Clashes on the Northern Limit Line and the Quest for a West Sea Peace Regime,” *Asian Perspective* 27, no. 2 (2003): 189.

2 Robert O. Keohane, “The Demand for International Regimes,” *International Organization* 36, no. 2 (1982): 325.

governmental institutions, the major reason for regimes is to facilitate the creation of agreements between governments so that the global condition of anarchy does not result in chaos. Keohane's neoliberal approach to regime theory is a systems level one, evaluating the international state system structure and the way rules are obeyed by states in an anarchical climate. His "Functional Theory of Regimes" is based on the premise that cooperation can develop based on the pre-existing basis of similar interests among states. Keohane's approach contains some realist assumptions in that he acknowledges that states are self-interested actors and the international system in itself is in a state of anarchy. He treats cooperation as a common good that policymakers should endeavor to cultivate in order to achieve joint gains.<sup>3</sup> Using the laws of supply and demand as a metaphor, Keohane explained that in general, actors in world politics tend to respond to constraints and incentives in a sensible manner. This is due to system-level changes in the international system that result in modification of opportunity costs available to actors that drive changes in behavior and voluntary decisions to create or join international regimes. Rather than being analogous to quasi governments, regimes are more like contracts for actors with long-term objectives of seeking stable and mutually beneficial structures to their relationships, with power and dependence in world politics as important determinants of the international regime characteristic.<sup>4</sup>

Axelrod and Keohane further elaborated on the three dimensions of cooperation as mutuality of interest, shadow of the future, and the number of players.<sup>5</sup> "Mutuality of interest" refers to actors' perceptions of their own interests in comparison with the payoff structure that results from external events. "Shadow of the future" refers to the fact that concern about the future aids in promoting coordination. For example, more distant future payoffs result in less incentive to defect today since there may be repercussions in the future in the form of retaliation by other players. The factors that are relevant in making information effective for cooperative purposes include long time horizons, regularity of stakes, reliability of information regarding others' actions,<sup>6</sup> and quick feedback concerning changes in actions.<sup>7</sup> The "number of players or actors" refers to the ability of governments to cooperate dependent on the number and structure of relationships. This ties in to the concept of reciprocity as outlined in the Prisoners' Dilemma game theory strategy, in which mutual competition can result in better outcomes than mutual defection; however, the temptation to defect remains present. As a result, reciprocity "may deter uncooperative

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3 Anne L. Herbert, "Cooperation in International Relations: A Comparison of Keohane, Haas and Franck," *Berkeley Journal of International Law* 14 (1996): 222.

4 Keohane, *The Demand for International Regimes*, 330.

5 Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38, no. 1 (1985): 226-54, 227.

6 *Ibid.*, 232.

7 *Ibid.*, 233-234.



actions.”<sup>8</sup> In order for reciprocity to effectively occur, players need to be able to identify defectors, focus retaliation on the defectors, and have enough long-running incentives to punish defectors. The other side of reciprocity is that it can lead to feuds as well as cooperative efforts. This happens when the players retain different versions of accounts of past outcomes<sup>9</sup> and can prove to be a barrier to cooperation, as can be seen in the Korea case and previous failed negotiations due to inability to move past historical interpretations.

Regimes foster agreements between governments if the conditions present liability issues, costly information, and positive transaction costs. If regimes can supply the frameworks for establishing legal liability, improving the quality and quantity of information, and reducing other transaction costs, the demand for regimes will increase.<sup>10</sup> The type of information that governments utilize in determining whether or not to join an international regime is not simply resources and issue position but includes other types of information that may indicate the other government’s serious commitment to the regime. In light of this, “closed” governments tend to be viewed with more suspicion as they may be seen as having the potential to pose more problems later on due to issues of transparency.<sup>11</sup> Issue density contributes to the desirability of regimes over ad hoc agreements. If issue density is low, ad hoc agreements will be viewed as sufficient. If issue density is high, regimes will be viewed as more desirable due to the ability to address several objectives. Complex linkages, characteristic of high issue density, result in sustained participation in these regimes and lower probabilities of potential deception by actors. This is because a regime comprised of many issues forces continued involvement and instances in which to monitor behavior and provide retaliation for deception through actions in other issue areas. Continued demand for regimes depends on the effectiveness of the regimes in providing policy makers with valuable information. Other facets that contribute to sustained regime demand include highly regularized rules and procedures that result in increased information availability, development of norms that are internalized by participants, and regimes that have open governmental arrangements and include broad trans-governmental ties over mere state-to-state ties.<sup>12</sup> It is important to note that Putnam’s two-level game theory is also relative to cooperation as domestic politics play a significant role in international relations and the method by which agreements are formulated.<sup>13</sup>

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8 Ibid, 244.

9 Ibid, 247.

10 Keohane, *The Demand for International Regimes*, 338.

11 Ibid, 347.

12 Ibid, 349-350.

13 Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1988): 427-60.

### III. NORTHERN LIMIT LINE TENSIONS

#### *Maritime Boundary Interpretations*

In October 1973, North Korea began crossing the NLL, with more than 43 incursions in a two-month period that year. From that point, the validity of the NLL has become a contentious area of dispute. The fact that North Korea quietly observed the NLL for 20 years remains central to South Korea's rationale regarding North Korea's acknowledgment of its validity. In 1974, South Korea shifted the attention away from the question of the line's legality and made the unconditional defense of the NLL a matter of national "sasu" policy. On August 1, 1977, North Korea established its EEZ and the 50-mile military boundary zone, and in 1999 North Korea unilaterally re-drew the maritime boundary line as the Western Sea Military Demarcation Line, which extended several miles south of the NLL. The 1992 Basic Agreement established that the areas set under the jurisdictions of each side up to that point should be followed until a new line could be negotiated. This vague wording led the United States and South Korea to view the NLL as the de facto line until a new demarcation line was agreed upon by both North and South Korea; however, North Korea countered that view, saying that it did not recognize the NLL previously so it could not serve as the basis of the line mentioned in the agreement. In 2009, North Korea stated that it would nullify all agreements concerning maritime borders with South Korea and that only the North Korean Western Sea Military Demarcation Line would exist until the unification of the Korean peninsula.<sup>14</sup> The conflicting areas claimed along with lack of transparency on North Korea's part regarding baselines and measurements from those baselines lead to much ambiguity, resulting in several clashes between North and South Korea vessels, with significant casualties. This ambiguity regarding North Korea's demarcation line claims also resulted in the seizure of the USS *Pueblo* in 1968, under the claim that it intruded into North Korean territorial waters, although the vessel was 15 miles from North Korea. The seizure marked an illegal action by North Korea under the International Law of the Sea.<sup>15</sup>

#### *Fisheries Competition*

primary motivation for the 1999 and 2002 sea battles was economic as the highly lucrative crab season between June and September led to many fishing vessel incursions south of the NLL in pursuit of this valuable resource. The short duration of this fishery season results in intense competition, further complicated by the presence of Chinese vessels, who purchase fishing rights from

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<sup>14</sup> Suk Kyoan Kim, "Korean Peninsula Maritime Issues," *Ocean Development and International Law* 41, no. 2 (April 2010): 171.

<sup>15</sup> George H. Aldrich, "Questions of International Law Raised by the Seizure of the U.S.S. *Pueblo*," *Proceedings of the American Society of International Law at Its Annual Meeting (1921-1969)* 63 (1969): 2-6.

North Korea and access the contested waters under the premise of these rights.<sup>16</sup> The expansion of the offering of rights to the Chinese by the North Koreans to extend into South Korea's territorial waters is a fairly recent issue, since 2014, and further adds to the conflict between North and South Korea.<sup>17</sup> In order to protect their respective fishing vessel fleets, North Korean and South Korean patrol boats have accompanied their fishing vessels near the contested areas. Escalation in tensions between the patrol boats is what resulted in the clashes in 1999 and 2002 near Yeonpyeong.

### *Cheonan and Yeonpyeong Incidents*

The March 26, 2010 sinking of the South Korean navy vessel *Cheonan* resulted in the death of 46 crewmembers, and the November 23, 2010, shelling of Yeonpyeong island resulted in the deaths of four South Koreans with 19 injured. These incidents marked a point at which responses from regional neighbors changed regarding views of the implication of inter-Korean tensions and security ramifications beyond the peninsula.<sup>18</sup> The *Cheonan* sinking investigation, led by South Korea, determined that North Korea was to blame. However, there was much domestic and international skepticism regarding the integrity of the investigation due to inconsistencies and compromised evidence.<sup>19</sup> When South Korea took this case to the UN Security Council, lack of concurrence by China and Russia led to a vaguely worded presidential statement that condemned the attack but did not name the attacker responsible. After the Yeonpyeong shelling incident, there was a significant South Korean domestic outcry as it was the first time that North Korea targeted sovereign South Korean terrestrial territory. This was the first time that North Korea executed direct military action and acknowledged their involvement, judging its action as defensive in response to provocation by South Korea in the form of a military exercise. The timing of the attack has led to theories that it was actually North Korean domestic implications that lead to the show of force, in this case the transfer of power from Kim Jong Il to his son. The North Korean military's prominent role led to control of the situation in order to deflect internal and external criticism toward the selection of a successor through the creation of a crisis.<sup>20</sup> Lee concluded that reasons for provocations were to establish (1) a period to stabilize dictatorship—for instance during a transfer of power, (2) a period of weakened internal status: when the military is fearful of losing their position, and (3) a period of stability: when the military is worried about stability effects on budget cuts for the military and arms

16 Nan Kim, "Korea on the Brink: Reading the Yönp'Yöng Shelling and Its Aftermath," *Journal of Asian Studies* 70, no. 2 (2011): 342.

17 Grace Oh, "N. Korea Ignores S. Korean Sea Border in Selling Fishing Rights to China," *Yonhap News Agency*, May 31, 2014, accessed August 27, 2016, <http://english.yonhapnews.co.kr/national/2014/05/31/56/0301000000AEN20140531001200315F.html>; Soo Yeon, "S. Korean Navy Fires Warning Shots at Chinese Ship in Yellow Sea," *Yonhap News Agency*, December 8, 2015, accessed August 27, 2016, <http://english.yonhapnews.co.kr/national/2015/12/08/84/0301000000AEN20151208006851315F.html>.

18 Scott Snyder and See-Won Byun, "Cheonan and Yeonpyeong: The Northeast Asian Response to North Korea's Provocations," *RUSI Journal* 156, no. 2 (2011): 74–81.

19 *Ibid.*

20 Min Yong Lee, "Unveiling North Korea's Crisis Provocations: A Garrison State Hypothesis Revisited," *Journal of East Asian Affairs* 26, no. 2 (2012): 103–36.

reductions.<sup>21</sup> Beck listed three possible explanations for North Korea's belligerent behavior: (1) reinforcement of military prowess in order to facilitate succession, (2) a cry for attention, and (3) the North's genuinely feeling threatened by the military exercises. Due to the influence of domestic concerns, North Korea felt the need to instigate provocations in order to retain its hold on power. Because of this reason, Beck claimed that further provocations would continue to happen and that it was only a matter of time.<sup>22</sup> Swenson-Wright came to a similar conclusion on the influence of domestic situations, saying that the Yeonpyeong attack seemed to be an effort to test the Lee Myung Bak government while validating the authority of the North Korean government. North Korean domestic implications at that time included economic difficulties and the leadership transition. The domestic politics of both Koreas led to a critical point in which the prevalence of political instability led to the emphasis on external players, such as the United States and China.<sup>23</sup>

The regional responses to the *Cheonan* and Yeonpyeong incidents varied from player to player and from incident to incident. Sino-US relations and regional crisis management capabilities also came to the forefront. China viewed the *Cheonan* sinking as a purely Korean incident and declined to acknowledge South Korea's claim when it was taken to the UN Security Council, instead calling for "calm and restraint," much to the frustration of South Korea. South Korea viewed China's ambivalence as passive consent given to North Korea to proceed with further provocations. However, China's cautious response can be more attributed to concern over the internal stability of North Korea at the time of a major leadership succession. North Korea's reliance on China in the form of aid and trade was also a factor in the relationship. The United States' responses have been primarily that of affirming solidarity with its regional alliance partners and highlighting security commitments. The influence of the United States and China on South and North Korea indicates the importance of cooperation between the two powers to mitigate escalation. Japan and Russia have also held marginal roles during these two events. Japan used the Yeonpyeong shelling incident to pursue increased trilateral coordination and additional cooperation activities with South Korea. Russia's active response to the *Cheonan* incident in the form of review of the investigation greatly influenced international perception of the incident. After the Yeonpyeong shelling, Russia did not try to defend North Korea from criticism but instead pushed the UN Security Council to discuss the Korean peninsula tensions in detail.<sup>24</sup> These two incidents brought awareness to the existence of a regional problem rather than a strictly inter-Korean one, highlighting the need for external influences to temper further provocations and aggression. This expanded scope has made it difficult for North and South Korea to resolve this issue on their own.

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21 Ibid.

22 Peter M. Beck, "North Korea in 2010; Provocations and Succession," *Asian Survey* 51, no. 1 (2011): 33–40.

23 John Swenson-Wright, "Korea: A Glimmer of Hope," *World Today* 67, no. 2 (2011): 19–21.

24 Snyder and Byun, "Cheonan and Yeonpyeong," 74–81.

## *US-ROK Alliance and US OPCON*

The Combined Forces Command and US-ROK alliance, while not a source of tension, is certainly an area of concern to North Korea. The fact that the United States retains operational control (OPCON) of the South Korean military has influenced the way in which South Korea reacts to inter-Korean issues such as the North Korean NLL provocations. OPCON was initially delegated to the commander of the United Nations Command on July 14, 1950, and was retained after an alliance agreement was signed in 1953. The Combined Forces Command was created in 1978, with OPCON belonging to the dual-hatted United Nations Command commander and the Combined Forces Command commander. Peacetime OPCON returned in 1994 to South Korea, and an agreement was made in 2007 to schedule the transfer of wartime OPCON in 2012. This was largely influenced by much domestic nationalist and anti-American sentiment at that time and the push for autonomy over the armed forces. When the *Cheonan* and Yeonpyeong incidents happened in 2010, there were conflicting views in that South Korea viewed the provocations as violations of the Armistice Agreement<sup>25</sup> while the United States viewed it more as an inter-Korean issue and took a more cautious approach in order to prevent escalating of tensions into war. This limited the type of responses taken to the provocations. These incidents resulted in the realization by South Korea that they were insufficiently prepared to take over OPCON in 2012, and they requested a delay to December 1, 2015.<sup>26</sup> On October 23, 2014, South Korea made another request to delay the OPCON control until sometime in the mid-2020s. The significant supporting role of the United States in South Korean military affairs inhibits the ability of the two Koreas to talk with each other as North Korea sees the United States as being the more influential party and has thus tried to cut South Korea out of several talks and negotiations, such as has been the case with the NLL. However, since the NLL was not included in the Armistice Agreement, it remains an issue strictly for the two Koreas to work to delimit under the requirements listed in UNCLOS.<sup>27</sup>

## **IV. COOPERATIVE EFFORTS**

### *Regime of Cooperation*

According to regime theory, elaborated upon earlier, regimes can aid in developing norms and behaviors that may be conducive to negotiating agreements further down the line. With an issue as contentious as the NLL, it may not be possible to move straight to delimitation of maritime boundaries, as

25 Young-koo Kim, "A Maritime Demarcation Dispute on the Yellow Sea Republic of Korea," *Journal of East Asia and International Law* 2, no. 2 (September 2009): 490.

26 Hwee Rhak Park, "The Transfer of Wartime Operational Control in Korea," *Korean Journal of International Studies* 8, no. 2 (2010): 327-51.

27 Kotch and Abbey, "Ending Naval Clashes on the Northern Limit Line," 187.

security and territorial issues such as these are often fraught with tensions and domestic political implications. However, maritime regimes associated with resource management as well as non-traditional security concerns can result in processes by which to resolve issues and develop confidence-building measures while defining the range of permissible behavior between the two Koreas.<sup>28</sup> Later on, maritime boundary delimitations can occur within the framework of UNCLOS, in order to replace the NLL, which has long been in need of updating to current international convention standards. Regimes are preferred to agreements as an initial starting point as they are flexible and can evolve to meet needs while stimulating involvement in interest groups, resulting in transnational alliances, which would further influence compliance with regime requirements.<sup>29</sup>

Maritime areas requiring cooperative efforts include piracy, smuggling, human trafficking, large transnational pollution incidents, search and rescue, navigational safety, illegal fishing, and resource management in conflicted areas. Since these are civil maritime safety issues, in contrast to military ones, they can foster a cooperative maritime regime in which more intractable issues, such as maritime boundary and territorial disputes, can be discussed later on.<sup>30</sup>

South and North Korea have made efforts at cooperation in the forms of the 2004 Agreement on Maritime Transportation between South and North Korea, focusing on trade and economic cooperation through navigation and port access, and the joint statement from the 2007 summit, the Proclamation on the Development of the South and North Relationships and Peaceful Prosperity. The joint statement established a Special Zone for Peace and Cooperation in the West Sea, which was comprised of a joint fishing and peace zone with a direct shipping route to the Port of Haeju.<sup>31</sup> This cooperative venture held much promise; however, there was little progress made by 2008 and further potential for progress stalled when President Lee Myung Bak made this conditional on North Korea's dismantling and eliminating of the nuclear weapons program.

### ***Exclusive Economic Zone***

The EEZ regime is one in which cooperation can result in reduced tensions and conflicts, as many of the conflicts in the NLL region have been largely due to fishery resources. Bilateral fishing agreements to establish joint development areas in overlapping EEZs, with agreements over regulation and enforcement, can do much to mitigate some of the clashes resulting from fishing conflicts.

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28 Mark J. Valencia, "Regional Maritime Regime Building: Prospects in Northeast and Southeast Asia," *Ocean Development and International Law* 31, no. 3 (July 2000): 224.

29 Ibid.

30 Mark J. Valencia, "Asia, the Law of the Sea and International Relations," *International Affairs (Royal Institute of International Affairs 1944-)* 73, no. 2 (1997): 277.

31 Suk Kyoon Kim, "Understanding Maritime Disputes in Northeast Asia: Issues and Nature," *International Journal of Marine and Coastal Law* 23, no. 2 (June 2008): 222.

This would require agreement over the interpretation of the EEZ to de-conflict varying interpretations regarding its status as high seas or an extension of territorial seas. South Korea has not taken a clear stance regarding the interpretation of the EEZ as being considered high seas as other advanced nations have,<sup>32</sup> while North Korea established a 50 -nautical-mile military boundary zone at the same time as the 200 nautical-mile EEZ, in order to protect economic and territorial interests. However, the baselines used for the establishment of this military boundary zone have not been made public, adding to the confusion. While other countries have maintained maritime defense zones for defensive actions, China and North Korea are the only ones whose zones amount to an extension of territorial jurisdiction.<sup>33</sup> This is in contrast to the international standard set by UNCLOS, which limits territorial seas to no more than 12 nautical miles from the baseline of the country. Discussion to establish joint development areas for cooperative efforts and harmonization of domestic laws in order to align EEZ interpretations can do much to set the stage for future discussions on maritime boundary limitations.

### *Marine Resource Management*

Marine resource management is another area of cooperation in which a program already exists to facilitate regional cooperation, the UN Environment Programme's Regional Seas Programme. This program provides a legal framework in which an action plan is created in the form of a regional convention, listing various protocols in order to facilitate resource management by neighboring countries over a shared body of water. Since much of the military clashes between North and South Korea in the NLL area have been over fishing issues, having a legal framework by which both sides need to abide would be conducive to mitigating risks of future conflicts. Since this would be negotiated and completed under the auspices of the United Nations, with involvement from UN agencies, government entities, the scientific community, and intergovernmental organizations, this program would be seen as a more unbiased method to foster cooperation and avoid escalation of tensions.<sup>34</sup>

Search and Rescue Coordination

With increasing commercial vessel traffic passing through the Yellow (West) Sea, there is an increasing need for search and rescue (SAR) coordination between North Korea, South Korea, and China. There has already been some success in search and rescue cooperation and coordination between North

32 Chang-Wee Lee, "The EEZ Regime in Northeast Asia: Legal Status of the EEZ and Military Activities in the EEZ," *Korean Journal of Defense Analysis* 28, no. 1 (2016): 69.

33 Choon-Ho Park, "The 50-Mile Military Boundary Zone of North Korea," *American Journal of International Law* 72, no. 4 (1978): 866-75.

34 Keyuan Zou, "Implementing the United Nations Convention on the Law of the Sea in East Asia: Issues and Trends," *Sybil* 9 (2005): 40.

and South Korea in the form of North Korea allowing South Korean Coast Guard ships and aircraft to enter its waters in order to conduct SAR missions when prescribed notification procedures are followed.<sup>35</sup> Although this procedure is time consuming, it is a significant step in light of the fact that this cooperative mechanism exists despite North Korea not being signatory to the SAR Convention, which establishes SAR regions and defines coordination and responsibility between SAR entities. This indicates that North Korea views search and rescue as an essential non-security-related issue and is willing to cooperate to ensure vessel safety. Building upon established SAR practices and increasing cooperation measures so that it becomes a regular norm may lead to North Korea becoming further established in regional integration through the adoption of the SAR Convention. Therefore, SAR can be viewed as an important method by which trust building is achieved.

### ***Other Areas for Cooperation***

Other joint issues that can be utilized in implementing a cooperative maritime safety and security framework are piracy, smuggling, human trafficking, migrant interdiction, pollution prevention and response, navigational safety, sea lines of communication, and illegal fishing by outside entities. Cooperation in these areas of interest would promote working together toward a common adversary rather than working against each other. Furthermore, cooperation would be seen as a benefit in terms of reduced expenditures through shared resources and would result in a multilateral “habit of dialogue.”<sup>36</sup> This would contribute toward a civil regime in which these learned confidence-building measures allow for progress on more difficult, intractable issues.<sup>37</sup>

## **V. CONCLUSION**

The NLL has been a source of various conflicts based on the fact that its legitimacy has been challenged by North Korea, which has resulted in the unilateral drawing of still unclear boundaries by North Korea. Delimitation of overlapping territorial and EEZ waters requires concessions by both North and South Korea in order to be in compliance with the provisions listed under UNCLOS. This should result in the re-drawing of the boundary lines, as the NLL was created prior to the creation of UNCLOS; however, conflicts still occur as domestic politics on both sides have utilized this issue as a point upon which to charge domestic sentiment by defining the issue as a matter of protecting territorial sovereignty. Under the current OPCON regime, and due to the fact that the NLL is absent from the Armistice Agreement, the NLL remains an issue

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<sup>35</sup> Suk Kyoan Kim, “Korean Peninsula Maritime Issues,” 174.

<sup>36</sup> Suk Kyoan Kim, “Understanding Maritime Disputes in Northeast Asia,” 245.

<sup>37</sup> Valencia, “Asia, the Law of the Sea and International Relations,” 277.



strictly for the two Koreas to resolve. Since the delimitation of boundaries, and resultant security issues, remains a significant challenge to pursuing Korean reunification, this should remain an area of priority for resolution.

Rather than remaining as a challenge to reunification, the NLL can serve as a vehicle for collaboration. Building cooperative measures in areas such as resource management, pollution response, piracy, navigational safety, resource management, illegal fishing, human trafficking, and so on, will do much to increase mutual understanding. This would also allow both Koreas to move away from purely domestic political influences by bringing in other entities, such as scholarly experts, non-governmental organizations, and intergovernmental organizations. Increased participation on various levels would allow for more open exchanges of ideas that can contribute toward building a regime of maritime cooperation and a future framework within which to resolve disputes. Pursuing matters that North Korea and South Korea can resolve successfully without requiring the intervention of outside players will also do much to increase confidence in each other's abilities to reasonably address more difficult issues. This framework can then be applied toward more sensitive issues, such as maritime territorial delimitation and other reconciliatory practices, eventually paving the way toward reunification.

**Presidential Leadership and Inter-Korean Relations:  
A Comparative Study on Roh Tae Woo's and Kim  
Young Sam's Reunification Policies**

by Jaehan Park





# Presidential Leadership and Inter-Korean Relations: A Comparative Study on Roh Tae Woo's and Kim Young Sam's Reunification Policies

by Jaehan Park

## I. INTRODUCTION<sup>1</sup>

“Universal history . . . is at bottom the History of the Great Men who have worked here,” wrote nineteenth-century Scottish historian Thomas Carlyle.<sup>2</sup> At the heart of this statement is a premise that great individuals are *the* driving force of history. War and diplomacy were no exception. In fact, it is nearly impossible to explain international affairs of the nineteenth century without reference to Napoleon Bonaparte, Klemens von Metternich, and Otto von Bismarck. As such, history, for long, was understood as the study of great men.<sup>3</sup>

However, modern historians and political scientists came to believe that what really matters are historical currents such as “economic realities, the social contexts and power relations.”<sup>4</sup> Likewise, the discipline of international relations (IR) became preoccupied with “structural” aspects, such as distribution of power, international institutions, and domestic regime. The statecraft, what was formerly understood as a set of behaviors and decisions made by key individuals, is now deemed as a monolithic state’s reaction to the external environment. In so doing, IR scholars “failed to untangle historical riddles” in international politics.<sup>5</sup>

In South Korea, a similar diminution takes place, albeit differently: the question of foreign policy is framed in terms of the left-right debate. This is most pronounced in the domain of inter-Korean affairs. It is a common perception that the conservatives tend to take a firmer, hard-lining stance toward North Korea, while the liberals have a more reconciliatory position.<sup>6</sup> Underlying this view is the same assumption that individual leaders do not matter or at least not as much as their political affiliation in the conduct of foreign policy. In this view, key decision makers are constrained by institutional framework, namely, their party and government bureaucracy.

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1 In this paper, the names of key Korean figures presidents and key advisors are indicated in the same way as in Don Oberdorfer's *The Two Koreas* (last name–first name). Other names are in conventional order (first name–last name). Also, Korean sources were used extensively in this study. Translations are the author's own. Finally, “inter-Korean policy” and “reunification policies” were interchangeably used in order to indicate South Korea's policy toward North Korea.

2 Thomas Carlyle and Carl Niemeyer, *On Heroes, Hero-Worship, and the Heroic in History* (Lincoln: University of Nebraska Press, 1966; 1904), 1.

3 Tristram Hunt, “History Used to Be the Study of Great Men. Now It's of Everyman,” *Guardian*, November 20, 2010, <http://www.theguardian.com/commentisfree/2010/nov/21/tristram-hunt-praises-serious-biographies>.

4 Ibid.

5 David Paull Nickles, “Diplomatic History and the Political Science Wars,” *Perspectives on History*, May 2011, <https://www.historians.org/publications-and-directories/perspectives-on-history/may-2011/political-history-today/diplomatic-history-and-the-political-science-wars#>.

6 See Chaibong Hahm, “The Two South Koreas: A House Divided,” *Washington Quarterly* 28, no. 3 (2005): 57–72; Jaeho Jeon, “A Comparative Study of the ‘Conservative’ Post-democratization Government Policies towards the North in South Korea: The Roh Tae-woo, Kim Young-sam, and Lee Myung-bak Governmental Policies,” *New Asia* 20, no. 2 (Summer 2013): 89 (in Korean).

However, a closer examination of South Korea's own history reveals a different story. The making and practicing of inter-Korean policy was marked by political bargaining, bureaucratic infighting, and decision making by senior policymakers at critical moments. In analyzing this process, one immediately realizes that governments had markedly different approaches to the inter-Korean affairs, even though some of them had the same political affiliation. This discrepancy was perhaps most pronounced in the decade from the late 1980s to early 1990s, during which the Korean peninsula was in the transitional period. Internationally, the endless contest between communism and capitalism was coming to a close, and the bipolarity would soon be superseded by US-led unipolar world order. Domestically, South Korea was going through a transition from military to civilian government. Such transformation would have profound impacts upon the inter-Korean relationship as well.

During this turbulent period, South Korea was presided over by two conservative leaders: Presidents Roh Tae Woo and Kim Young Sam. Notwithstanding their identical political affiliation, the two came from very different backgrounds and had different characters, beliefs, and policies. Roh, a former general who was bequeathed his power from the hard-handed predecessor, had a prudent and cautious character. On the other hand, Kim, a long-time political activist who successfully outmaneuvered his competitors in the first democratic election in twenty years, was rather an inspirational adventurer. These personal idiosyncrasies would soon be reflected differently in their statecraft. However, there are only a few, if any, studies examining conservative presidents' foreign policy.<sup>7</sup>

Unlike other fields, the conduct of foreign policy is highly dependent upon presidents. In particular, it is a common understanding, outside of academia, that presidents have shaped the trajectory of the inter-Korean relationship at critical junctures.<sup>8</sup> In light of this, this paper aims to answer three different, yet not mutually exclusive, questions. First, does the prevalent bias that conservative foreign policy is confrontational hold? If not, what is the source of the divergence? Second, and in relation to the first question, did individual presidents matter in the conduct of foreign policy? If so, how did their character and leadership affect the outcomes of their policy? Finally, if conservative government's foreign policy cannot—and should not—be simply characterized as a confrontational one, what is a sound inter-Korean policy for a conservative president?

The remainder of this paper is structured as follows. In the next section, the analytical framework of this paper will be elaborated. More specifically, the

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7 Jeon, "A Comparative Study," 90.

8 Ministry of Unification of the Republic of Korea, interview by author, Seoul, Korea, March 16, 2016.

concept of conservatism, theories of foreign policy, and the role of presidential leadership will be considered. Based upon this framework, the statecraft of Presidents Roh Tae Woo and Kim Young Sam will be examined, with special attention to their North Korea policies in a comparative perspective. The role of their leadership will be carefully compared and evaluated in the subsequent section, followed by the conclusion.

## II. CONCEPTUAL FRAMEWORK

In this section, the overall conceptual framework for the study on foreign policy of South Korea's conservative presidents will be examined. First, the term *conservatism* will be clarified to define *conservative president*. It is important to define the word "conservatism" as it has been misinterpreted, especially in South Korea. Second, theories of foreign policy will be reviewed. While many believe that a nation's foreign policy behavior is largely driven by external environment, there are several important works arguing international politics is in fact a "multi-level" game. In addition, as we shall see, individual leaders play a crucial role at times especially at critical moments. As such, the role of presidential leadership in foreign policy outcomes will be examined.

In so doing, this paper draws on analytical framework, or theories, from eclectic disciplines: political philosophy, international relations, and leadership.<sup>9</sup> Theories may not reflect or explain the complexity of reality in full; they do not necessarily yield specific policy suggestions either. However, as Kenneth Waltz wrote, "the idea we entertain becomes a filter through which we pass our data" to process an indefinite amount of information in a limited time.<sup>10</sup> In fact, even those who reject the efficacy of theories unconsciously use their own theories to analyze the given situation. The point is not to fit everything in a parsimonious model, but to offer an explanation and, if possible, suggestions with humility.

### i. *Conservatism*

What does being *conservative* mean? To answer this question, one must define *conservatism*. There is no single overarching definition of political conservatism. In fact, as one commentator argues, conservatism is "subject to a thousand interpretations."<sup>11</sup> For one thing, conservatism is often regarded as "[expressing] the instinctive human fear of sudden change, and tendency to habitual action."<sup>12</sup>

<sup>9</sup> For a discussion on "analytical eclecticism," see, for example, Rudra Sil and Peter J. Katzenstein. "Analytic Eclecticism in the Study of World Politics: Reconfiguring Problems and Mechanisms Across Research Traditions." *Perspectives on Politics* 8, no. 2 (2010): 411–31.

<sup>10</sup> Kenneth N. Waltz, *Man, the State, and War: A Theoretical Analysis* (New York: Columbia University Press, 1959), 10.

<sup>11</sup> Jay Nordlinger, "What Is Conservatism?," *National Review*, November 9, 2015, <http://www.nationalreview.com/article/426758/what-conservatism-jay-nordlinger>.

<sup>12</sup> Andy Hamilton, "Conservatism," *Stanford Encyclopedia of Philosophy*, August 1, 2015, <http://plato.stanford.edu/entries/conservatism/>.

In contrast, counterintuitively, political philosopher Harvey Mansfield calls it “a correlate of liberalism,” or “liberalism’s little brother.”<sup>13</sup> It is also interpreted differently across time. In the 1960s, Friedrich Hayek, the arch-libertarian economist from Austria, wrote an essay titled “Why I Am Not a Conservative.”<sup>14</sup> However, two decades later, American President Ronald Reagan and British Prime Minister Margaret Thatcher reinterpreted conservatism by combining neoliberal free-market ideologies, which are at the heart of Hayek’s economic philosophy.<sup>15</sup>

That said, most would agree that Edmund Burke’s thoughts epitomize conservatism, at least in Anglo-American politics. Samuel Huntington identified six ideological components underlying Burke’s conservatism: religious man and society; natural and organic evolution of society and institutions; emotional and irrational man; emphasis on community; acceptance of hierarchy and difference; limited solubility of social problems.<sup>16</sup> More recently, Yuval Levin, a policy analyst who is described as “the most influential conservative intellectual in the Obama era,”<sup>17</sup> concurs that Burke’s idea, pitted against Thomas Paine’s, best represents modern conservatism in Britain and America. Levin emphasizes Burke’s advocacy of the existing social order and reformist view, as opposed to revolution, based upon the human fallacy.<sup>18</sup>

In contrast, a number of scholars have pointed out that conservatism does not have any philosophical underpinnings in South Korean politics. For example, one observer remarked, “[Conservatism] exists not as a philosophical or theoretical system, but as a political slogan of the ruling party” in order to “augment anti-communism.”<sup>19</sup> Echoing a similar view, another analyst, examining “conservatism” of different parties during the mid-1990s, observed that the ruling and opposition parties alike claimed that they were “conservative,” but their interpretation thereof diverged. Yet one overarching theme, according to the two scholars, is anti-communism and anti-North Korean sentiment.<sup>20</sup> Still, there are others who attempt to interpret Korea’s conservatism in different ways. For example, one observer writes, “conservatism in Korea is pro-American and state-centric, and is inclined towards ‘aggregative value.’”<sup>21</sup> Finally, political theorist Chai-bong Hahm finds the essence of the country’s conservatism in its

13 Harvey C. Mansfield, “The Future of Conservatism: An Argument for a Constitutional Conservatism,” *Heritage Foundation*, April 1, 2009, 1, <http://www.heritage.org/research/lecture/the-future-of-conservatism-an-argument-for-a-constitutional-conservatism>.

14 In Friedrich A. von Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960).

15 Shinwoo Kang, “A New Conservatism: As a Community-Building Ideology,” *EPIK Online Journals* 1, no. 1 (August 2010): 3, [http://www.eai.or.kr/type/panelView.asp?idx=9488&code=eng\\_report&bytag=p&catcode=](http://www.eai.or.kr/type/panelView.asp?idx=9488&code=eng_report&bytag=p&catcode=)

16 Samuel P. Huntington, “Conservatism as an Ideology,” *American Political Science Review* 51, no. 2 (1957): 456.

17 Jonathan Chait, “The Facts Are In and Paul Ryan Is Wrong,” *New York Magazine*, May 10, 2013, <http://nymag.com/daily/intelligencer/2013/05/facts-are-in-and-paul-ryan-is-wrong.html>.

18 Yuval Levin, *The Great Debate: Edmund Burke, Thomas Paine, and the Birth of Right and Left* (New York: Basic Books, 2013).

19 Yong-Min Kim, “The Origin and Development of Conservatism in the West,” in *Conservatism in Korea*, ed. Byung-Kook Kim et al., (Seoul, South Korea: Ingansarang, 1999) 47 (in Korean).

20 Byung-Hoon Suh, “The Characteristics and Development of Conservatism in Korea,” in *ibid.*, 53–109.

21 Hyo-Jong Park, “Democratic Politics and the Status of Korea’s Conservatism,” in *ibid.*, 117.

Confucian traditions, such as the respect for traditions and the acknowledgment of limits in modern and progressive ideologies.<sup>22</sup> As it stands, conservatism is interpreted differently even in South Korea.

One thing most commentators agree on is that conservatism is not a permanent ideological expression or dogma.<sup>23</sup> Russell Kirk, one of the last century's foremost conservative thinkers, regards conservatism "an attitude sustained by a body of sentiments, rather than by a system of ideological dogmata."<sup>24</sup> Another renowned political scientist, Samuel Huntington, writes, "[Conservatism] is not the permanent ideological expression," but "positional ideologies" that "depend upon the relations existing among groups."<sup>25</sup> In sum, conservatism, according to Huntington, is a reaction to defend the existing social order against "the challenger [who] fundamentally disagree with the ideology of the existing society" that is only "relevant in a particular type of historical situation."<sup>26</sup> Conservatism, therefore, is a *positional* ideology.

On foreign policy, conservatism is often equated with *realism*. As one observer writes, "[We] implicitly think realism and conservatism overlap, and they frequently do, [albeit] imperfectly and sometimes even uncomfortably."<sup>27</sup> In fact, many conservative statesmen have demonstrated a degree of political realism in their conduct of foreign policy. One can easily think of contemporary examples such as Metternich, Bismarck, and Kissinger, to name only a few. This is perhaps owing to conservatism's association with pragmatism.<sup>28</sup> More fundamentally, however, political conservatism and realism share a key tenet: imperfectability of human beings. While classical realism is different from today's neo- or structural realism, such a cautious view on politics runs in the vein of the school of realism.<sup>29</sup>

## ii. Theories of Foreign Policy

IR scholars have focused more on finding the effects of shifts in international power. This tendency naturally led them to the study of the rise and fall of great powers, and the consequences thereof. Such are *theories of international politics*. However, as one observer noted, scholars have not paid as much attention to *theories of foreign policy*. While the former seeks for general tendencies of rising

22 Chai-bong Hahn, "Korea's Conservatism and Confucianism," in *ibid.*, 199-240.

23 Russell Kirk, "The Ten Conservative Principles of Russell Kirk," lecture at the Heritage Foundation, Washington, DC, March 20, 1986, [https://thf\\_media.s3.amazonaws.com/2011/pdf/FP\\_PS38.pdf](https://thf_media.s3.amazonaws.com/2011/pdf/FP_PS38.pdf).

24 "Introduction," in *ibid.*

25 Huntington, "Conservatism as an Ideology," 468-70.

26 *Ibid.*, 458, 473.

27 John Karaagac, "A Post-Modern Morgenthau," *SAIS Review of International Affairs* 30, no. 1 (2010), 161.

28 Hamilton, "Conservatism,"

29 The fundamental difference between classical and structural realism lies in which factor, human nature or international anarchy, one considers the cause of war. While classical realists such as Thucydides, Machiavelli, and Morgenthau found the cause of war in human nature, modern structural realists including Kenneth Waltz and John Mearsheimer argue that it is anarchical international system that causes war.



powers in the international system, the latter attempts to explain the reason why states act in specific ways vis-à-vis the outside world.<sup>30</sup>

Theories of international politics have certain elements of theories of foreign policy.<sup>31</sup> The mainstream view is that behaviors of nation-states are dictated by their external environment. In this view, nation-states—regardless of their domestic structures or their leaders' character—respond mainly to the “anarchic” international system in formulating their foreign policy.<sup>32</sup> However, to many, this “third image” approach regarding domestic structure as “black box” has not been completely satisfactory. For sure, there are domestic elements in a state's international behavior. Consider, for example, the often-cited “Munich” lessons during World War II. While many statesmen and academics have denounced Neville Chamberlain's “appeasement” of Adolf Hitler at the Munich Conference, the prime minister was constrained by other domestic concerns such as a possible dismemberment of the Commonwealth as well as the British public opinion.<sup>33</sup> It is evident that domestic politics affects a state's foreign policy.

In response, there have been attempts to explain the interaction between international and domestic politics. These scholars attributed diverging state behavior to differential political systems, economic structures, or cultures.<sup>34</sup> Of importance, political scientist Robert Putnam argued that foreign policy is indeed a “two-level game,” emphasizing the role of domestic politics upon diplomacy.<sup>35</sup> However, the “two-level” explanation is not enough either. Policy, by definition, is a “course or method of action *selected* from among alternatives and in light of given conditions to guide and determine present and future decisions.”<sup>36</sup> It is neither a completely rational nor a path-dependent process. In particular, *decision making* at critical junctures can shape the trajectory of a nation's foreign policy.<sup>37</sup> As such, the question of foreign policy involves the question of *decision making*.

In the 1960s, Graham Allison conceptualized three different decision-making models to explain the Kennedy administration's responses during the Cuban Missile Crisis. The first model (Rational Policy Model) posits that states are monolithic and rational actors behaving purposively to achieve national security

30 Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America's World Role* (Princeton, NJ: Princeton University Press, 1999), 13–14.

31 *Ibid.*, 13.

32 Waltz, *Man, the State, and War*.

33 For example, see Robert J. Beck, “Munich's Lessons Reconsidered,” *International Security* 14, no. 2 (1989): 161–91.

34 Greg Cashman, *What Causes War?: An Introduction to Theories of International Conflict* (New York: Lexington Books, 1993), 124–59.

35 Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games” *International Organization* 42, no. 3 (1988): 427–60.

36 *Merriam Webster*, s.v. “Policy,” <http://www.merriam-webster.com/dictionary/policy>.

37 Critical juncture is often used to explain historical development of institutions. However, some analysts use this concept to explain the role of decision making in foreign policy and international politics. For example, see Charles F. Doran, “Economics, Philosophy of History, and the ‘Single Dynamic’ of Power Cycle Theory: Expectations, Competition, and Statecraft,” *International Political Science Review* 24, no. 1 (2003): 13–49.

and interests. Influenced by management studies theories, Allison proposed the second model (Organizational Process Model), which examines decision-making bodies and their behavioral patterns. Finally, Allison's last model (Bureaucratic Politics Model) regards foreign policy as bargained outcomes of different domestic political actors.<sup>38</sup>

However, all three of Allison's models, while factoring in institutional considerations, neglect the fact that foreign policy decisions are made by a handful of key individuals. In fact, major international affairs are the outcomes of choices of our statesmen. For example, former secretary of state Henry Kissinger remarked, "As a professor, I tended to think of history as run by impersonal forces. But when you see it in practice, you see the difference personalities make."<sup>39</sup> In particular, the role of president is essential. For one thing, presidents make ultimate decisions during crises. So comes Barton Bernstein's fourth model, the Presidential Decision-Making Model. According to this model, presidents make key decisions at important junctures. In the end, argues Bernstein, "the president decides."<sup>40</sup> It is also noteworthy that cabinet ministers and foreign policy advisers are appointed by presidents, reflecting their political views and preferences.

### *iii. Leadership and Statecraft*

Outside of political science, the role of the individual has been one of the major topics of other disciplines. Diplomatic historians, journalists, and political biographers have been attentive to the quality of individual leadership and character. We cannot explain major international events of the previous century without reference to great leaders such as Franklin Roosevelt and Winston Churchill, and their despicable antagonists like Adolf Hitler and Joseph Stalin.<sup>41</sup> Their decisions shaped their nations' foreign policy, and thereby determined the trajectory of history. And "[leaders'] decisions are shaped," writes historian Hal Brands, "by the limits of their own intelligence, as well as by the potent mixture of values, experiences, emotions, and ideology that makes up a person's world."<sup>42</sup> Yet this approach is limited in that it does not necessarily explain, but only narrates, the relationship between individual leaders' character and the outcome of their statecraft.

Organizational theorists have studied the issue in a systematic manner. Of

38 Graham T. Allison, "Conceptual Models and the Cuban Missile Crisis," *American Political Science Review* 63, no. 3 (1969): 689–718.

39 Walter Isaacson, *Kissinger: A Biography* (New York, NY: Simon & Schuster, 1992), 13, quoted in Daniel L. Byman and Kenneth M. Pollack, "Let Us Now Praise Great Men: Bringing the Statesman Back In," *International Security* 25, no. 4 (2001): 108.

40 Barton J. Bernstein, "Understanding Decisionmaking, US Foreign Policy, and the Cuban Missile Crisis: A Review Essay," *International Security* 25, no. 1 (2000): 162.

41 Byman and Pollack, "Let Us Now Praise Great Men," 108.

42 Hal Brands, *What Good Is Grand Strategy?: Power and Purpose in American Statecraft from Harry S. Truman to George W. Bush* (Ithaca, NY: Cornell University Press, 2014), 11.

importance, business professors Donald Hambrick and Phyllis Mason showed that organizational outcomes, namely strategic choices and performance levels, can be predicted, if only partially, by their top managers' background characteristics.<sup>43</sup> They argue that "if strategic choices have a large behavioral component, to some extent [these choices] reflect the idiosyncrasies of decision makers."<sup>44</sup> Hambrick and Mason took into account observable characteristics of corporate executives, such as age, career tracks, education, socioeconomic roots, and the like.<sup>45</sup> While offering nuanced and systematic understanding on the subject, this method may not be applicable to national leaders, mainly because of the smaller sample size. In addition, unlike corporations, nation-states vary qualitatively for example in their geography, domestic regime, and size and these differences may affect strategic decision making differently.

Drawing from various leadership literatures, political scientist Joseph Nye examined different types of presidential leadership and its consequences upon US foreign policy.<sup>46</sup> Nye categorized presidents by their objectives and leadership styles. According to Nye's classification, presidents who seek major change are *transformational leaders* and those with status quo or incremental objectives are *incremental leaders*. In addition, leaders who rely more on hard power are *leaders with transactional style*, and those who prefer to use soft power instruments are *leader with inspirational style* (see Table 1).<sup>47</sup> Although many leadership theorists tend to have a penchant for transformational leaders, Nye does not offer a final adjudication. In fact, Nye argues, leaders with incremental objectives and a transactional style, by virtue of their prudence, were equally important as presidents with transformational objectives.<sup>48</sup>

**Table 1. Nye's Classification of Presidential Leadership**

Leadership style	Transactional style	Inspirational style
<b>Objective</b>		
Transformational objectives	Harry Truman	Woodrow Wilson
Status quo / incremental objectives	Dwight Eisenhower	Bill Clinton

Source: Nye, *Presidential Leadership and the Creation of the American Era*, 9.

43 Donald C. Hambrick and Phyllis A. Mason, "Upper Echelons: The Organization as a Reflection of Its Top Managers," *Academy of Management Review* 9, no. 2 (1984): 193–206.

44 *Ibid.*, 195.

45 *Ibid.*, 198–204.

46 Joseph S. Nye Jr., *Presidential Leadership and the Creation of the American Era* (Princeton, NJ: Princeton University Press, 2013).

47 Hard power measures include coercion and payment; soft power skills refer to attraction and persuasion, *ibid.*, 8–9.

48 *Ibid.*, 137.

Thus far, this section examined the analytical framework of this study: conservatism, theories of foreign policy, and leadership's role on the statecraft. This framework, if applied to South Korea's case, leads to the following observations. First, a conservative president is defined in terms of his affiliation with the traditional ruling party, rather than his political ideology. As such, a conservative foreign policy may not necessarily bear resemblance to realism, while in theory they are supposed to share a healthy skepticism on human perfection, thereby having a "transactional goal." Second, a nation's foreign policy is made and implemented through complicated interactions between various actors different bureaucracies, political parties, and key individuals in response to the international and domestic environments. Yet, it is often the president who makes important decisions at critical moments. This leads to the final observation: idiosyncrasies of individual leaders matter. Although inspirational style is preferred by business analysts, transactional leaders could prove more effective in the domain of foreign policy. The next two sections will examine Presidents Roh Tae Woo and Kim Young Sam.

#### **IV. ROH TAE WOO'S FOREIGN POLICY**

##### *i. Background*

##### *Personal Background*

Recalling his first encounter with Roh Tae Woo in 1980, the late journalist Don Oberdorfer, one of the prime observers of Korean politics, recalled that Roh was "conciliatory, flexible, and much less openly ambitious" and that "[his] openness, intelligence, and supple mind" impressed him.<sup>49</sup> At the time, the future president, whom a close associate of his called "a man of environment and situation," was still a military officer, and reportedly remarked that military men were not ready to run the country, since they were "not expert in economics or politics."<sup>50</sup> "Calculating and cautious," Roh's personality was in stark contrast to that of his predecessor, Chun Doo Hwan and with his successor, Kim Young Sam—and this would soon be manifested in his statecraft.<sup>51</sup>

Roh was essentially a conservative president, for he was always on the governing side. As a military officer, Roh served at numerous important positions, including commanding general of the Seoul Security Command. During President Chun Doo Hwan's tenure, Roh was deliberately appointed to key civilian posts by Chun, one of these being president of the Seoul Olympics Organizing Committee. In addition, Chun was essential to Roh's presidency:

<sup>49</sup> Don Oberdorfer and Robert Carlin, *The Two Koreas: A Contemporary History* (New York: Basic Books, 2014), 103.

<sup>50</sup> *Ibid.*

<sup>51</sup> *Ibid.*, 136.

Chun simply handpicked Roh as the presidential candidate for his ruling Democratic Justice Party, while the opposition was split between Kim Young Sam and Kim Dae Jung.<sup>52</sup> In this setting, Roh was elected as the thirteenth president of the country in December 1987.

### ***Domestic Environment***

Roh assumed the presidency amidst political turmoil. Roh was a long-time confidant of Chun Doo Hwan, who took the Blue House by staging a military coup in 1979. The next year, Chun ruthlessly suppressed the democratic movement in Kwangju. Roh was involved in both incidents, if not directly. For that matter, as one analyst observes, he lacked political legitimacy.<sup>53</sup> After his nomination by Chun as the ruling party's presidential candidate, Roh was faced with a severe domestic backlash. Only with the declaration to accept the opposition's request to elect the president directly and the subsequent visit to the United States was Roh acquitted from his original sin. Yet Roh's political capital was constrained by this factor.<sup>54</sup>

Meanwhile, the country was preparing for the 1988 Olympic Games, with its economy performing well. The Olympics had two important implications. First, Seoul wanted communist countries to participate in the Olympics. Second, domestic political stability was imperative for a successful hosting of the event. In accordance with the economic growth, corporate interests began to play a role in policy making. South Korean business groups were looking for new opportunities in unexplored markets, as the country's wage and other costs increased. For these reasons, Seoul was trying to forge a more reconciliatory relationship with communist countries, and eventually with Pyongyang.<sup>55</sup> Yet several public figures visited North Korea without government authorization, not long after Roh's inauguration, which made the conservatives heighten up a "security state"(*gonganjunggook*).<sup>56</sup>

### ***External Environment***

When Roh was sworn into office, the international environment was rapidly changing, which would affect inter-Korean affairs as well. A close look at South Korea's government publications reveals two important trends, affecting its foreign policy. First, the world was entering the era of *new détente* between the United States and the USSR, which would be fundamentally different from the

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52 South Korea had been heretofore ruled by autocratic military administrations.

53 Haksoon Paik, "A Comparison on North Korea Policy of the Roh Tae Woo and Kim Young Sam Administrations," *Sejong Policy Studies* 2012-6, Sejong Institute, Seoul, Korea, 2012, 12-13 (in Korean).

54 *Ibid.*

55 *Ibid.*, 12-13.

56 *Ibid.*, 13-15.

1970s. The rapprochement between the two great powers was conditioned by the Soviet leader Gorbachev's own initiatives of *perestroika* and *glasnost*. Second, South Korea's growing economy was being recognized by the international community.<sup>57</sup> While economic growth per se brought forth democratization, international recognition would embolden the country's foreign policy.

In addition, North Korea was considering a change in policy vis-à-vis the South. During the previous decade (1971~1985), Seoul assessed that Pyongyang had adopted the "stick-and-carrot" strategy, whereby it flexibly used violence or appeasement as necessary. With the demise of the Soviet Union, however, North Korea was now isolated and faced with an existential threat. This meant that Pyongyang would "earn time" to "shape conditions" in its favor by agreeing to resume the inter-Korean dialogues. In the meantime, the North constantly attempted to hamper a successful hosting of the 1988 Seoul Olympic Games.<sup>58</sup> Yet Seoul's view was that the overall inter-Korean relationship was gradually improving since 1984.<sup>59</sup>

## ii. Objectives, Practice, and Achievements

### Objectives

The Roh administration in general emphasized the importance of inter-Korean reconciliation. The administration's national strategy aimed for national preservation, democratic unity, balanced development, and reunification and prosperity.<sup>60</sup> Likewise, the objectives of Roh's foreign policy were national preservation, diplomatic autonomy, and taking direct control and initiative in inter-Korean affairs. In line with this, the Roh administration proposed "A Reunification Plan for One-People Community," based upon his seminal "Special Declaration on National Determination, Reunification, and Prosperity."<sup>61</sup> After a round of discussions among experts, the Roh administration concluded that the most feasible outcome in the short run would be a "loose federation" between the two Koreas.<sup>62</sup>

His trademark *nordpolitik* was conceived and implemented in this settings. It is noteworthy that Roh's *nordpolitik* was predicated upon a realistic calculation rather than an idealistic sentiment. The idea was to build political relations with other communist countries and isolate North Korea diplomatically, thereby pressuring Pyongyang to come to the negotiation table. Roh recalled that he took his cue for *nordpolitik* from an old Chinese proverb, "ally with the distant

57 Ministry of Foreign Affairs (MOFA), *Diplomatic White Paper 1990*, Seoul, Korea; Ministry of Unification (MOU), *White Paper on Korean Unification 1990*, Seoul, Korea (both in Korean).

58 MOU, *White Paper on Korean Unification 1990*, 259-62.

59 MOFA, *60 Years of South Korea's Diplomacy*, Seoul, Korea, 46 (in Korean).

60 Paik, "A Comparison," 52.

61 *Ibid.*, 54-63.

62 *Ibid.*, 62.

to attack the near,” believing that the opening of North Korea would lead to reunification.<sup>63</sup>

### *Practice*

On balance, the Korean peninsula was relatively stable during Roh’s tenure without major crisis. Still, there were at least three critical moments at which his role mattered in inter-Korean relations: 7.7 Declaration, “security-state” crisis, and inter-Korean dialogues.

- a) 7.7 Declaration: On July 7, 1988, Roh made an important speech titled “Special Declaration on National Determination, Reunification, and Prosperity,” nearly a month after he had liberalized public discussion on reunification issues. The so-called 7.7 Declaration is widely regarded as having paved the way for a shift in Seoul’s policy from a confrontational to a reconciliatory one, culminating in “A Reunification Plan for a One-People Community.”<sup>64</sup> In this speech, Roh laid out six principles aiming to build “a social, cultural, economic, and political community” embracing “all Korean people”: promotion of inter-Korean exchange; support and provision of humanitarian support; inter-Korean trade; consent to allied nations’ non-military aid; and finally reconciliation with communist countries as well as support for North Korea’s reconciliation with allied nations.<sup>65</sup> This was a significant departure from the country’s previous attitude toward the North.

However, this had not been coordinated with Washington in advance. Roh had notified his plans to the US Ambassador James Lilley only two days before he made the speech, which rendered the US government somewhat discomfited.<sup>66</sup> Yet Roh managed to pursue an “independent” policy toward communist countries as well as North Korea, while continuously making efforts to dispel Washington’s suspicion and frustration toward Seoul. For example, he flew to Washington to meet with President George H. W. Bush, immediately after his historic meeting with Gorbachev in San Francisco. In addition, he had his national security adviser Kim Chong Whi to coordinate such process with Washington in advance.<sup>67</sup> These efforts were essential in maintaining amicable relations with the United States.

63 The original Chinese proverb is from the story of Qin dynasty’s unification of the Chinese continent circa 220 BC (*yuanjiaoqingong*, 遠交近攻). There is a debate on whether Roh’s advisers and cabinet ministers were aware of his intention to link *nordpolitik* to inter-Korean policy. However, since this paper considers presidential leadership, *nordpolitik* should be factored in when analyzing Roh’s inter-Korean policy. Roh Tae Woo, *Memoirs*, vol. 2: *Grand Strategy at the Turning Point* (Seoul, Korea: Chosun News Press, 2011) (in Korean).

64 MOU, *White Paper on Korean Unification 1998*, 9–10 (in Korean).

65 Roh Tae Woo, “Special Declaration on National Determination, Reunification, and Prosperity,” Presidential Archive, July 7, 1988, [http://www.pa.go.kr/research/contents/speech/index04\\_result.jsp](http://www.pa.go.kr/research/contents/speech/index04_result.jsp) (in Korean).

66 Paik, “A Comparison,” 18–19.

67 *Ibid.*, 20–22.

- b) Security State Crisis: Roh's own conservative cohorts were becoming increasingly unsatisfied with his nordpolitik as well as reconciliatory inter-Korean policy. For example, General Min Byung Don, then president of the Korea Military Academy, openly criticized the president's foreign policy.<sup>68</sup> To make the matter worse, a year after Roh's inauguration, several prominent progressive figures visited North Korea without the government's permission.

In March 1989, a noted novelist, Hwang Sok Yong, and a progressive pastor, Moon Ik Hwan, paid unauthorized visits to the North. The latter even held talks with Kim Il Sung. Three months later, a progressive national assembly member was arrested for having crossed the inter-Korean border in the previous year, followed by student activist Lim Su Kyung's trip to Pyongyang.

This led to the somewhat draconian anti-communist movement, "security-state," by more conservative factions in the government, including the military, the security service, and the prosecutor's office. Roh was under a formidable pressure, and the future of his reunification policy was at stake.<sup>69</sup> In response, Roh contrived to prevent any serious deterioration of inter-Korean relations by protracting his decision to concede to the conservative factions, and finally formed a three-party coalition to consolidate his political capital in 1990.<sup>70</sup>

- c) Inter-Korean Dialogues: The 7.7 Declaration set the stage for inter-Korean dialogues that resulted in significant achievements in the bilateral relations. Prime Minister Kang Young Hoon in December the same year sent a letter to his counterpart in Pyongyang suggesting to host a prime-ministerial dialogue.<sup>71</sup> After numerous working-level and preparatory meetings, the two Koreas had a total of eight high-level talks from February 1989 to September 1992. As a result, the two Koreas adopted the "Inter-Korean Basic Agreement," which is the first jointly signed official document. During this process, the two sides agreed on the necessity of a "transitional" stage, during which they could ease tension and restore the "Korean community" through various exchanges and cooperation.<sup>72</sup>

In addition, the two sides signed the "Joint Declaration on Denuclearization of the Korean Peninsula." In late 1991, Roh announced the "Declaration

68 Jungchul Rhee. "North Korea Policy of the Roh Tae Woo Administration in the Post-Cold War Era," *Study of Moral Culture* 35, no. 2 (2012): 139 (in Korean).

69 Paik, "A Comparison," 14.

70 Yet some still argue that Roh was too undetermined. For example, Kim Jong Pil, then head of the Republican Party, recalled that he was the one who first proposed the idea of coalition to Roh to push forward *nordpolitik*. See Rhee, "North Korea Policy," 140; Young-Ki Jeon and Ae-ran Han, "Kim Jong Pil's Memoir: Episode 89. The Eve of the Grand Merger," *Joong-Ang Daily*, October 5, 2015, <http://news.joins.com/article/18792778> (in Korean).

71 MOU, *White Paper on Korean Unification 1992* (in Korean).

72 Paik, "A Comparison," 63–65.



for Denuclearization and Peace-Building on the Korean Peninsula” and the “Statement concerning Denuclearization of the Korean Peninsula.” These statements preceded a US declaration of the withdrawal of strategic nuclear weapons from the Korean peninsula. The Roh administration’s key policy makers, including Roh himself, testified that they insisted to US officials that Seoul take the initiative in the denuclearization issue.<sup>73</sup> While it may have been a mere acquiescence by Washington<sup>74</sup>—or a mere opportunistic exploitation—Roh was able to reach an agreement with Pyongyang on denuclearization—at least for the time being.

### *Achievements*

During Roh’s tenure, South Korea was able to achieve a significant diplomatic success—which to some extent isolated North Korea—thereby pressuring Pyongyang to come to the negotiation table. Internationally, Seoul established new diplomatic ties with 45 countries, starting with Hungary in 1989 and culminating in reconciliation with the former antagonist Soviet Union in 1991 and the People’s Republic of China in 1992 under Roh’s watch.

As regards inter-Korean relations, the Roh administration initially separated the nuclear issue from the bilateral (South-North) peace talks.<sup>75</sup> This effort culminated in the establishment of a legal framework for further cooperation such as the Inter-Korean Exchange and Cooperation Act and the Inter-Korean Cooperation Fund Act. While Pyongyang initially seemed to reciprocate, a set of incidents aggravating the mutual distrust as well as the external pressure compelled the administration to approach inter-Korean cooperation in consideration of the nuclear issue.<sup>76</sup>

Most importantly, Roh signed the “Inter-Korean Basic Agreement” and the “Joint Declaration on Denuclearization of the Korean Peninsula” in February 1992. These were a significant outcome in that both parties recognized the “special” relationship between the two Koreas and that the administration showed flexibility in dealing with the North. In addition, the two Koreas finally became members of the United Nations in 1991.

### *iii. Evaluation*

Although some commentators criticize him for being weak and indeterminate, Roh seems, at least in hindsight, to have taken a prudent approach to both

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73 Ibid., 71–73.

74 Some scholars are skeptical about the Roh administration’s diplomatic capability. They tend to think that it was more of America’s connivance. For example, see Rhee, “North Korea Policy,” 149–50.

75 Paik, “A Comparison,” 71.

76 Ibid., 71–73.

domestic and international politics. As examined above, Roh's foreign policy—nordpolitik in general and reunification policy in particular—was a significant shift from the previous administrations' foreign policy, which had a tendency of antagonizing communist states. Not surprisingly, a number of influential individuals from Roh's own administration vehemently opposed his nordpolitik and more reconciliatory stance toward North Korea from the beginning. Given his initial weak position in domestic politics, combined with his cautious character, Roh's indetermination was perhaps the only prudent option. In the end, he was able to manage the situation—either by luck or by prudence—withstanding such difficulties. It is also noteworthy that Roh attempted to dispel Washington's suspicion whenever necessary, while pursuing an “independent” foreign policy and a leading role in inter-Korean relations.

Also, it seems that Roh made decisions based upon his own assessment, although some observers argue that Park Chul Un, a cousin of Roh's wife charged with secret diplomacy with the North during Roh's early tenure, was the first person to strategize nordpolitik in the mid-1980s. Park initially thought Seoul should approach Beijing prior to Moscow in establishing a formal diplomatic relationship. In contrast, Kim Chong Whi, a US-educated defense expert responsible for policy planning and official diplomacy for the whole five years, held that the Soviet Union should be the first objective, mainly because China is closer to North Korea than Russia is, Beijing had more vested interests in Pyongyang, and the Soviet Union was supplying arms to the North.<sup>77</sup> As it stands, Roh shook hands with Gorbachev before his Chinese counterpart.

## V. KIM YOUNG SAM'S FOREIGN POLICY

### *i. Background*

#### *Personal Background*

Perhaps the best word to describe the late president Kim Young Sam is “adventurer.” Kim was a charismatic and intuitive leader. His political career as a long-time democratic activist and president was marked by head-on contests in pursuit of breakthroughs and political victory. This was in large part a reflection of Kim's own character. Former prime minister Kim Jong Pil recalled, “At first sight, I noticed [Kim] was very stubborn and tenacious. . . . [Kim] had a special ability to simplify complex problems with agility and determination.”<sup>78</sup> In a similar vein, a 1992 newspaper article introduced then presidential candidate Kim as the following: “A democratic activist and determined adventurer . . . Kim

<sup>77</sup> Ibid., 59–60; Oberdorfer and Carlin. *The Two Koreas*, 146–47.

<sup>78</sup> Young-Ki Jeon and Ae-ran Han, “Kim Jong Pil's Memoir: Episode 108. Reflection on Kim Young Sam's Political Career,” *Joong-Ang Daily*, November 3, 2015, <http://news.joins.com/article/19115520> (in Korean).

left a mark in our nation's political history through his courageous democracy movement with resolutions and choices unexpected by others."<sup>79</sup>

He was known to have been inspired by US President John F. Kennedy. Like Kennedy, Kim himself was from a wealthy family and went to Seoul National University, South Korea's top educational institution. In addition, his election as a member of the National Assembly in 1954 made him the youngest assemblyman in the nation's history. But what Kim admired most about Kennedy was perhaps his strong drive and ambition. Kim was a relentless political entrepreneur. After Roh formed a three-party coalition including Kim's own party in 1990, Kim insisted that he be elected as the new party's chairperson, and subsequently pushed forward his plan to run for presidency. He did so, even though the new party was composed of three disparate parties and his own party was not the largest of the three. While such drive and ambition eventually led him to the Blue House, Kim's somewhat excessive optimism and the lack of attention to details would soon cause him troubles.<sup>80</sup>

Although a long-time opposition leader and a political activist, Kim had a fundamentally, yet moderately, suspicious position on North Korea.<sup>81</sup> Perhaps it was his personal experience that shaped his view toward the North. When Kim was in his twenties, two thieves invaded his family home in Koje Island, fatally wounding his mother during the robbery. Later on, they turned out to be North Korean agents in search of money to purchase a boat. This tragic experience, Oberdorfer observed, "colored Kim's attitude [and] shielded him from red-baiting that was common against opposition politicians."<sup>82</sup> Still, Kim was more interested in domestic political issues, which rendered him relatively aloof to international affairs.

### *Domestic Environment*

The Kim administration was inaugurated amid euphoria. Kim had both political legitimacy and a sound economy. Such conditions provided him an opportunity to carry out many reforms that would otherwise have been impossible, including the enactment of the real-name financial transaction system, dismemberment of the Hanahui, and an anti-corruption campaign. In particular, Kim's popularity reached its highest point as he dismantled the almighty Hanahui—a private interest group composed of military officers from Kyeongsang Province—and tried former presidents Chun and Roh, both of whom were the group's members,

79 "Profile: Kim Young Sam," *Yonhap News Agency* (YNA), April 18, 1992, <http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=100&oid=001&aid=0003670000> (in Korean).

80 "Profile," YNA; Oberdorfer and Carlin. *The Two Koreas*, 136; Jeon and Han, "Kim Jong Pil's Memoir: Episode 108."

81 Yong Soo Park, "A Critique on the Inflexible Responses of Kim Young Sam Administration to North Korean Nuclear Crisis," *Journal of Korean Politics* 20, no. 3 (2011): 57 (in Korean).

82 Oberdorfer and Carlin. *The Two Koreas*, 137.

at court in 1996. The approval rate of Kim—de facto first civilian president since the 1960s—amounted to over 80 percent, not only because of his political legitimacy but also because of his reform plans. Also, the country's economy was performing well, with an annual GDP growth rate of 6.3 percent, while the North was suffering from perennial contraction.<sup>83</sup> As such, he was able to make and implement foreign policy at his own discretion.

### *External Environment*

By the time Kim was elected, the Cold War was already terminated. Seoul assessed that the new trends in international affairs are globalization, diversification, pluralism, regional cooperation, and future orientation.<sup>84</sup> Witnessing the demise of communism, Seoul came to believe that democracy was an “irreversible trend” and that market reform was successfully carried out in many parts of the world.<sup>85</sup> As this sense of ideological victory prevailed, combined with the previous administration's diplomatic success, the “new conservatives” began to increasingly prioritize globalization over reunification. To them, North Korea was an “anachronistic” or “reactionary” pariah state, and their objective for diplomatic pressure on Pyongyang gradually shifted to “regime collapse,” not “dialogue.”<sup>86</sup> This new line of thinking paved the way for Kim to proclaim his new foreign policy concept of *new diplomacy*.

North Korea was recalibrating its national strategy in the face of diplomatic isolation and economic malaise. Pyongyang enacted laws on economic reform, attempted to mend its sour relations with Washington and Tokyo, and began to emphasize “Korean people” instead of “communist revolution” in its inter-Korea policy. It was thought that the North was increasingly pursuing “passive and *status quo*” unification strategy, instead of the hitherto “aggressive and revisionist” one.<sup>87</sup> Yet both foreign and unification ministries correctly assessed that North Korea's opening and reform would be limited owing to its inflexibility and internal contradictions and that the North Korean regime was faced with a dual challenge of ensuring its survivability while managing the pace of opening in order to save its economy. Such assessment led Seoul to question the sustainability of the North's national system.<sup>88</sup>

Meanwhile, Pyongyang was further developing its nuclear program. This coincided with a major shift in US foreign policy in the post–Cold War era.

83 “GDP Growth,” *World Bank*, <http://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?page=4>; Young Hwan Kim, “Gross Domestic Product Estimates for North Korea in 2013,” *Bank of Korea*, June 27, 2014, <http://www.bok.or.kr/contents/total/eng/boardView.action?menuNavId=634&boardBean.brdId=14033&boardBean.menuId=634>.

84 MOFA, *Diplomatic White Paper 1994*, 15–18.

85 *Ibid.*, 27–28.

86 Rhee, “North Korea Policy,” 153–54.

87 MOU, *White Paper on Unification 1993*, 197–98.

88 MOFA, *Diplomatic White Paper 1994*, 37–38.

Although US intelligence officials had already been eyeing the North's nuclear ambition for some time, it was not a major arms control issue during the early days of the George H. W. Bush administration.<sup>89</sup> Washington made nonproliferation one of its top national security priorities after the Gulf War, and its position vis-à-vis North Korea changed from enticing the country's opening to resolving the nuclear issue that could threaten the "New World Order."<sup>90</sup> However, the Clinton administration initially hoped to solve the problem through diplomatic measures in cooperation with Seoul in 1993.<sup>91</sup> While such efforts eventually failed, now Pyongyang's nuclear program was becoming increasingly important to Washington, and as such was tied to the entire question of inter-Korean relations.

## *ii. Objectives, Practice, and Achievements*

### *Objectives*

Kim's *new diplomacy* was by and large a reflection of his political ideology: the construction of "New Korea." For example, in his speech at the Pacific Basin Economic Council (PBEC) in 1993, Kim made it clear that "new diplomacy is a [concept] emphasizing universal values such as democracy, freedom, welfare, and human rights. In other words, it is a proactive diplomacy based upon morality."<sup>92</sup> Such a view emphasizing "universal values" and extrication from "the old" naturally led to Kim's predilection for "globalization." Initially, the Kim administration's foreign policy objectives were peace building on the Korean peninsula, enhancement of economic diplomacy, a proactive role in the Asia-Pacific region, promotion of Korea's national status, and expansion of cultural diplomacy.<sup>93</sup> Unlike Roh's, Kim's foreign policy was focused on searching for the country's new role, rather than reunification. In that sense, Kim's *new diplomacy* to some extent reflected the more "globalist" vision of the "new conservatives."

On inter-Korean relations, Kim began as a gradualist, but ended up as an visionary. This was perhaps because, as Oberdorfer observed, Kim had a mixed and inconsistent view on North Korea.<sup>94</sup> Initially, his reunification plan was not so much different from Roh's. The administration announced the "Three-Phase Reunification Plan" to achieve a unified, democratic Korean nation, which was essentially an extension of Roh's reunification policy. Kim was perhaps more "conservative" than Roh. He even mentioned in his inauguration speech that "what we need at this point is *not* emotional reunificationism, but a national

89 Oberdorfer and Carlin, *The Two Koreas*, 198–99.

90 Paik, "A Comparison," 23.

91 MOFA, *Diplomatic White Paper 1994*, 37.

92 Kim Young Sam, "Speech at the 26th PBEC Plenary Meeting: Pacific Century and Korea's New Diplomacy," Presidential Archive, May 24, 1993, [http://www.pa.go.kr/research/contents/speech/index04\\_result.jsp](http://www.pa.go.kr/research/contents/speech/index04_result.jsp) (in Korean).

93 MOFA, *Diplomatic White Paper 1994*, 19–21.

94 Oberdorfer and Carlin, *The Two Koreas*, 225.

consensus [on the subject].<sup>95</sup> However, the Kim administration was gradually harboring a high expectation. The foreign ministry anticipated that inter-Korean cooperation would be institutionalized, military tension eased, arms control put in place, and, eventually, the South-North federation materialized.<sup>96</sup> Seoul was hoping the North Koreans might take on domestic reforms in accordance with its communist comrades in Beijing and Moscow, as their economy was already falling apart.<sup>97</sup> This view evolved into a “hard-landing” scenario, as the North suffered from the worst draught as well as Kim Il Sung’s death. By the mid-1990s, halfway through Kim’s tenure, the president was entertaining the idea of North Korea’s imminent collapse and an ensuing reunification of the two Koreas.<sup>98</sup>

### *Practice*

It was a good beginning with a bad ending. In his inauguration speech, Kim declared that he was “ready to meet with [Kim Il Sung] at any time and in any place, if he really values [the unity of] Korean people [over ideologies], and if he wants a genuine reconciliation and reunification of the people of the two Koreas” even amid mounting tension over the North’s nuclear program.<sup>99</sup> Immediately after this, Kim decided to repatriate Lee In Mo, a long-term North Korean political prisoner, back to the North.<sup>100</sup> In addition, Kim even promised to provide resources to the North’s light water reactor project and conceded to participate in four-party talks involving the two Koreas, the United States, and China.<sup>101</sup> However, a set of events altered Kim’s position, leading to an inter-Korean stalemate: the first nuclear crisis, Kim Il Sung’s death, and the breakdown of humanitarian support.

- a) First Nuclear Crisis:<sup>102</sup> Soon after Kim announced his decision to repatriate Lee In Mo, Pyongyang opted out from the Non-Proliferation Treaty (NPT), and refused an inspection by the International Atomic Energy Agency (IAEA) in June the next year.<sup>103</sup> The situation was aggravating. During the eighth working-level talks in March 1994, North Korea’s representative threatened his counterpart from the South that “[Seoul] will be a sea of

95 Kim, “Speech at the 26th PBEC Plenary Meeting.”

96 MOFA, *Diplomatic White Paper 1993*, 11

97 Both Ministry of Foreign Affairs and Ministry of Unification seemed to harbor a view that Pyongyang could no longer compete with Seoul on arms race, given its economic malaise, and that the Kim regime would naturally resort to domestic reforms as did China and the Soviet Union.

98 Paik, “A Comparison,” 82.

99 Kim Young Sam, “Inauguration Speech: All Together to a New Korea,” Presidential Archive, February 25, 1993, [http://www.pa.go.kr/research/contents/speech/index04\\_result.jsp](http://www.pa.go.kr/research/contents/speech/index04_result.jsp) (in Korean).

100 Paik, “A Comparison,” 28.

101 *Ibid.*, 83–91.

102 The origin of North Korea’s nuclear program dated as far back as to the early days of the nuclear age. North Korea was where Imperial Japan relocated its fledgling nuclear weapons program during World War II. While the Soviet Union initially provided an experimental nuclear reactor with a condition of IAEA inspection, Pyongyang turned to Beijing for assistance to develop their own nuclear program. Yet Mao Zedong is known to have turned down Kim Il Sung’s request. See Oberdorfer and Carlin, *The Two Koreas*, 196–98.

103 Kim repatriated Lee In Mo to North Korea, notwithstanding Pyongyang’s withdrawal from the NPT.

fire.<sup>104</sup> It is said that Washington was considering surgical strikes on the Yongbyon nuclear facilities. Later, Kim recalled that “U.S. Navy deployed 33 vessels and 2 aircraft carriers along the east coast of the Korean Peninsula in order to strike Yongbyon [if needed].”<sup>105</sup> This situation was put to an end only after Jimmy Carter’s visit to Pyongyang and the subsequent signing of the Agreed Framework between the United States and North Korea in October 1994.<sup>106</sup>

In this crisis, Kim felt that his role was limited, and for that matter he was unsatisfied with Washington.<sup>107</sup> Kim criticized the Clinton administration in his interviews with the British Broadcasting Company (BBC) and the *New York Times* (NYT).<sup>108</sup> In the NYT interview, he chastised Washington for “[being] naive and overly flexible.” Kim added that North Korea “was on the verge of an economic and political crisis,” and as such Washington should “[pressure] Pyongyang to abandon its suspected nuclear program.”<sup>109</sup> This appalled US policy makers. Washington requested Seoul to endorse the Agreed Framework, but Kim initially refused to fully cooperate.<sup>110</sup> US officials regarded Kim’s reaction as driven by his domestic political concerns. For example, Robert Gallucci, who negotiated the Agreed Framework, recalled in his interview with Yonhap News Agency that “[Kim] needed to deal with North Korea not only as a foreign policy, but as a huge domestic policy.”<sup>111</sup> Yet one analyst points out that Kim was not entirely dependent upon public opinion, since his approval rate was very high at the time being.<sup>112</sup> Whatever the truth was, Kim’s behavior discomfited Washington, and this was a prelude to the further deterioration in the US-ROK relationship.<sup>113</sup>

- b) Kim Il Sung’s Death: Former US president Jimmy Carter rushed to Pyongyang on June 15, 1994, a day before US Secretary of Defense William Perry requested President Clinton for the augmentation of troops to the Korean peninsula in preparation for a possible surgical strike—and an ensuing military conflict—on Yongbyon.<sup>114</sup> Carter’s mission, as discussed

104 Oberdorfer and Carlin, *The Two Koreas*, 238.

105 Min-Shik Park, “YS Said ‘35 U.S. Vessels Prepared to Strike Yongbyon during the First North Korean Nuclear Crisis,’” *Hankook Ilbo*, April 14, 2009, <http://news.naver.com/main/read.nhn?mode=LSD&mid=sec&sid1=100&oid=038&aid=0002005499> (in Korean).

106 Paik, “A Comparison,” 88–92.

107 *Ibid.*, 30.

108 Oberdorfer and Carlin, *The Two Koreas*, 224–25.

109 James Sterngold, “South Korea President Lashes Out at U.S.,” *New York Times*, October 8, 1994, <http://www.nytimes.com/1994/10/08/world/south-korea-president-lashes-out-at-us.html>.

110 Paik, “A Comparison,” 31.

111 Duk-Hwa Hong, “Interview with Robert Gallucci,” YNA, April 1, 2005, <http://news.naver.com/main/read.nhn?mode=LSD&mid=ec&sid1=115&oid=001&aid=0001896840> (in Korean).

112 Park, “A Critique,” 67.

113 Paik, “A Comparison,” 30–33.

114 Initially, US officials opposed the idea. In contrast, the South Korean government sent the Korean ambassador to the United States to Carter’s home in Atlanta. Wan-Joon Yoon, “The Best of South Korea’s Diplomatic History, No. 3: First Nuclear Crisis and Kim Il Sung’s Death,” *Dong-A Daily*, August 28, 2015, <http://news.donga.com/3/all/20150829/73316352/1> (in Korean).

with Gallucci, was to request Kim Il Sung to freeze his nuclear program temporarily and to allow IAEA inspectors at Yongbyon to stay. Kim Il Sung agreed to do both, and in return Carter promised that he would “recommend” his government to “support” North Korea’s acquisition of light water reactors.<sup>115</sup> The North Korean leader also accepted an offer by his South Korean counterpart to have an inter-Korean summit, which was conveyed to him by Carter, evoking Kim Young Sam’s inaugural speech that proposed the two to meet “at any time and in any place.”<sup>116</sup>

Due to Carter’s successful visit to Pyongyang, the situation was reversed from crisis to opportunity. In particular, Kim Young Sam rejoiced over Kim Il Sung’s acceptance to have an inter-Korean summit. The former was perhaps expecting to become the first South Korean president to have a summit meeting with Kim Il Sung; the latter might have wanted Seoul’s financial assistance. Perhaps the two were sincere about peace and reunification of the Korean peninsula. Whatever their purpose was, both Kims were preparing earnestly for the would-be first inter-Korean summit meeting in their own ways.<sup>117</sup>

However, Kim Il Sung’s sudden death changed everything, and the United States and South Korea responded very differently. While Clinton expressed his “condolence to the people of North Korea,” Kim Young Sam only made a brief statement during the National Security Council meeting, saying, “It is lamentable [that Kim Il Sung passed away] as I was expecting to have a very frank conversation [with him] on the peace of the Korean Peninsula as well as our people’s future in fifteen days.”<sup>118</sup> The president never expressed any formal condolence. Instead, Kim, expecting North Korea’s imminent collapse, issued an emergency alert to the armed forces, disclosed classified documents of the former Soviet Union revealing Kim Il Sung’s role in instigating the Korean War, and banned South Korean citizens to express any type of condolence.<sup>119</sup> Pyongyang was infuriated. In response to Seoul’s prohibition, the Korean Central News Agency (KCNA) castigated the South Korean president.<sup>120</sup>

Kim officially remarked that it was not the right time to discuss the possibility of the inter-Korean summit since North Korea requested its adjournment. In fact, Kim personally believed that the North would not be able to sustain itself for long without its leader, and therefore thought that who his

115 Oberdorfer and Carlin, *The Two Koreas*, 258.

116 *Ibid.*, 262.

117 *Ibid.*, 265–67.

118 Soong-Ho Cho, “North Korea Backfired against South’s Prohibition to Express Condolence to Kim Jong Il,” *Dong-A Daily*, December 21, 2011, <http://news.donga.com/3/all/20111221/42766136/1> (in Korean).

119 Paik, “A Comparison,” 93

120 Cho, “North Korea Backfired.”



counterpart would be was rather uncertain. As such, Kim did not have the privilege to become the first South Korean president to have an inter-Korean summit.<sup>121</sup>

- c) Breakdown of Humanitarian Support: North Korea started suffering from economic difficulties in the 1990s. In 1995, it suffered a severe food shortage in the aftermath of a disastrous flood.<sup>122</sup> In this context, Kim decided to provide rice without any conditions, as long as South Korea's aid was delivered to the North ahead of Japan's.<sup>123</sup> From June to October 1995, the South Korean government directly handed over 150,000 tons of rice to North Korea. In addition, Seoul's humanitarian support to Pyongyang via international organizations amounted to approximately (USD) \$27 million.<sup>124</sup> Since food shortage is the North's perennial problem, Pyongyang had constantly requested provision of food from both South Korea and the United States. And this had been an effective tool to elicit North Korea's concession in negotiations.<sup>125</sup>

However, not long after Seoul initiated the humanitarian assistance, a South Korean vessel carrying staples to North Korea raised the North Korean flag while unloading, which enraged the South Korean public.<sup>126</sup> Although the support was resumed after North Korea made an apology, Kim, sensing domestic discomfort toward the incident, unilaterally abolished the 2+2 framework that he just proposed during his recent visit to the United States, which frustrated Washington.<sup>127</sup> The humanitarian food support was also halted since the North Korean authorities detained South Korean sailors and a vessel transporting the relief.<sup>128</sup>

To make the matter worse, a North Korean submarine with 26 crew members infiltrated into the South Korean territory. Its mission was to transport several spies to gain information on South Korea's air force bases. Seoul mobilized armed forces to hunt down the infiltrators. As a result, 24 of the 26 North Korean crew members were killed. In addition, 13 South Korean soldiers and four civilians died.<sup>129</sup> After this incident, Kim decided to impose "hard-landing" upon North Korea. He defined the submarine intrusion as North Korea's "armed provocation," and suspended inter-Korean economic

121 Paik, "A Comparison," 93; Oberdorfer and Carlin, *The Two Koreas*, 270–71.

122 MOU, *White Paper on Unification 1998*, 11.

123 This anecdote also reflects Kim's obsession with political victory. Park, "A Critique," 63.

124 MOU, *White Paper on Unification 1998*, 11.

125 Paik, "A Comparison," 87.

126 *Ibid.*, 31.

127 The 2+2 framework was a plan for the Korean peninsula's transition from armistice to peace regime, in which both Koreas take the leading role with support and arbitration of the US and China. The plan was well received by Washington. See Park, "A Critique," 63; Paik, "A Comparison," 31.

128 Park, "A Critique," 63.

129 Office of the Korea Chair, "Record of North Korea's Conventional Provocations since 1960s," *Center for Strategic and International Studies*, May 25, 2010, [http://csis.org/files/publication/100525\\_North\\_Korea\\_Provocations.pdf](http://csis.org/files/publication/100525_North_Korea_Provocations.pdf).

cooperation. Kim also halted South Korea's activities in the Korean Peninsula Energy Development Organization (KEDO), which was created as a result of the 1994 Agreed Framework. All of these decisions baffled Washington.<sup>130</sup> In the absence of humanitarian support, inter-Korean relations came to a stalemate.

### *Achievements*

Kim's achievement is somewhat mixed. For one thing, his advocates, as well as Kim himself, argue that he saved the Korean peninsula at the brink of war during the first North Korean nuclear crisis by insisting President Clinton drop the military plan. Others—especially American observers—do not necessarily agree with this.<sup>131</sup> At any rate, Seoul was formerly excluded during the crisis, which compromised South Korea's diplomatic autonomy.<sup>132</sup> Had he been more fortunate, Kim could have made significant achievements, such as the first inter-Korean summit and the 2+2 framework. However, to his credit, South Korea became a central part of KEDO, and signed the Agreement on Supply of a Light-Water Nuclear Project under Kim's watch.<sup>133</sup> In addition, and somewhat ironically, out of expectation that North Korea would soon collapse, Kim put in place a legal framework to accommodate North Korean refugees to the South Korean society, devised plans in preparation for contingency, and designed an intra-governmental response system.<sup>134</sup>

### *iii. Evaluation*

Kim was not very successful in foreign policy. His presidency ended with a stalemate with North Korea and a strained relationship with the United States—to say nothing of the wrecked economy—although he made remarkable achievements in the realm of domestic politics, including the dismemberment of the Hanahui, financial reform, and eradication of the collusion between business and government. To be fair, he was constrained by external pressures—especially the change in US security strategy, North Korea's continued nuclear ambition, and Kim Il Sung's sudden death. However, it was Kim's leadership style—his desire for political triumph as well as sensitivity to recognition—that eventually affected both inter-Korean and US-Korea relations negatively. It was perhaps because Kim subordinated foreign policy to domestic politics.<sup>135</sup> Last but not least, Kim began to harbor the idea of “hard-landing” of North Korea. The “hard-

130 Paik, “A Comparison,” 32.

131 Gallucci mentioned that military action was not regarded feasible by the Clinton administration. For example, see Hong, “Interview with Robert Gallucci.”

132 Paik, “A Comparison,” 90.

133 MOU, *White Paper on Unification 1998*, 13

134 Paik, “A Comparison,” 94.

135 This is illustrated in the Kim administration's national strategy emphasizing domestic reforms. The main policy objectives were clean government, sound economy, healthy society, and then finally a unified nation.

landing” scenario is predicated upon an assumption that North Korea’s economic malaise, combined with Kim Il Sung’s death, would lead to its political collapse. Kim’s fixation with this idea made it hard for Seoul to change its stance toward Pyongyang. As examined above, Kim could have made significant achievements had he been more prudent about the possibility of North Korea’s hard-landing. In the following section, our initial questions will be answered.

## VI. DISCUSSION

### *i. A Conservative Foreign Policy?*

As examined above, conservatism has not been properly understood in South Korea. Thus, the conservatives did not necessarily have a consistent foreign policy. Presidents Roh and Kim, although they were both members of a “conservative party,” had very different approaches to inter-Korean affairs. Roh Tae Woo was more flexible and even reconciliatory toward North Korea, notwithstanding his affiliation with the conservative establishment. In contrast, Kim Young Sam, who began with a similar approach, became more inflexible and confrontational at some point, thereby ending up in a stalemate.

In addition, as aforementioned, a new trend emerged among the conservatives at the end of Roh’s tenure: globalization. This was indeed a global phenomenon. Emboldened by the ultimate defeat of the Soviet Union, political commentators and scholars around the world argued that globalization predicated upon American power and values would supplant geopolitical rivalry that dominated the previous centuries. Among others, political scientist Francis Fukuyama published *The End of History and The Last Man* (1992), Charles Krauthammer wrote an essay titled “The Unipolar Moment” (1990) in *Foreign Affairs*, and the term “borderless world” gained popularity.<sup>136</sup> This, combined with Kim’s own political view, might have had an impact upon him and his advisers in forming more globally oriented foreign policy as well as the belief in North Korea’s hard-landing.

### *ii. The Role of Presidential Leadership*

While both international and domestic politics played a part, both Roh’s and Kim’s character was also crucial in determining their courses of action at critical moments. Roh started his presidency in a relatively unfavorable situation. Domestically, his legitimacy was tested, foreign policy opposed, and political position weak. In particular, a number of influential individuals and bureaucracies constantly opposed Roh’s nordpolitik from the beginning. The

<sup>136</sup> For a discussion on the hype of “globalization,” see, for example, Kenneth N. Waltz, “Globalization and American Power,” *National Interest* 59 (Spring 2000): 46–56.

international environment was not entirely favorable to Roh, contrary to the view of many scholars who attribute Roh’s success to “third image.” New détente and the subsequent end of the Cold War offered not only opportunities, but also threats. The collapse of the Soviet Union could have had negative geopolitical repercussions. In fact, system transformation has usually entailed major international conflicts historically.<sup>137</sup> Given that the Korean peninsula was one of the front lines during the Cold War, it is not inconceivable that a small mistake could have spiraled into a catastrophic incident.

Notwithstanding the challenges he faced, Roh achieved most of his foreign policy objectives: national preservation, diplomatic autonomy, direct control and initiative of inter-Korean affairs. Roh was able to formalize relationships with many communist countries, most notably with the Soviet Union, and sign monumental documents including the Inter-Korean Basic Agreement, while not alienating the United States. Domestically, legal framework for further inter-Korean cooperation was established under Roh’s watch. While Roh was not entirely immune from bureaucratic infightings and a lame-duck status, he achieved perhaps more than what he initially intended in a constrained environment, and the result deserves recognition.

In contrast, Kim assumed the presidency in a relatively favorable situation: he was the first de facto democratically elected civilian president; his party occupied the majority at the legislature; and his approval rate was high owing in part to his inspirational political career as well as to audacious reform plans. Internationally, South Korea was in a much better shape, both geopolitically and economically: it had already established diplomatic relations with all its former enemies, including the Soviet Union and China; it had been recognized by the United Nations; its economy was stronger while the North was struggling; and more importantly, Pyongyang’s largest patron, Moscow, was gone. With his stronger position, Kim could have managed the inter-Korean affairs more successfully.

**Table 2. Evaluation of Roh Tae Woo and Kim Young Sam**

Leadership style	Transactional style	Inspirational style
<b>Objective</b>		
Transformational objectives		Kim Young Sam
Status quo / incremental objectives	Roh Tae Woo	

Source: Nye, *Presidential Leadership and the Creation of the American Era*, 9.

Some analysts argue that North Korea’s nuclear program was becoming increasingly troublesome and that Washington was now paying more attention

<sup>137</sup> Doran, “Economics, Philosophy of History.”

to it. However, such statements only highlight Kim's lack of strategic acumen or excessive optimism. For one thing, Kim initially made it clear that he would take a more positive stance toward Pyongyang, despite the mounting tension over the North's nuclear program. Unfortunately, Kim never got what he wanted from Pyongyang. On the latter issue, Washington's increased attention could have been managed or at least coordinated to the benefit of inter-Korean relations. The fact that Kim's successors, Presidents Kim Dae Jung and Roh Moo Hyun, were able to pursue their own foreign policy falsifies such deterministic arguments.<sup>138</sup> Regarding the US-Korea relationship during Kim's tenure, some American officials thought that Seoul was even more problematic than Pyongyang.<sup>139</sup> It was really Kim's fixation with political victory, combined with his obsession with the "hard-landing" scenario, that drove his inter-Korean policy adrift.

Others have observed that under Kim a new pattern in foreign policy emerged: bureaucratic politics. According to these scholars, major players were either the Ministry of Unification and the National Intelligence Service, or the Ministry of Foreign Affairs and the Blue House. However, these scholars have examined cases that are relatively less critical and more technical, such as trade and defense procurements, which require technocratic expertise.<sup>140</sup> Another analyst points out that Kim gave credits to the Unification and National Security Council, which was chaired by the deputy prime minister for reunification affairs (minister of unification). Yet Kim's deputies served only for a short stint, in contrast to Kim Chon Whi and Park Chul Un under Roh.<sup>141</sup> Also, unlike his predecessor, Kim did not lack legitimacy, and therefore was able to amass political capital, enabling him to pursue an independent policy.<sup>142</sup> As such, it is more likely that Kim himself was *the* major actor in the conduct of reunification policy.

In sum, Roh, although neither his objectives nor style was transformational, achieved a transformational outcome. On the other hand, Kim, who started his tenure with a modest vision, clung to a high hope at some point and fixated on political victory, and therefore ended up without significant accomplishments. As it stands, a transactional leader seems to fare better than an inspirational one, at least in the domain of foreign policy. This is in line with Nye's findings.

138 It is not the purpose of this paper to discuss whether Kim Dae Jung's and Roh Moo Hyun's policies were effective or not.

139 Paik, "A Comparison," 32.

140 For example, see Jong-Yun Bae, "Korean Foreign Policy with the Bureaucratic Politics Model: Its Reliability and Usefulness," *Korean Journal of International Relationship* 42, no. 4 (2002): 97–116 (in Korean).

141 Paik, "A Comparison," 46–47.

142 *Ibid.*, 26.

**Table 3. Effectiveness of Transformational and Inspirational Leadership**

	Transformational objectives?	Inspirational style?	Transformational outcome (by the end of tenure)?
Roh Tae Woo	No	No	Yes
Kim Young Sam	After 199X	Yes, mixed	No

Source: adapted from Nye, *Presidential Leadership and the Creation of the American Era*, 60.

**iii. Policy Implications**

Then, what are policy implications for the conservatives? First, a conservative foreign policy should be based upon strategic calculation with moderate goals—namely, pragmatic conservatism—not upon wishful thinking with lofty ends. One can hope for a German-style sudden and peaceful unification; but the reality compels Seoul to recalibrate its assessment and plans fundamentally. As it is, North Korea is unlikely to take on drastic reforms or collapse immediately. It is questionable whether the South Korean government can manage the situation in either case, even with the support from the US Forces Korea (USFK). In fact, Bruce Bennett and Jennifer Lind estimated that 260,000–400,000 ground forces will be required to stabilize North Korea in the case of collapse, even under an optimistic scenario.<sup>143</sup> Given that South Korea will reduce the number of its army divisions by 10, the country’s ability to manage the contingency will be further undermined.<sup>144</sup> Any extreme situation without proper preparation would only exacerbate the situation. What is needed now is a sound strategic planning and prudent management of the situation, not an inspirational rhetoric or idealistic vision.

This does not mean that Seoul should appease Pyongyang. In any case, North Korea’s nuclear program is unacceptable as it poses an existential threat to South Korea. Also, it is noteworthy that superiority in system is not in and of itself a guarantee of victory. As history shows, nations with superior political and economic systems have suffered devastating losses to their inferior enemies. Free and democratic Athens was subjugated and torn down by the Spartans, who were autocratic, militaristic, and poor. The Song Dynasty finally had to give in to nomadic tribes, first to the Khitan and the Juchens, and later to the Mongols, notwithstanding its economic and cultural superiority. The French Republic was overrun by Nazi Germany. The fact that the Cold War culminated in the

143 Bruce W. Bennett and Jennifer Lind. “The Collapse of North Korea: Military Missions and Requirements,” *International Security* 36, no. 2 (2011): 110.

144 Bruce Bennett, “Preparing for the Possibility of a North Korean Collapse,” briefing presented before the U.S.–China Economic and Security Review Commission, January 29, 2014, [http://130.154.3.8/content/dam/rand/pubs/testimonies/CT400/CT404/RAND\\_CT404.pdf](http://130.154.3.8/content/dam/rand/pubs/testimonies/CT400/CT404/RAND_CT404.pdf).

free world's victory over the communists was not a natural process. Rather, it is evidence that the former's comprehensive power—material, ideological, and strategic—overwhelmed the latter's.

The point is that a conservative president's foreign policy does not necessarily have to antagonize North Korea. A more flexible approach may offer a breakthrough in inter-Korean relations, leading to a peaceful coexistence and possibly a reunification. In fact, the conservatives have a long history of flexible and moderate foreign policy, based upon realistic calculation and transactional means. For example, it was during the Nixon-Kissinger years that the United States opened China, signed the Anti-Ballistic Missile (ABM) Treaty and the Strategic Arms Limitation Talks/Treaty (SALT) agreement with the Soviet Union, and pursued détente with the communist bloc. To be truly *conservative* does not mean pursuing a hard-lining policy toward Pyongyang. In that sense, today's conservatives should learn from Roh's realism and transactional leadership.

## VII. CONCLUSION

“A scholarship of social determinism,” writes Kissinger, “has reduced the statesman to a lever on a machine called ‘history,’ to the agent of a fate which he may dimly discern but which he accomplishes regardless of his will.”<sup>145</sup> For sure, most modern historians and political scientists are less interested in great men than their predecessors were. Yet, as we have examined, individual leaders matter, as much as international environment and domestic politics: Roh's character allowed him to manage international, inter-Korean, and domestic transition prudently; it was Kim's personal idiosyncrasies that set the South-North relations adrift.

As of this writing, the two Koreas are mired in a gridlock: the Kaesong Industrial Complex (KIC) was shut down; North Korea is constantly threatening its southern neighbor as well as the international community with its nuclear program; and Seoul and Pyongyang are exchanging harsh language. In the meantime, the international system is once again evolving with major regional powers recalibrating their national strategies: Japan is reinterpreting its Peace Constitution; Russia is increasingly eyeing the Far East; and the US-China rivalry is becoming unpredictable and dangerous. All of these pose a great challenge to inter-Korean relations. South Korea desperately needs a judicious and shrewd leader with a strategic vision to transform the last battleground of the Cold War to the “Land of Morning Calm.”

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<sup>145</sup> Henry A. Kissinger, *A World Restored: Metternich, Castlereagh and the Problems of Peace 1812–1822*. (Brattleboro, VT: Echo Point Books, 2013; 1957), 32.

# **US Foreign Policy and Korean Reunification: A Comparative Analysis of the Clinton and the Obama Administrations' North Korea Policies**

by Stephanie Faulkner







# **US Foreign Policy and Korean Reunification: A Comparative Analysis of the Clinton and the Obama Administrations' North Korea Policies**

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## **I. WHY US FOREIGN POLICY?**

The United States, as a contributor to the division of the Korean peninsula and a security guarantor of the southern half of the peninsula (and an adversarial figure to the northern half), has the power to facilitate or hinder reunification.<sup>1</sup> Despite this, the United States has failed to delineate its position on the issue of Korean reunification and instead has resorted to “a policy of muddling through—hoping to avoid disaster but taking only limited actions to prevent it.”<sup>2</sup> Therefore, it is critical that the United States devise a coherent policy on Korean reunification and toward the North Korean question. This is all the more salient now that the Cold War structure, which perpetuated the division of the Korean peninsula, has dissolved. Of the two Koreas, it is in fact “the weaker North Korea far more than the stronger South Korea that holds a master key to shaping the future of the divided Korean peninsula.”<sup>3</sup> Though the future of North Korea is precarious and largely depends on the support of external powers—most importantly, South Korea, China, and the United States—the prospect of Korean reunification to a great extent depends on “North Korea’s system dynamics, a complex and ongoing interplay of domestic reforms and external support.”<sup>4</sup> As such, this paper will focus on post–Cold War US foreign policy toward North Korea since “the evolution of U.S. policy toward North Korea can serve as a proxy for understanding the implicit U.S. policy on Korean reunification.”<sup>5</sup>

## **II. WHY COMPARE THE CLINTON AND THE OBAMA ADMINISTRATIONS?**

The North Korean systemic factors that shaped the environment in which President Clinton and President Obama operated had two notable parallels. First, early on in both of the presidencies, North Korea announced its withdrawal from the International Atomic Energy Agency (IAEA) and from the Six-Party Talks, respectively. Although they are two different institutions, the IAEA (within this context) and the Six-Party Talks seek to achieve similar goals—the denuclearization of the Korean peninsula. As such, North Korea’s withdrawal

1 Samuel S. Kim, *The Two Koreas and the Great Powers* (Cambridge: Cambridge University Press, 2006), 338.

2 *Ibid.*, 339.

3 *Ibid.*, 296.

4 *Ibid.*

5 *Ibid.*, 339.

from these bodies constituted similar challenges that confronted the Clinton and the Obama administrations. Second, both President Clinton and President Obama witnessed the rare leadership transition in North Korea, from Kim Il Sung to his son Kim Jong Il during the Clinton administration and from Kim Jong Il to his youngest son, Kim Jong Un, during the Obama administration. These seemingly precarious occasions are significant not only because they marked the rarely observed power transition in North Korean society from one individual to another, but also because they led to widespread predictions of the North Korean regime's collapse. The notion itself may have triggered the two administrations to respond in similar or different ways.

For the past two decades, US policy toward North Korea has been a source of contentious debate between the Democrats and the Republicans. When the Clinton administration held high-level talks and negotiated the 1994 Agreed Framework with the North Koreans, Republicans called it appeasement.<sup>6</sup> When the George W. Bush administration labeled North Korea as part of the "axis of evil" and refused to engage in direct talks, Democrats criticized the administration's approach to North Korea as serving no useful security purpose.<sup>7</sup> Although the Bush administration engaged North Korea through bilateral and multilateral talks during its second term, the initial "hawkish" policy was what ended up defining the Bush administration's North Korea policy and legacy thereafter. This has led to a plethora of research contrasting the two administrations' North Korea policies, which continues to shape policy debates on how to deal with North Korea to this day.

What *is* lacking in these academic and policy debates, however, is the intraparty differences in the conduct of foreign policy. As the Oval Office was handed over from a Republican administration back to a Democratic administration, there were high hopes that the transition would lead to dramatic breakthroughs in foreign policy. Sure enough, President Obama—from his time as presidential candidate Obama—declared his willingness to reach out to "rogue states" whose leaders were "willing to unclench [their] fist."<sup>8</sup> He emphasized the need for "sustained, direct, and aggressive diplomacy" with North Korea.<sup>9</sup> He pledged to be "firm and unyielding in our commitment to a non-nuclear Korean peninsula" and vowed to achieve "the complete and verifiable elimination of all of North Korea's nuclear weapons programs, as well as its past proliferation activities, including with Syria."<sup>10</sup> To a certain extent, this policy echoed the substance

6 Frontline PBS: Interviews on The Debate Over How to Deal with North Korea, <http://www.pbs.org/wgbh/pages/frontline/shows/kim/themes/debate.html>

7 Ibid.

8 Barack Hussein Obama, "President Barack Obama's Inaugural Address," *Whitehouse.gov*, January 21, 2009, <https://www.whitehouse.gov/blog/2009/01/21/president-barack-obamas-inaugural-address>.

9 Bruce Klingner, "Obama's Evolving North Korean Policy," *SERI Quarterly* 5, no. 3 (July 2012): 111–16, 11, <http://search.proquest.com/docview/1030963598?accountid=11752>.

10 Ibid.

of the Clinton administration's approach. Unlike Clinton's approach, however, the policy that ended up defining the Obama administration's approach was "strategic patience." A policy that some consider a "recipe for non-action"<sup>11</sup> diverged from Clinton's proactive approach to the North Korean nuclear issue. This is especially confounding considering Obama had one of the most detailed and extensive nuclear policy agendas any candidate ever carried into the White House.<sup>12</sup> To address this puzzle, this paper seeks to explain the factors that led the two Democratic presidents to pursue different policies toward North Korea.

### III. LITERATURE REVIEW FOR ANALYSIS

In the hopes of shedding light on the factors that led Presidents Clinton and Obama to pursue different policies toward North Korea, this paper will consult Kenneth Waltz's "three images"<sup>13</sup> of international relations as well as Robert Putnam's "two-level game" theory.<sup>14</sup> For a comprehensive understanding of the events that take place in international relations, it is crucial to start with Waltz's three levels of analysis. Although this scheme focused on explaining the causes of war,<sup>15</sup> the "three images" spelled out a groundbreaking framework for analyzing the workings of the international system. The first image argues that wars are often caused by the nature of particular statesmen and political leaders or by human nature in a broader sense.<sup>16</sup> The second image contends that wars are caused by the domestic composition of states.<sup>17</sup> The third image, which Waltz posits as the most influential of the three, attributes war to the anarchic structure of the international system.<sup>18</sup> Using the general rubric of Waltz's images, this paper will analyze US foreign policy toward North Korea during the Clinton and Obama administrations by focusing on the domestic and international levels of analysis.

For an extensive account of these episodes, both domestic and international analyses must be carried out. However, since this paper solely focuses on the domestic and international factors and their implications for the US administrations, this paper represents a comparative analysis of two "partial equilibriums,"<sup>19</sup> that of the Clinton and Obama administrations. A "general equilibrium"<sup>20</sup> analysis that accounts for how the domestic politics of several

11 Michael Green, "'Strategic Patience' with North Korea Gets You Nowhere," *Foreign Policy*, January 7, 2016, 1–4.

12 Hong Nack Kim, "U.S.-North Korea Relations under the Obama Administration: Problems and Prospects," *North Korean Review*, no. 1 (Spring 2010): 20–36, <http://search.proquest.com/docview/1682440892?accountid=11752>.

13 Kenneth N. Waltz, *Man, the State, and War: A Theoretical Analysis* (New York: Columbia University Press, 1959).

14 Robert D. Putnam, 1988. "Diplomacy and Domestic Politics: The Logic of Two-level Games," *International Organization* 42, no. 3 (Summer 1988): 427–60, <http://www.jstor.org/stable/2706785>.

15 Waltz, *Man, the State, and War*.

16 *Ibid.*

17 *Ibid.*

18 *Ibid.* In this context, the "anarchic structure" refers to the absence of a sovereign body that governs the interactions between autonomous nation-states.

19 Putnam, "Diplomacy and Domestic Politics."

20 *Ibid.*

countries—namely the United States, North and South Korea, and other relevant countries—become entangled via an international negotiation on the issue of denuclearization on the Korean peninsula is a topic that requires further research and attention. Nonetheless, this paper will employ the conceptual framework of the two-level game to decipher how domestic and international factors influenced US foreign policy toward North Korea.

The two-level game expands upon the works of Peter Katzenstein and Stephen Krasner, who illustrated the importance of domestic factors in foreign economic policy.<sup>21</sup> Both scholars emphasized “the crucial point that central decision-makers (‘the state’) must be concerned simultaneously with domestic and international pressures.”<sup>22</sup> This point has a broader application to foreign policy, in general. The domestic pressures would be generated from domestic determinants of foreign policy: parties, legislators, interest groups, and so on. Moreover, not only are the central executives required to be concerned with pressures at both the domestic and international levels, but they are also tasked with the special role of mediating domestic and international pressures because they are directly exposed to both spheres.<sup>23</sup>

As such, the two-level game presents a theory for contemplating the challenges that confront central executives and conceiving the politics of international negotiations, in general. “At the national level, domestic groups pursue their interests by pressuring the government to adopt favorable policies, and politicians seek power by constructing coalitions among those groups. At the international level, national governments seek to maximize their own ability to satisfy domestic pressures, while minimizing the adverse consequences of foreign developments. Neither of the two games can be ignored by central decision-makers, so long as their countries remain interdependent, yet sovereign.”<sup>24</sup> For example, both Presidents Clinton and Obama sought to reconcile both the wishes of Congress, interest groups, their parties, and others, and North Korea. Clinton was more accommodating of North Korea’s interests than Obama was. Putnam paints a clear picture to illustrate how the two-level game operates: “Each national political leader appears at both game boards. Across the international table sit his foreign counterparts, and at his elbows sit diplomats and other international advisors. Around the domestic table behind him sit party and parliamentary figures, spokespersons for domestic agencies, representatives of key interest groups, and the leader’s own political advisors.”<sup>25</sup>

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21 *Ibid.*, 431.

22 *Ibid.*

23 *Ibid.*, 432.

24 *Ibid.*, 434.

25 *Ibid.*

This “two-table” metaphor wonderfully captures the dynamics of international negotiations better than any model based on unitary national actors.<sup>26</sup> Hence, this will be a useful framework for analyzing the Clinton and the Obama administrations’ rationale behind their foreign policy choices based on the challenges they faced at the domestic and international “tables.”

#### **IV. THE CLINTON ADMINISTRATION’S “ENGAGEMENT”**

There were three main factors that facilitated the Clinton administration’s path toward engagement with North Korea, which culminated in the Agreed Framework in 1994. First, the transition from a bipolar to a unipolar international system compelled the United States to undertake a leadership role in the global nonproliferation regime, which implied that the United States also needed to tackle North Korea’s nuclear ambitions. Second, former president Jimmy Carter served as a crucial catalyst in defusing the crisis and facilitating the Clinton administration’s path toward bilateral negotiations. Finally, when the Republicans held majorities in both houses of Congress from 1995 to 2001, Congress did not back their criticism of the Clinton administration’s approach with binding legislative action.<sup>27</sup>

##### *The Unipolar International System*

When Bill Clinton became president of the United States in 1993, the Cold War was over. Along with it, the bipolar world order that characterized the era also dissipated. As the only superpower left standing, the United States seemed to have not only the resources to resolve international problems, but also the will to do so.<sup>28</sup> However, the pendulum indicating Americans’ attitude toward foreign policy had already swung back to isolationism from world affairs.<sup>29</sup> Piggybacking on this sentiment, presidential candidate Bill Clinton—who pledged to devote more attention to domestic issues and to revitalize the American economy—was able to defeat the incumbent, President Bush.<sup>30</sup>

Although President Clinton was winning the hearts and minds of his domestic constituents by committing to domestic policy, he was soon confronted with the “international table”<sup>31</sup> as he assumed the position of America’s chief executive. Despite the end of the Cold War, conflicts and tensions between the two Koreas

26 Ibid., 434; Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971), 4

27 Robert M. Hathaway and Tama Jordan, “The U.S. Congress and North Korea during the Clinton Years: Talk Tough, Carry a Small Stick” *Asian Survey* 44, no. 5 (September 2004): 711–33, accessed April 18, 2016, <http://search.proquest.com/docview/224230582?accountid=11752>.

28 Ryan J. Barilleaux and Andrew Ilsu Kim, “Clinton, Korea, and Presidential Diplomacy,” *World Affairs* 162, no. 1 (Summer 1999): 29–40. <http://www.jstor.org/stable/20672568>.

29 Frank L. Klingberg, *Cyclical Trends in American Foreign Policy Moods: The Unfolding of America’s World Role* (Lanham, MD: University Press of America, 1983).

30 Barilleaux and Kim, “Clinton, Korea, and Presidential Diplomacy.”

31 Putnam, “Diplomacy and Domestic Politics,” 431.

remained. Still maintaining a massive, forward-deployed conventional military force, possessing a variety of chemical and biological weapons, and pursuing the development of nuclear weapons, North Korea presented one of the most dangerous threats to international security and American foreign policy.<sup>32</sup> For a president who wanted to focus on his domestic agenda, the dual task of maintaining US security commitment to South Korea and deterring North Korea from developing nuclear weapons required more time and attention than Clinton wanted to expend.<sup>33</sup>

In the immediate aftermath of the Cold War, however, the United States was the only power capable of leading and enforcing the global nonproliferation regime. The United States, as a unipolar power, could not simply renege on its global leadership responsibilities—especially at this crucial hour. Clinton perceived North Korea’s nuclear ambitions as a destabilizer of the security arrangement not only on the Korean peninsula, but also in the East Asian region, at large.<sup>34</sup> In 1994, he stated that there was “nothing more important to our security and to the world’s stability than preventing the spread of nuclear weapons and ballistic missiles. The U.S. has an unshakable commitment to protect our fellow democracy, South Korea.”<sup>35</sup>

As North Korea proceeded with its nuclear weapons program, President Clinton came under increasing pressure and even considered and prepared for a military conflict. However, the gravity of the consequences that would result if war broke out in Korea—an estimated cost of 52,000 US military casualties along with 490,000 South Korean military casualties in just the first 90 days, combined with a financial outlay exceeding \$61 billion,<sup>36</sup> dissuaded the Clinton administration and altered their course of action. Despite the administration’s return to diplomatic efforts, the crisis continued to deepen.

### ***The Carter Mission***

The crucial turning point came when former president Jimmy Carter convinced the administration that a private mission to Pyongyang might help resolve the crisis.<sup>37</sup> Indeed, former president Carter emerged a successful mediator in a complex two-level game. He adeptly negotiated with both the Clinton administration and their foreign counterparts, the North Korean regime led by Kim Il Sung, while convincing both parties that the other side was negotiating

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32 Barilleaux and Kim, “Clinton, Korea, and Presidential Diplomacy.”

33 Ibid.

34 Ibid.

35 Bill Clinton, “The United States and North Korea Reach Agreement on Nuclear Program,” *Dispatch Magazine* 5, no. 44 (October 31, 1994): 721.

36 Don Oberdorfer, *The Two Koreas: A Contemporary History* (Reading, MA: Addison-Wesley, 1997), 247.

37 Sebastian Harnisch, “The Hegemon and the Demon: US Nuclear Learning ‘vis-à-vis’ North Korea,” *Amerikastudien / American Studies* 46, no. 4 (Winter 2001): 609–27, 618, <http://www.jstor.org/stable/41157685>.

in earnest.<sup>38</sup> Carter also undermined the Clinton administration's stance of negotiating from a position of strength with sanctions pending in the United Nations Security Council by stating during an interview with CNN that the Clinton administration had already discontinued the implementation of sanctions.<sup>39</sup> Although his statement misrepresented the Clinton administration's position, he had essentially provided the United States with more leeway to adopt policy alternatives.<sup>40</sup> Without former president Carter to defuse the crisis and serve as a catalyst for the Clinton administration's path toward engagement with North Korea, the United States might not have been able to negotiate an Agreed Framework in 1994.

### ***Republican Congress's not Legislative, but Rhetorical, Opposition***

The two-level game recognizes the inevitability of domestic conflict about what the "national interest" entails.<sup>41</sup> As US foreign policy toward North Korea represents an issue on which domestic interests are homogeneous, this will simply pit the hawks against the doves,<sup>42</sup> loosely represented by the Democrats and Republicans in the United States. Accordingly, during the Clinton administration when the Republicans held majorities in both the House and the Senate from 1995 to 2001, Congress challenged the administration's policy.<sup>43</sup> However, research suggests that there existed a gap between Republican rhetoric condemning the executive branch's conduct of North Korea policy and congressional action. The opposition party's—in this case, the Republicans'—criticism of the Clinton administration's policies is not surprising. However, what is striking is how unwilling the Republican majority was to match its tough words with meaningful action.<sup>44</sup> This may have been a contributing factor that could have enabled the Clinton administration to continue down the policy path based on the Agreed Framework.

On November 3, 1999, the Speaker of the US House of Representatives, Dennis Hastert, released the most comprehensive congressional report ever on policy toward North Korea.<sup>45</sup> The report by the Speaker's North Korea Advisory Group concluded that the threat North Korea posed to the United States had increased considerably over the past five years.<sup>46</sup> The advisory group accused the United States of allowing North Korea to continue developing nuclear weapons in addition to providing two light-water reactors "that would give it the capacity

38 Ibid., 619.

39 Harnisch, "The Hegemon and the Demon."

40 Oberdorfer, *The Two Koreas*.

41 Putnam, "Diplomacy and Domestic Politics."

42 Ibid.

43 Hathaway and Jordan, "The U.S. Congress and North Korea during the Clinton Years."

44 Ibid.

45 Ibid.

46 Ibid.



to produce annually ‘enough fissile material for nearly 100 bombs.’”<sup>47</sup> The report also condemned Pyongyang’s “overseas missile sales, horrific human rights record, harboring of terrorists, and production and trafficking in narcotics”<sup>48</sup> and blamed the White House for these developments.

The advisory group’s report was deemed important by the Republican leadership. Hastert held a press conference to publicize the report and claimed that North Korea’s nuclear and ballistic missile programs directly threatened Americans.<sup>49</sup> However, the report was remarkable not only for what it included, but for what it excluded—policy recommendations.<sup>50</sup> This was not a mistake on the part of the advisory group, because the group was specifically asked by Hastert only to determine whether the North Korean threat to the United States had increased within the past five years.<sup>51</sup> This suggests that the Republicans sought to highlight what they perceived as shortfalls of the Clinton administration’s policy “without taking on the responsibility of advancing policy alternatives themselves.”<sup>52</sup> Though criticism of the administration’s approach to North Korea continued, the Republicans refrained from backing their “rhetorical condemnations” with “legislative action designed to block the Clinton approach or fundamentally alter U.S. policy” toward North Korea.<sup>53</sup>

## **V. THE OBAMA ADMINISTRATION’S “STRATEGIC PATIENCE”**

There were three main elements that dissuaded President Obama from initiating dialogue with “rogue regimes,” such as North Korea, and from pursuing an engagement policy reminiscent of President Clinton’s engagement policy. First, President Obama had a monumental list of problems that he needed to address and prioritize. Among his list of priorities, North Korea did not constitute a top foreign policy priority. Second, Pyongyang’s belligerence and repeated violations of United Nations resolutions eliminated dialogue as a viable policy alternative. Lastly, North Korea’s unreliable actions had generated overwhelming skepticism of its intentions and willingness to negotiate seriously about its nuclear weapons. These potential determinants explain why President Obama has chosen, instead, to put a hold on the issue of North Korea’s nuclear weapons program.

Since his time as a presidential candidate, President Obama has declared his willingness to reach out to “rogue states” whose leaders were “willing to unclench [their] fist.”<sup>54</sup> He emphasized the need for “sustained, direct, and aggressive

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47 Ibid.

48 Ibid.

49 Ibid.

50 Ibid.

51 Ibid.

52 Ibid.

53 Ibid.

54 Obama, “President Barack Obama’s Inaugural Address.”

diplomacy” with North Korea.<sup>55</sup> He pledged to be “firm and unyielding in our commitment to a non-nuclear Korean peninsula” and vowed to achieve “the complete and verifiable elimination of all of North Korea’s nuclear weapons programs, as well as its past proliferation activities, including with Syria.”<sup>56</sup> Deviating from his campaign promises, however, President Obama ended up with a policy called “strategic patience,” a policy sometimes characterized as “a recipe for non-action.”<sup>57</sup> To examine this dissonance between the active campaign rhetoric and the passive policy, it is crucial to analyze the domestic and international settings in which the Obama administration operated.

### *Monumental List of Problems and Priorities*

First, it is important to acknowledge that Obama had on his desk “a set of monumental problems unlike any faced by an American president since the Great Depression.”<sup>58</sup> The problems ranged from financial troubles (as President Obama inherited the consequences of the financial crisis), health care reform, and the fiscal deficit.<sup>59</sup> Therefore, President Obama needed some breathing space to even contemplate the monstrous task at hand. Instead, North Korea boxed the administration into a corner by acting belligerently and repeatedly violating the United Nations resolutions. The Obama administration responded by abandoning the original policy and instead opted for a more punitive strategy.<sup>60</sup> Returning to the negotiating table with North Korea would have signaled weakness on Obama’s part and generated strong opposition from the Republicans as well as those in the president’s own party.

Although denuclearization was a critical issue for the Obama administration, North Korea was not at the top of the Obama administration’s foreign policy priorities.<sup>61</sup> Like his predecessors, Obama strongly believed in the global nuclear nonproliferation regime, which he deemed vital not only to the security of the United States but also to the stability of the international system.<sup>62</sup> Accordingly, Obama formulated “the most detailed, comprehensive, and transformative nuclear policy agenda any candidate had ever carried into the White House.”<sup>63</sup> Obama promised “to thwart nuclear terrorism by ‘securing’ all loose nuclear materials, to reduce nuclear threats by cutting existing nuclear and missile arsenals of the major powers, and to prevent any new nuclear weapons by strictly

55 Klingner, “Obama’s Evolving North Korean Policy,” 11.

56 Ibid.

57 Green, “Strategic Patience.”

58 Bruce Cumings, “The North Korea Problem: Dealing with Irrationality,” *Current History* 108, no. 719 (September 2009): 284–90, <http://search.proquest.com/docview/200722003?accountid=11752> (access restricted).

59 “Barack Obama: Domestic Affairs,” *Miller Center of Public Affairs*, accessed May 8, 2016, <http://millercenter.org/president/biography/obama-domestic-affairs>.

60 Cumings, “The North Korea Problem.”

61 Kim, “U.S.-North Korea Relations under the Obama Administration.”

62 Ibid.

63 Ibid.

enforcing nonproliferation of nuclear weapons and technology.”<sup>64</sup> Furthermore, in the post-9/11 period when certain countries in the Middle East constituted a more imminent threat, Obama’s foreign policy team focused on areas such as the Gaza Strip, Afghanistan, Iraq, and Iran.<sup>65</sup>

Unlike North Korea, Iran was a priority on the nuclear front. In spite of domestic and international criticism, President Obama invested serious political and diplomatic capital in making progress on the Iranian nuclear problem.<sup>66</sup> However, when it came to North Korea, President Obama pursued proactive negotiation from July 2011 to April 2012, which culminated in the Leap Day Agreement, and then opted for a sanctions-based policy of “strategic patience.”<sup>67</sup>

### ***Pyongyang’s Belligerent and Unreliable Behavior***

Second, Pyongyang’s behavior, including attacks on the South Korean *Cheonan* and Yeonpyeong island, induced the hardening of Obama’s policy toward North Korea.<sup>68</sup> The United States and its allies had little incentive to engage with North Korea.<sup>69</sup> Moreover, many perceived the Obama administration’s reaching out to North Korea as hopeless.

This was put to the test when the Obama administration decided in late 2011 to resume talks with North Korea. After a two-year “intermission,” the Obama administration became concerned that a “total lack of contact with North Korea would increase the likelihood that the regime would resort to provocative actions to regain attention.”<sup>70</sup> In February 2012, US and South Korean efforts in negotiating with their North Korean counterparts culminated in a “Leap Day Agreement.”<sup>71</sup> This agreement was cut short by Pyongyang’s announcement two weeks later of its long-range missile launch. Despite North Korea’s attempts to portray the launch as a peaceful civilian satellite program, it constituted a clear violation of UN resolutions 1718 and 1874, which precluded any North Korean “ballistic missile activity.”<sup>72</sup>

### ***United Skepticism about the Viability of Dialogue with North Korea***

Related to the second external factor on North Korea’s belligerent actions, the third factor deals with the change in the general attitude toward the viability

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64 Ibid.

65 Ibid.

66 John Delury, “The Urgency of Now: Why Obama Needs to Take the Lead on North Korea,” *38 North*, December 9, 2014, <http://38north.org/2014/12/jdelury120914/>.

67 Ibid.

68 Klingner, “Obama’s Evolving North Korean Policy.”

69 Ibid.

70 Ibid.

71 Ibid.

72 Ibid.

of dialogue with North Korea. Many criticized the Obama administration for accepting oral assurances and ambiguous texts from Pyongyang as a basis for a diplomatic agreement.<sup>73</sup> Moreover, North Korea's missile launch eliminated any prospect of bilateral talks in the near future, especially now that the general consensus has become overwhelmingly skeptical about the viability of negotiations to resolve the North Korean nuclear problem.<sup>74</sup> Even the media have refrained from promoting dialogue or offering concessions as a way to jumpstart bilateral talks.<sup>75</sup> Across the aisle, the Republicans also shared the administration's position on this matter. This overall trend of hardening of US policy toward North Korea on both sides of the partisan divide is disconcerting and paints a bleak and worrisome future of US–North Korea relations.

Obama campaigned on the promise to initiate dialogue with “rogue regimes.” However, he failed to fulfill the promise not only because he had many issues to deal with, but also because of North Korea's refusal to change its behavior, which then caused public opinion to doubt the viability of dialogue with Pyongyang.

## VI. CONCLUSION

Looking into the factors that influenced the foreign policy decision-making process has highlighted three main conclusions.

First, in an attempt to explain the empirical puzzle of this paper—how two administrations of the same political party ended up pursuing such contrasting policies—this paper found that there were three main factors that facilitated the Clinton administration's path toward engagement with North Korea. First, the transition from a bipolar to a unipolar international system compelled the United States to undertake a leadership role in the global nonproliferation regime, which implied that the United States also needed to tackle North Korea's nuclear ambitions. Second, former president Jimmy Carter served as a crucial catalyst in defusing the crisis and facilitating the Clinton administration's path toward bilateral negotiations. Finally, when the Republicans held majorities in both houses of Congress from 1995 to 2001, Congress did not back their criticism of the Clinton administration's approach with opposing legislative action, thus entrusting the task of formulating and implementing US policy toward North Korea to the executive branch.

For the Obama administration, three main elements dissuaded President Obama from initiating dialogue with “rogue regimes,” such as North Korea, and from pursuing an engagement policy reminiscent of President Clinton's engagement

<sup>73</sup> Ibid.

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

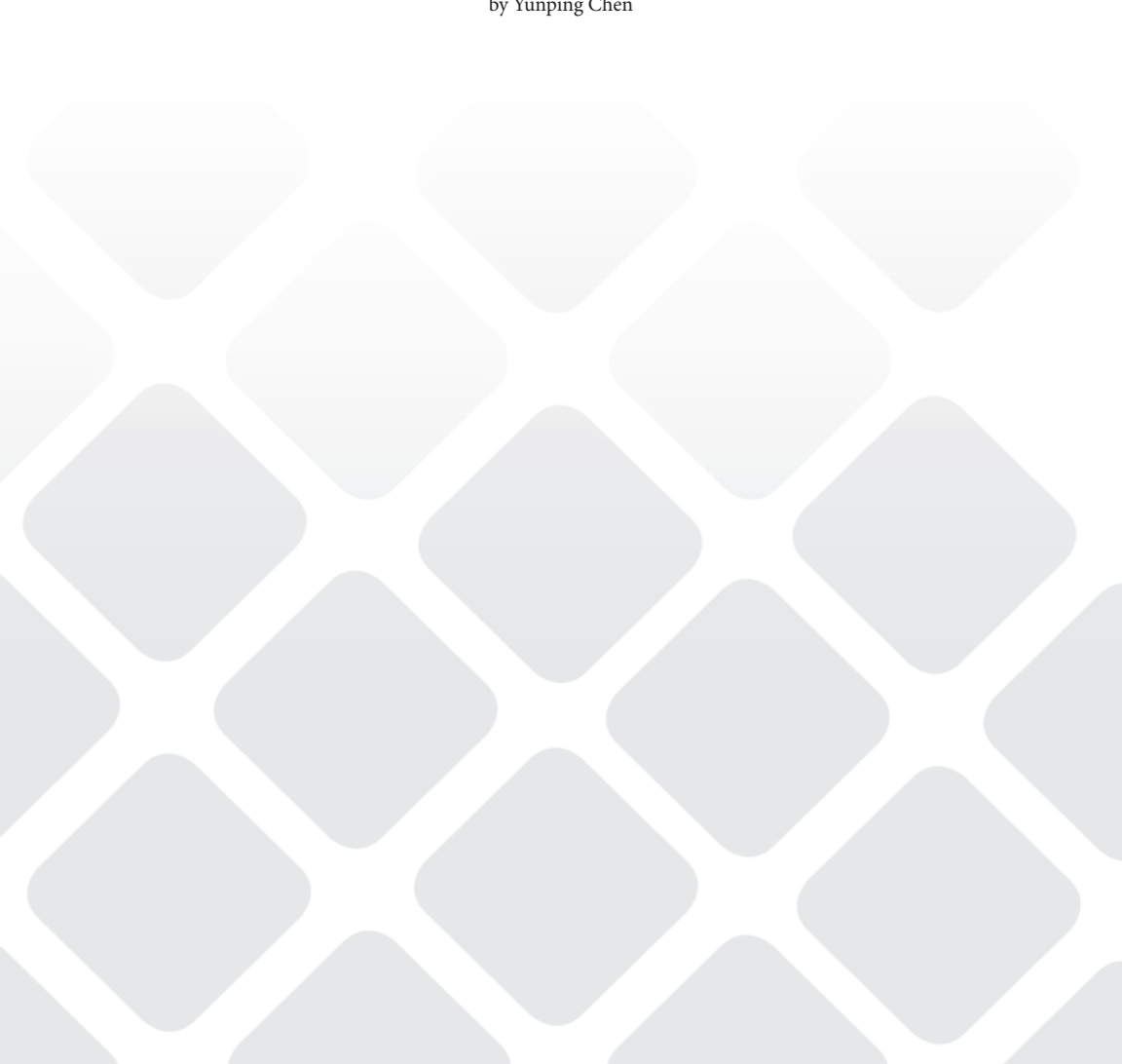
policy. First, President Obama had a monumental list of problems that he needed to address according to their priority ranking. In his list of priorities, North Korea did not constitute a top foreign policy priority. Second, Pyongyang's belligerence and repeated violations of United Nations resolutions eliminated dialogue as a viable policy alternative. Lastly, North Korea's unreliable actions have generated overwhelming skepticism of its intentions and willingness to negotiate seriously about its nuclear weapons. Therefore, the Obama administration may have little to no incentive to reopen bilateral talks with a recalcitrant regime like that of North Korea. These potential determinants explain why President Obama has chosen, instead, to put a hold on the issue of North Korea's nuclear weapons program.

Second, the international factors trumped the domestic factors as explanatory variables of US foreign policy toward North Korea. This seems logical considering the fact that this is ultimately about *foreign* policy. In addition, on a foreign policy issue like North Korea, US domestic interests tend to be homogeneous. As a result, this will simply pit the hawks against the doves instead of fostering a domestic cleavage, which might lead to cooperation between one domestic faction and a foreign counterpart.

Finally, there exists a distinction in the North Korea policies pursued by different administrations, but also within the same administration over the course of the executive's administration. For example, the Clinton administration's approach evolved from negotiating from a position of strength to bilateral negotiations, culminating in the Agreed Framework in 1994. Whereas the Obama administration illustrated an example of transitioning from a conciliatory approach to an increasingly hard-line policy based on sanctions and inaction ("strategic patience"). This highlights a larger pattern that characterizes US foreign policy toward North Korea—the inconsistency that results from going back and forth between reaching out and retracting every so often. Policymakers should be concerned with the consequences and how this may be perceived in North Korea. This is especially the case because domestic politics of a powerful country like the United States spills over into the international arena. What really matters in the end is that the leader and his or her foreign policy team develop a coherent set of guidelines to maintain a consistent foreign policy toward one of the most difficult nations to manage a relationship with—North Korea.

# **Factors Affecting Sino-North Korea Relations under the Xi Jinping Administration**

by Yunping Chen





# Factors Affecting Sino-North Korea Relations under the Xi Jinping Administration

by Yunping Chen

## I. INTRODUCTION

North Korea again disturbed the peace and stability of the Korean peninsula in 2016 by conducting its fourth nuclear detonation on January 6 and the launch of a long-range rocket in February. Before the U.N. Security Council passed resolution 2270 (2016) to impose the so far most stringent sanction on North Korea as a response to these aggressions, China and the U.S. had a thorough negotiation. The Chinese government hoped that this new resolution “can effectively limit further progress of the DPRK’s nuclear and missile program.”<sup>1</sup> Due to the fact that in the past China only agreed to banning of weapons transfers and limited sanctions, this time China’s agreement sends out signals of Beijing’s possible diplomatic shift in its foreign policy toward North Korea. It is in this context that this paper addresses the following question: What are the factors that affect Sino-North Korean relations under the Xi Jinping administration? I will use individual level, country level, and system level analysis to approach this question. This question is meaningful academically because it would help us to understand how this current administration and future administrations might make foreign policy decisions regarding North Korea and enable us to rule out the factors that might have been taken for granted but are no longer relevant. Empirically, a more accurate understanding of the factors that influence China’s foreign policy making will provide more accurate predictions for future scenarios.

## II. LITERATURE REVIEW

Ming Lee briefly sums up China’s roles in the Korean peninsula as “a supporter for North Korea’s survival; a cooperative partner with North and South Korea for economic development; a balancer in the North-South conflict; a coordinator at the Six-party talks; providing a paradigm for North Korea’s development; a tacit ally in an anti-U.S. alliance.”<sup>2</sup>

Many scholars have used traditional friendship between China and the North Korean top leadership as one of the key elements to explain China’s support

1 “Foreign Ministry Spokesperson Hua Chunying’s Regular Press Conference on February 25, 2016,” *Ministry of Foreign Affairs of the People’s Republic of China*, accessed April 26, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/2535\\_665405/t1343263.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2535_665405/t1343263.shtml).

2 Tae-Hwan Kwak, and Seung-Ho Joo, *North Korea’s Foreign Policy under Kim Jong Il: New Perspectives* (Farnham, England: Ashgate, 2009), ch. 9.



for the North Korean regime. Ming Lee thinks that the close personal ties are based on common sentiment and experiences in fighting against the “American imperialists and their running dogs.”<sup>3</sup> However, historian Chen Jian refuted this commonly held belief by pointing out that although China was North Korea’s main ally and saved the regime from collapse in the Korean War in the 1950s, the relationship between China and North Korea has a history full of examples of tension and stress.<sup>4</sup> The fact that Kim Il Sung did not consult nor inform Mao Zedong about the plan to invade South Korea until one month before the Korean War started, and that China did not even know the exact schedule of the war, marked the first time of the tension. Tension and stress also resulted from Kim Il Sung’s efforts to get rid of the influence of China. Kim Il Sung carried out massive purges against prominent members of the Yan’an faction in the Workers’ Party not long after the Korean War ended, and promoted the Juche ideology, which emphasizes self-reliance in all spheres. Due to the Sino-Soviet split, China attached more value to its relationship with North Korea. But the 1975 Deng Xiaoping–Kim Il Sung meeting saw a shift in the stance that China started to prefer to maintain the status quo. And after the end of the Cold War, a fundamental difference appeared in this relationship due to the extremely different self-positioning of the two countries. Many scholars also have observed that this friendship has been wearing off. For example, Alexandre Mansourov observes the increasingly ambiguous and negative images of China among North Koreans and especially among the elites, the faded revolutionary traditions, and the dissolved personal loyalties and leadership bonds. He points out that China’s perceived influence on Korea is exaggerated and that China can hardly deliver to the DPRK what the U.S. thinks it can.<sup>5</sup> Chen Jian concludes his opinion that China’s real leverage on Pyongyang is North Korea’s economic dependence upon China, not friendship.

Scholars also regard China’s strategic interests in the Korean peninsula as a factor behind its long-standing policy of “no war, no instability, no nukes.” They argue that both China’s and North Korea’s “pragmatism and rational calculation of national interests”<sup>6</sup> have been the key for the ups and downs of their relationship. The year 2006 saw a significant change in China’s attitude toward North Korea’s nuclear test, as China sharply criticized North Korea and supported UN sanctions. According to Kleine-Ahlbrandt and Small, this change revealed China’s “changing calculation of its economic and political interests.”<sup>7</sup> Then the question is why China seemed to have reverted to or maintained its previous

3 Ibid.

4 Jian Chen, *Limits of the “Lips and Teeth” Alliance: An Historical Review of Chinese-North Korean Relations*, Wilson Center Asia Program special report no. 115, accessed April 26, 2015, [https://www.wilsoncenter.org/sites/default/files/asia\\_rpi115b.pdf](https://www.wilsoncenter.org/sites/default/files/asia_rpi115b.pdf).

5 Alexandre Y. Mansourov, “Giving Lip Service with an Attitude: North Korea’s China Debate,” special assessment, December 2003, accessed April 26, 2016, <http://www.brookings.edu/wp/cnaps/mansourov20031201.pdf>.

6 Ibid.

7 Stephanie Kleine-Ahlbrandt and Andrew Small, “Beijing’s Dictatorship Diplomacy,” *New York Times*, December 20, 2007, accessed April 26, 2016, <http://www.nytimes.com/2007/12/20/opinion/20iht-edkleine.html>.

calculation, and thus after 2006 continues to serve as the major backer for North Korea. And does this offer a lesson for the speculation this time after the toughest sanction on North Korea?

Lee Ming thinks that China exploits the perpetuation of a divided Korea to maximize its strategic interests through mediation and intervention. Lee Sang-sook finds out that China chooses to maintain the friendship treaty with North Korea to justify its intervention in the Korean peninsula;<sup>8</sup> Samuel S. Kim argues that China prefers the peaceful coexistence of the two Korean states because it serves China's priority to maintain "intermestic" (domestic and near abroad) stability. He makes a ranking of what China fears regarding consequences of the North Korean nuclear crisis. He believes that China's biggest fear is an armed conflict that ends with reunification by the pro-U.S. South. The possibility of a mass influx of refugees ranks second. The fear for North Korea's increased nuclear ranks only third. Kim also points out that the realization of more common interests between the ROK and the PRC would sideline Pyongyang.<sup>9</sup> According to Ohn Daewon and Mason Richey, the history of great power politics has played a role in China's DPRK policy making. Jiang Zemin's administration made its foreign policy within the framework of a "Sino-DPRK special relationship," and treated North Korea as a special counterpart. Jiang's administration highly valued the geopolitical significance for maintaining a stable external security environment and brokered the Six-Party Talks. Then Hu Jintao's administration relied on economic engagement to ensure the regime's survival and to keep China's political maneuvering effective in the regime. However, North Korea's economic dependency in fact is a double-edged sword for China. Snyder convincingly points out that the greater North Korea's economic dependency on China, the greater China fears that withdrawal of assistance may have negative consequences for North Korea's economic and political stability.<sup>10</sup> Ohn and Richey think that for the next five to ten years, the Sino-U.S. power transition would serve as the framework for the Xi administration's foreign policy making. China's priority should be to bide its time to build up its military strength and meanwhile further grow its economic strength to be on a more equal footing with the U.S. China has tried to foster a closer relationship with South Korea to weaken U.S. regional influence and to give North Korean leadership a warning. However, as a response to North Korea's consecutive nuclear tests in 2016, South Korea seems to be more and more determined to install Terminal High Altitude Area Defense (THAAD) in spite of China's strong objections. And the augmentation of the U.S.-led

8 Lee Sang-sook, "North Korea-China Treaty of Friendship: New Implications and Current Bilateral Relations," *Korea Focus*, accessed April 26, 2016, [http://www.koreafocus.or.kr/design2/layout/content\\_print.asp?group\\_id=103907](http://www.koreafocus.or.kr/design2/layout/content_print.asp?group_id=103907).

9 Samuel S. Kim, *The Two Koreas and the Great Powers* (Cambridge, MA; New York: Cambridge University Press, 2006), ch. 2.

10 Scott A. Snyder, "North Korea's Deepening Economic Dependency on China Snyder," *Council on Foreign Relations: Asia Unbound* (blog), September 26, 2011, accessed April 26, 2016, <http://blogs.cfr.org/asia/2011/09/26/north-koreas-deepening-economic-dependency-on-china/>.

collective defense framework in the Asia Pacific region is China's ultimate security concern. Therefore, China has been caught in a dilemma by pursuing contradictory goals at the same time. One goal is to enhance North Korea's regime survival by offering diplomatic and economic support. The other goal is to prevent a worsened security scenario due to nuclear tests, which North Korea reveals no sign of abandoning. The two scholars expect that the Xi Jinping administration would not abandon North Korea; instead China would expedite the current policy of completely integrating the DPRK's economy into China's and continue to use the flexible dual-use export embargo to satisfy the demands from the international community and to prevent North Korea's regime collapse by turning a blind eye to the actual enforcement of the embargo by China's northeast provincial authorities.

Since North Korea's fourth nuclear test, the latest, in 2016, scholars have analyzed what they see as a change in China's foreign policy toward North Korea. Jonathan D. Pollack observes that Xi Jinping has far greater frustration with North Korea's behavior than did his predecessors, has a certain readiness to change China's long-held policy, and has a willingness to consider all the potential dangers to China's security induced by North Korea's nuclear issue.<sup>11</sup> Mark Fitzpatrick sees that China realized that North Korea is undermining China's own security, by taking the possible THAAD deployment in South Korea and the strengthened triangular defense relationship among Japan, South Korea, and the United States into consideration.<sup>12</sup>

### *Levels of Analysis*

## **III. TOP LEADERSHIP'S ROLE IN FOREIGN POLICY MAKING**

The first-level analysis focuses on China's top leader and leadership. First of all, people may doubt to what extent the top leader is able to influence foreign policy making. Considering China's political system, I argue that it is appropriate to recognize China's leadership, especially President Xi Jinping, as an important factor that affects Sino-North Korean Relations. Compared to politicians from typical democratic societies, China's political leaders are less constrained by public opinion and media, and thus have more freedom to make decisions. Also, the North Korean nuclear crisis without doubt fits into the precondition Margaret Hermann makes, that in crisis situation when there is a lack of information, a decision maker's personal characteristics may prove to be crucially important. In addition, Chinese leaders are also more able to keep foreign policy

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11 Jonathan D. Pollack, "Is Xi Jinping Rethinking Korean Reunification?," *Brookings*, January 20, 2015, accessed April 26, 2016, <http://www.brookings.edu/research/presentations/2015/01/20-xi-jinping-korean-unification-pollack>.

12 Mark Fitzpatrick, "Asia's Nuclear Arena: Hedging and Deterring," *Diplomat*, March 9, 2016, accessed April 26, 2016, <http://thediplomat.com/2016/03/asias-nuclear-arena-hedging-and-deterring/>.

consistent due to their longer terms in office compared to the pendulum swings in foreign policy making in typical democratic societies.

In China's political system, the Standing Committee of the Central Political Bureau of the Communist Party of China (in short, Politburo Standing Committee) is the key decision-making body for the country's overall affairs and is where "collective leadership" is practiced by a group of top leaders as members. In Xi Jinping's administration, the number of members of the Standing Committee changed to what it was a decade ago. It was cut from nine to seven, which shows that Xi Jinping achieved a successful political bargain inside the Communist Party compared to his predecessor. This change without doubt helps make decision making more efficient.

Then the question is, who in the Standing Committee has the most experience and understanding of the North Korean regime. Among the seven members, Zhang Dejiang is the one who knows the most about and has most hands-on experience in terms of Sino–North Korean relations. He studied Korean in Yanbian University in Jilin Province, which is located north of the border with North Korea, and completed a degree in economics in Kim Il-sung University. As a local officer in Jilin, he handled illegal immigration from North Korea and later accompanied Jiang Zemin on his first official visit after becoming general secretary of the Communist Party to North Korea in March 1990. However, though Zhang brings with him expertise about North Korea to the Standing Committee, his current position as chairman of the Standing Committee of the National People's Congress sends out signals that his role in North Korea–related foreign policy making is very likely to be ceremonial.

Apart from Zhang Dejiang, Xi Jinping himself chose North Korea as the destination for his first foreign trip as vice president in 2008, which was about eight years ago; Li Keqiang, as vice premier, visited North Korea in 2011; and most recently and notably, Liu Yunshan attended the 2015 celebration for the seventieth anniversary of the founding of the Workers' Party. Liu is the highest-ranking Chinese official to visit North Korea since Kim Jong Un took office. He delivered Xi Jinping's message on behalf of the Communist Party and also Xi himself to congratulate North Korea on "positive progress in developing the economy, improving livelihoods"<sup>13</sup> and to emphasize the "glorious tradition" of the friendship. Pundits interpreted Liu's visit and Xi's message as a signal of a thaw in Sino–North Korean relations.

The fact that the other Standing Committee members currently might have

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<sup>13</sup> "Xi Jinping Sends Congratulatory Message to Kim Jong Un on 70th Anniversary of Founding of the Workers' Party of Korea," *Ministry of Foreign Affairs of People's Republic of China*, October 9, 2015, accessed April 26, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/zxxx\\_662805/t1305015.shtml](http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1305015.shtml).

only a ceremonial role in making foreign policy decisions toward North Korea makes more likely the assumption that decisions bear quite a number of Xi Jinping's personal characteristics. Since taking the top office in 2013, Xi has not hesitated to mark both domestic and international policies with his strong personal characteristics. Domestically, he started an unprecedented anticorruption campaign, proposed the idea of the "Chinese Dream," and most notably centralized institutional power, for example by chairing the newly formed National Security Commission and four out of the twenty-two Central Leading Groups, which cover a range of work including deepening reform, cyber security, military reform and defense, and economics and finance. In terms of foreign policy, Xi proposed the Belt and Road Initiative, led the establishment of the Asian Infrastructure Investment Bank, has carried out more assertive foreign policy regarding the South China Sea territorial disputes, and so on. In addition, Xi has frequent state media coverage and is often accompanied in state visits by his beautiful wife, a famous singer and artist, who charms the world with China's own first-wife diplomacy.

Based on the above examples, Xi Jinping seems to be a very confident, ambitious, and pragmatic politician. He seems to hope to act as a charismatic leader both in China and internationally. More importantly, he is able to make China's foreign policies bear his personal characteristics, that is, his understanding of the world and the role China would play in the region and globally, by his centralized power as the general secretary of the Communist Party of China, the president of the People's Republic of China, and the chairman of the Central Military Commission.

Then the next question is how Xi's personal background and previous experience might influence his understanding of world affairs, especially regarding the Korean peninsula. He is the son of Xi Zhongxun, who was considered as the first generation of the leadership. Xi's father held positions such as first vice chairman of the Standing Committee of the National People's Congress and secretary general of the State Council. As a "princeling," Xi suffered from his father's political ups and downs, experienced the Cultural Revolution, participated in the Down to the Countryside movement, and later started his career as secretary for then vice premier and secretary general of the Central Military Commission. And later Xi served in several regions, including economically prosperous Fujian Province, Zhejiang Province, and Shanghai.

As the primary fifth generation of Chinese leadership, compared to his father's generation, Xi Jinping is more likely to take a more pragmatic stance toward the traditional "as close as lips to teeth" friendship with North China. For his administration, and the future administrations to come, Sino-North Korean relations, which heavily depends on the steering of top leadership of the two

countries, is more and more switching to a relationship out of strategic concerns instead of the myth of an always solid traditional friendship. In brief, there are three reasons that stimulate the switch of stance.

Firstly, this is because Xi Jinping does not have close friendship ties with the North Korean leadership; meanwhile there is a weakening tendency of trust between China and North Korea, and China is able to clearly sense its weakening leverage on North Korea. Since Kim Jong Un took office, he has not paid a visit or been invited to China, and Xi has yet to meet him. And instead Kim Jong Un has sent high-ranking officials to Singapore, Indonesia, Laos, Vietnam, and Myanmar to try to drum up investment.<sup>14</sup> This constitutes a sharp contrast with Kim Jong Il's seven visits to China to consolidate friendship with then leaders Jiang Zemin and Hu Jintao. Whereas Xi Jinping and Kim Jong Un have yet to meet each other, Xi does not want to hide at all his close partnership with South Korean president Park Geun Hye, whose administration was suspected to be "tilting" toward China at the expense of the U.S.<sup>15</sup> and who has been keeping a cold relationship with Japan since she took office. President Park attended China's military parade in 2015 to commemorate the seventieth anniversary of the end of World War II. During the celebration, Xi Jinping highly praised China and Korea's joint efforts to fight against Japanese imperialism, and Park Geun Hye stated that that "time of great adversity" serves as "a precious foundation for the friendship" between China and South Korea.<sup>16</sup> There are also another two aspects that need special attention regarding Park's presence at the military parade. One is that compared to Kim's zero visits to China, this was President Park's sixth summit meeting with Xi Jinping and her third trip to China, all since she assumed office in February 2013. The other is that on this occasion Korea reunification was discussed at the highest level between China and South Korea for the first time. Apart from the loosening of friendship between top leaders of China and North Korea, in terms of the triggers for the weakening trust and leverage, one example could be the fact that North Korea informed Washington of its satellite launch plan "five months ahead of time, long before it notified Beijing";<sup>17</sup> the other example could be the legitimate assumption that Chinese leaders might not have been aware at all that Jang Song Taek, the senior North Korean official with whom China had close ties, had "growing political vulnerabilities, let alone that his life was at risk"<sup>18</sup> before his execution.

14 Stephanie Kleine-Ahlbrandt, "The Diminishing Returns of China's North Korea Policy," *38 North*, August 16, 2012, accessed August 25, 2016, <http://38north.org/2012/08/skahlbrandt081612/>.

15 Shannon Tiezzi, "South Korea's President and China's Military Parade," *Diplomat*, September 3, 2015, accessed April 26th, 2016, <http://thediplomat.com/2015/09/south-koreas-president-and-chinas-military-parade/>.

16 Ibid.

17 Kleine-Ahlbrandt, "The Diminishing Returns."

18 Pollack, "Is Xi Jinping Rethinking Korean Unification?"

Secondly, in the framework of Sino-U.S. power transition, it would be Xi Jinping's priority to bide time for China to keep up its economic strength and military buildup, instead of being hijacked by North Korea. Xi is very likely to have a clear understanding that the instability on the Korean peninsula will only invite more U.S. military presence in the region and enhanced alliance among U.S., South Korea, and Japan. Xi desperately needs to have a favorable security environment in the region that would enable him to concentrate on the management of deepening reform domestically and his proposal of the Belt and Road Initiative, which has the potential to transform China's economic influence to wider strategic geopolitical interests expanded to other regions in the long term, take effect. After all, the essential element for the Communist Party's legitimacy since 1980s has been economic development; thus for the Xi Jinping administration, to deal with the staggering domestic economy is the current utmost priority. Thirdly, a confident and determined leader like Xi Jinping is unlikely to not be irritated or at least continuously frustrated by the two slaps in the face given by Kim Jong Un. Xi and his administration received the first slap in the face not long after the speculation of a thaw in the Sino-North Korean relationship via the above-mentioned Liu Yunshan's visit to Pyongyang. North Korea gave the Chinese top leader the slap by testing a hydrogen bomb on January 6. It was the first time that North Korea did not give any advance warning to China. Following this nuclear test, Xi Jinping dispatched China's senior representative at the Six-Party Talks, Wu Dawei, to Pyongyang to deliver his message in order to prevent a missile launch. But on Wu's arrival, North Korea officially announced its intention to launch a satellite in early February. Without doubt, Kim Jong Un in this way gave a second slap in the face to Xi. Xi Jinping is very likely to feel disrespected, and more importantly hijacked, by North Korea. Quoting the words from Wu Dawei, North Korea let China's clear message "go through one ear and out the other ear" and "signed a death warrant" for itself by not giving up nuclear weapons. In addition to these harsh criticisms, Wu also mentioned that "things have been different" in that China now also values the strategic cooperation with South Korea apart from traditional friendship with North Korea.<sup>19</sup>

To probe any change in this "as close as lips to teeth" friendship between China and North Korea always requires careful reading between the lines to capture signals. Wang Hongguang, former deputy commander of the Nanjing Military Region, was the first high-ranking military figure in China who was engaged in discussion about the DPRK and criticized North Korea for endangering China's vital interests in the case of Pyongyang's third nuclear test, in which the test site is quite close to the Chinese border, and the case of a North Korean short-range ballistic missile that "passed within six minutes of a Chinese commercial aircraft

19 Dae-gi Kim, "Wu Dawei says 'N. Korea signed its own death warrant,'" *Pulse*, March 3, 2016, accessed April 26, 2016, <http://pulseneews.co.kr/view.php?sc=30800018&year=2016&no=168073>.

with 220 passengers then on final descent into Shenyang.”<sup>20</sup> In addition to the Chinese government’s previous attempts of opening up the Internet arena for citizens to be able to express views on North Korean–related issues and allowing public discussions in academia on whether North Korea is a strategic asset or liability, China’s Foreign Ministry spokesperson Lu Kang’s response during a regular press conference on April 11, 2016<sup>21</sup> has been the most interesting signal delivered by China in recent days. Lu confirmed that thirteen DPRK citizens exited the Chinese border on April 6 and left for South Korea. But more importantly, according to Lu Kang, these people all had valid identity documents and exited China legally. This remark very likely served as a way for China to openly put pressure on North Korea and express discontent regarding North Korea’s nuclear tests.

#### **IV. LEGAL FOUNDATION IN FOREIGN POLICY MAKING**

Next, I would like to first address the legal foundation that Sino–North Korean relations build on. North Korea on October 6, 1949, was one of the earliest countries to establish diplomatic relations with China. Zhou Enlai and Kim Il Sung signed the Sino–North Korean Mutual Aid and Cooperation Friendship Treaty in 1961. It is the most relevant treaty to understand what drew China and North Korea together as an alliance, and studying how this treaty has been carried out reveals the changes in this relationship.

The treaty was signed at a time when China and the Soviet Union started to split due to their intractable doctrinal divergence and at a time when China’s foreign policy switched to “fight with two fists” against both the Soviet Union and the United States. Therefore, this treaty offered China valuable security interests by enhancing the stability of the Korean peninsula, which has since then symbolized a convergence of interests between the two sides. The stability of the Korean peninsula on one hand relieved China of defense pressure as it served as a buffer zone, and on the other hand enabled China to develop its northeast region, which was then the most important industrial base of the country. According to Article II of the treaty, “The Contracting Parties undertake jointly to adopt all measures to prevent aggression against either of the Contracting Parties by any state. In the event of one of the Contracting Parties being subjected to the armed attack by any state or several states jointly and thus being involved in a state of war, the other Contracting Party shall immediately render military and other assistance by all means at its disposal.”<sup>22</sup> This article in fact created a Sino–North

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20 Pollack, “Is Xi Jinping Rethinking Korean Unification?”

21 “Foreign Ministry Spokesperson Lu Kang’s Regular Press Conference on April 11, 2016,” *Ministry of Foreign Affairs of the People’s Republic of China*, accessed April 26, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/t1354724.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1354724.shtml).

22 “Treaty of Friendship, Co-operation and Mutual Assistance between the People’s Republic of China and the Democratic People’s Republic of Korea,” *Marxists Internet Archive*, transcribed from *Peking Review* 4, no. 28: 5, accessed April 26, 2015, [https://www.marxists.org/subject/china/documents/china\\_dprk.htm](https://www.marxists.org/subject/china/documents/china_dprk.htm).



Korean military alliance. And more importantly, it needs to be acknowledged that it is an asymmetric security alliance right from the start. China has been the stronger side in the alliance and continues to be the stronger side till today. This asymmetry inevitably would result in a clash of interests. For the stronger side, China has been caught in the mentality that it is able to keep North Korea within limits by exerting political and economic influence, no matter how aggressively North Korea behaves in terms of launching nuclear tests. In addition, the international environment changed tremendously after the end of the Cold War, and thus as far as China is concerned, the value of keeping this alliance compared to other economic and security interests regionally and globally gradually has lessened. China's confidence of its leverage on North Korea, together with China's redefined interests, has the power to explain why China prefers to keep the status quo on the Korean peninsula, why China had been only half-heartedly putting pressure on North Korea, and why China keeps and consolidates strategic cooperation with South Korea. As for the weaker part in this alliance, since the end of the Cold War, North Korean decision makers not only have refused to take advice from and follow the example of China to open up the country and develop its economy, but also have started more boldly getting rid of officials with ties with China, including the execution of top official Jang Song Taek, and have been more determined to acquire nuclear capabilities for regime survival. Therefore, the clash of interests has grown more significant and the two countries will grow more and more distant.

In fact, the validity and significance of the treaty was already partly lost due to the end of the Cold War and the establishment of official diplomatic ties between China and South Korea in 1992. In addition, there have been discussions in academia in China of whether or not this treaty has already become null. In 2009, a Chinese Foreign Ministry spokesman used the words "two normal states" to describe the bilateral relations, which seemed to suggest the nonexistence of the alliance. Meanwhile, North Korea no longer mentioned the military alliance with China, and it is proud of being an independent state with nuclear capabilities. It is also worth noting that since 2014, both countries have stopped celebrating the anniversaries of the treaty and media has kept silent about the anniversaries. According to Article VII of the treaty, "The present Treaty will remain in force until the Contracting Parties agree on its amendment or termination," and the treaty automatically renews every twenty years; up to now neither country has expressed desires to revise or repeal the treaty. But it still remains to be seen whether China would, according to Article II, come to North Korea's aid, or China would ignore the treaty or interpret it in other ways to avoid the required responsibility if the nuclear crisis upgrades into military intervention. For China to keep North Korea as a friend, it pays a considerable cost of its international image. The most notable damage to China's international image is the North Korean refugee issue. Although China signed the International

Refugee Convention and its Protocol in 1982, and is a member of UNHCR's Executive Committee, regarding North Korean refugees China chooses to follow the Mutual Cooperation Protocol for the Work of Maintaining National Security and Social Order and the Border Areas (revised in 1998), which was signed with North Korea in 1986 and was based on special agreements signed in the 1960s. Similar to the signing of the Sino–North Korean Mutual Aid and Cooperation Friendship Treaty, China signed the special agreements in the 1960s to first meet its own concerns. It was at a time when Chinese people suffered from the Great Famine and persecution due to a series of political campaigns. Later on, in practice, these agreements changed their targets to people fleeing from North Korea, and China developed the tradition of viewing refugees from North Korea as “economic migrants,” treating them as criminals and implementing forced repatriation. But even for “political refugees,” China has collaborated with North Korea to hunt down high-value defectors, such as in the case of Hwang Jang Yop, who was principal crafter of North Korea's official state ideology, the Juche ideology. Chinese police sealed off the South Korean embassy when Hwang Jang Yop defected and stayed there.

The UN Commission of Inquiry (COI), which was set up to investigate widespread, systematic, and grave human rights violations in North Korea, concluded that China repeatedly violated the principle of non-refoulement in international refugee law (Convention Relating to the Status of Refugees, Art. 33), human rights law (Convention against Torture, Art. 3), and customary international law, and by forcibly returning refugees to conditions of danger enabled North Korea to commit crimes against humanity.<sup>23</sup> Over a period of two decades, almost all of the forcibly repatriated North Koreans have been subjected to inhumane treatment and punishment in the form of imprisonment, execution, torture, arbitrary detention, deliberate starvation, illegal cavity searches, forced abortions, and other sexual violence.<sup>24</sup> This is the first time that China is under broad international censure, whereas previously UN reports avoided direct reference to China and instead used words such as “neighboring countries.” China has been cooperating with UNHCR and obeying international law, as long as the refugees are not from North Korea. But it is clear to everyone that China practices double-standard treatment with refugees from North Korea out of China's own interest calculation. China claims that deportations of North Korean people exiting without permission are essential for China's national security, social order, and border controls are legitimate to some extent by taking into consideration the number of refugees.

Again similar to the validity of the Sino–North Korean Mutual Aid and

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<sup>23</sup> Roberta Cohen, “China's Forced Repatriation of North Korean Refugees Incurs United Nations Censure,” *International Journal of Korean Studies* 18, no. 1 (Spring/Summer 2014): 60.

<sup>24</sup> *Ibid.*, 59.

Cooperation Friendship Treaty, China has also made changes both when it was under significant external pressure and when it would like to exert pressure on the North Korean regime. For example, in 2012 China allowed eleven North Koreans to depart in order to remedy the constrained relations with South Korea. The constrained relationship at that time resulted from the forced repatriation of thirty-one North Koreans despite protests from the South Korean president and a hunger strike in front of the Chinese embassy in Seoul. As for the latter purpose, there were unconfirmed reports indicating that China protected a North Korean official associated with Kim Jong Un's uncle, the executed top official Jang Song Taek. This is very likely to show that China is unhappy with North Korea's attempts to get rid of China's influence. The "legal" exit of thirteen DPRK citizens on April 6 for South Korea might be another example in which China tried to express discontent to North Korea after the nuclear tests in 2016.

To sum up, it is reasonable to conclude that China interprets the treaties with North Korea quite flexibly, to its own interest. And therefore when there is significant pressure from the international community or when there is a big change in China's interest calculation, China will not completely abide by the treaties.

## **V. PERCEPTION OF THE REGIONAL STRUCTURE AND FOREIGN POLICY MAKING**

Last but not least, China's foreign policy making toward North Korea is constrained by the regional power structure, in which the North Korean nuclear issue inevitably would invite more U.S. military presence in the region and would strengthen the trilateral cooperation among the U.S., Japan, and South Korea. China believes that the U.S. has lasting intentions to encircle its development and sees the Korean peninsula issue through the lens of Sino-U.S. bilateral rivalry. With America's strong military presence in the region, including having its closest military bases to Beijing located in South Korea, 28,500 U.S. troops on the Korean peninsula, and the "unsinkable aircraft carrier" Japan's support, it is understandable that China would regard North Korea more as a strategic asset and less of liability.

At the same time, China grasps the weak point in the trilateral cooperation among the U.S., Japan, and South Korea. The weak point is that this trilateral relationship is built up on two alliances instead of three sincere partners, that is, a U.S.-Japan alliance and a U.S.-ROK alliance. Without the U.S., it is nearly impossible for South Korea and Japan to join hands. This is because the relationship between these two countries has so far continued to be disturbed by historical issues, territorial disputes, and more. Even though the comfort women issue was resolved finally and irreversibly on the highest level of both governments in December 2015, the public in South Korea did not seem to

be satisfied. Japanese Prime Minister Shinzo Abe proposed the idea of “value-oriented diplomacy” in 2006, yet South Korea is not regarded as a country sharing values with Japan. This without doubt revealed the strained relationship between Japan and South Korea. In addition, compared to Japan, South Korea is more likely to be wooed away by China. South Korea not only suffers from a “trade or perish” situation due to its heavy dependence on trade with China, but also has fears that it will be abandoned by the U.S. or will be entangled by the U.S. in a conflict with China. Regarding itself as a middle power, South Korea chooses to neither balance nor bandwagon with respect to China’s rise. Nonetheless, South Korea remains a passive actor in the trilateral relationships among the U.S., China, and itself. As China sees the world in the framework of Sino-U.S. power transition, we can expect that China will enlist second-generation middle powers such as Brazil, Indonesia, and South Africa, and become “increasingly critical of first-generation middle powers that are U.S. allies, including Australia and South Korea.”<sup>25</sup> It might be very interesting to keep an eye on how China gradually enlists or marginalizes middle powers to weaken the U.S. influence. We would continue to see China’s efforts at weakening this alliance through wooing North Korea both by taking advantage of the troubled ROK-Japan relationship and by economic rewards.

But due to North Korea, China is not able to carry out a consistent strategy to weaken the U.S.-Japan-ROK trilateral cooperation. Whenever North Korea escalates aggression, it offers the strongest incentive for Japan and South Korea to look beyond disputes, and together defend against the common threat North Korea. As a result, the U.S.-led alliance structure would be further consolidated, to China’s dismay.

Interest calculations should be adaptive to the situation. China has lost leverage on the North Korean regime and has to realize that pursuing contradictory goals would be detrimental to its perceived security priority. China expresses a firm intention to keep the status quo, yet the status quo has never stopped changing. Other than the fact that the Kim regime still subsists, the crisis in the Korean peninsula has not died down, but instead continuously upgrades. If China is a rational actor, it will gradually change the strategic value it attaches to North Korea, and finally recognize that North Korea is less of a strategic asset, but a huge liability. In addition, China needs to realize that wooing or finally enlisting South Korea, though the latter would be extremely difficult, instead of witnessing South Korea bond closer with the U.S. and Japan, might offer China far more strategic value.

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<sup>25</sup> Bruce Gilley and Andrew O’Neil, *Middle Powers and the Rise of China* (Washington, DC: Georgetown University Press, 2014), ch. 12.

The recent discussion between U.S. and South Korea about the deployment of a Terminal High Altitude Area Defense (THAAD) missile system in South Korea serves as the most appropriate example to illustrate how China gets itself trapped by backing North Korea, and how THAAD might continue to be frequently used by the U.S. as a bargaining chip to win China's support to put harsher sanctions on North Korea in the future.

Soon after North Korea's long-range rocket launch on February 7, 2016, the U.S. and South Korea jointly announced their decision to start "formal consultations regarding improvements to the alliance missile defense posture," specifically discussing the deployment of the Terminal High Altitude Area Defense (THAAD) operated by U.S. Forces Korea, and expressed their wishes to deploy the system "at the earliest possible date" to "add another level of reassurance to our South Korean allies, to other allies in the region"<sup>26</sup> in addition to the existing layered missile defense. Although according to the U.S. Department of Defense, the THAAD system would be focused solely on North Korea and would not pose a threat to China's security, China expressed deep concerns about the THAAD deployment, and China's Foreign Ministry spokesperson Hua Chunying remarked that the deployment of THAAD "will not help maintain regional peace and stability, nor will it lead to a proper settlement of the current situation."<sup>27</sup> China holds the view that THAAD is irrelevant to the settlement of the nuclear issue. China argues that South Korea already has the EL/M-2080 Green Pine missile-defense radar to cover the entire Korean peninsula. It makes no sense to add another layer of reassurance, especially when THAAD is not able to protect the northern part of South Korea, including Seoul. China believes that the deployment of THAAD is planned to fit into U.S.'s long-term plan to increase presence in the region and encircle China, due to the fact that the THAAD ground-based radar (GBR), now known as the AN/TPY-2, is able to pose severe harm to China's nuclear deterrence and conventional deterrence capabilities. In addition, China thinks that South Korea by deploying THAAD on its soil would be "hijacked" by the U.S.'s "rebalance to Asia" strategy<sup>28</sup> and would further worsen regional security, and only to benefit the U.S.

Then Chinese Foreign Minister Wang Yi had an official state visit to the United States in later February, during the consultation between U.S. and South Korea about the deployment of THAAD. On February 23rd, Foreign Minister Wang Yi and Secretary of State John Kerry both revealed the information that "important

26 "Department of Defense Press Briefing by Pentagon Press Secretary Peter Cook in the Pentagon Briefing Room," *U.S. Department of Defense*, February 8, 2016, accessed April 26, 2016, <http://www.defense.gov/News/News-Transcripts/Transcript-View/Article/652384/department-of-defense-press-briefing-by-pentagon-press-secretary-peter-cook-in>.

27 "Foreign Ministry Spokesperson Hua Chunying's Remarks on ROK and US's Decision to Officially Start Talks on Deploying THAAD System in ROK," *Ministry of Foreign Affairs of the People's Republic of China*, February 7, 2016, accessed April 26, 2016, [http://www.fmprc.gov.cn/mfa\\_eng/xwfw\\_665399/s2510\\_665401/t1339451.shtml](http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1339451.shtml).

28 Shannon Tiezzi, "China Pushes Back on THAAD," *Japan Times*, February 12, 2016, accessed April 26, 2016, <http://www.japantimes.co.jp/opinion/2016/02/12/commentary/world-commentary/china-pushes-back-thaad/#.VyEckTYrLFY>.

progress has been made in the consultations”<sup>29</sup> at the UN Security Council to obtain a new resolution on North Korea with the aim of getting back to negotiation. And on the same day, South Korea’s Ministry of National Defense announced the joint decision of the ROK and the U.S. to postpone the signing of the agreement on THAAD, although “the ROK and the US are in the final stage of discussion on the text for the Terms of Reference (TOR) on the creation of an ROK-US joint working-level team.”<sup>30</sup> Although U.S. Secretary of State John Kerry emphasized that the denuclearization of the Korean peninsula would be the condition for not having to consider the deployment of THAAD, it is a legitimate guess that U.S. has used the deployment of THAAD as a bargaining chip against China and thus successfully passed the so far toughest sanction on North Korea. But what if North Korea continues with more aggressions in the future, especially when in fact about the only question is when is the next test? We can expect that the discussions about the deployment of THAAD in South Korea will come back to the stage as soon as there is another North Korean nuclear test. China may choose to follow this time’s example by supporting an even tougher sanction on the North Korean regime to dissuade the U.S. from deploying THAAD. However, either if sanction on North Korea fails to bring it back to negotiation and causes another round of bargaining between China and the U.S., or if sanction finally leads to the collapse of the regime, neither of these two scenarios serves any good to China. Therefore, as long as China maintains its position as the economic and diplomatic backer for the North Korean regime, China is more and more likely to have its hands tied in the future, and endanger its perceived security interests.

## VI. CONCLUSION

This paper argues that first of all, the well-believed “lips and teeth” traditional friendship between China and North Korea no longer serves as a factor in Xi Jinping’s administration’s foreign policy making. After all, the Sino–North Korean relationship has been full of tension and stress because both two countries pragmatically pursued their respective interests.

Secondly, the current Chinese top leader, Xi Jinping, is more able to have his personal characteristics shown in China’s foreign policy than his predecessors, and will continue to do so. Therefore, it is necessary to understand what might influence his personal take on the issue. We may need to take into consideration Xi’s interaction with Kim Jong Un, his priority during the Sino-U.S. power transition, and the determined and charismatic image he intends to show to the Chinese people.

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29 Ibid.

30 June-hyuck Cho, “Spokesperson’s Press Briefing,” *Ministry of Foreign Affairs*, February 23, 2016, accessed April 26, 2016, <https://www.mofa.go.kr/webmodule/htsboard/template/read/engreadboard.jsp?typeID=12&boardid=303&seqno=316229>.

Thirdly, China has shown its flexibility in dealing with North Korea-related issues within a legal framework, that is, the treaties China signed with North Korea, including the Sino-North Korean Mutual Aid and Cooperation Friendship Treaty and the Mutual Cooperation Protocol for the Work of Maintaining National Security and Social Order and the Border Areas. Whether or not China decides to implement the treaties fully depends on China's calculation of its interests. Therefore, significant pressure from the international community that would severely harm China's image as a global power and help for China to recalculate its interests both would have the potential to stimulate changes in China's foreign policy.

Last but not least, China sooner or later will realize that North Korea is already a huge liability that endangers China's perceived security interests in the region. For China to achieve its security priority, that is, to limit U.S. military presence and weaken the trilateral U.S.-Japan-ROK cooperation, it would bring far more benefits to China by stop being hijacked by North Korea and to place more value on its relationship with South Korea.

We are likely to see more changes in China's foreign policy toward North Korea in Xi Jinping's administration and the administrations to come, although the changes might seem to be baby steps, because China has the need to first ensure that the reunification of the two Koreas would not bring about more U.S. influence in the region.

# **The Effectiveness of Economic Sanctions on North Korea**

by Han May Chan







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## **I. INTRODUCTION**

In the first three months of 2016, the Democratic People's Republic of Korea (DPRK) launched their fourth nuclear test and a long-range rocket while Supreme Leader Kim Jong-un ordered their military to deploy nuclear warheads on standby. The United Nations Security Council (UNSC) approved of yet another new round of economic sanctions on North Korea, which is considered the toughest sanctions in the past two decades. This decade-long stalemate appears to make little or no progress: the DPRK continues to assert its right to be a nuclear state and demands a peace treaty and the removal of economic sanctions while the United Nations Security Council, led by the United States, continues to proclaim a nuclear-armed DPRK regime is a threat to international security and insists on denuclearization as the precondition for negotiations. Any progress made to break this deadlock symbolizes one step closer toward promoting permanent peace and stability in Northeast Asia as well as achieving the long-term objective of a peaceful Korean reunification. The question is whether the current sanctions regime is the most effective or appropriate method to pressure North Korea to accept the terms of the UNSC. Relying on very limited sources to conduct research on North Korea, various experts on North Korea have offered different opinions regarding the effectiveness of the economic sanctions against North Korea and have suggested other feasible ways to bring an end to this predicament.

## **II. HISTORY AND OBJECTIVES OF ECONOMIC SANCTIONS**

The international community has imposed numerous unilateral or multilateral sanctions on North Korea ever since the Korean War (1950–53). North Korea first officially announced its intention to pursue a nuclear weapons program when the regime violated the nonproliferation agreement under the International Atomic Energy Agency (IAEA) by using fuel rods for plutonium reprocessing from the nuclear reactor at Yongbyon in 1992 and withdrawing from the Treaty on the Non-Proliferation of Nuclear Weapons (NPT) in 1993. UNSCR 825 was the first UNSC resolution calling upon North Korea to reconsider its withdrawal from the NPT and affirm commitment of nonproliferation. Since then, North Korea has conducted numerous ballistic missile tests and a total of five nuclear tests as of September 2016. The UNSC has also passed numerous resolutions imposing political and economic sanctions on North

Korea: UNSCR 1718 (2006), 1874 (2009), 2087 (2013), 2094 (2013), and 2270 (2016). In addition, the United Nations consistently persuaded North Korea to end its nuclear and missiles programs in return for humanitarian, food, and energy aid. However, the DPRK has been inconsistent with its obligations prior to 2010 and fully disclosed its nuclear ambitions, asserting its right to be a nuclear state and demand the abolition of sanctions, in 2012.

Table 1 provides a timeline of international economic sanctions on North Korea.

**Table 1: Timeline of Economic Sanctions on North Korea**

1992	<ul style="list-style-type: none"> <li>• DPRK noncompliance with obligations under International Atomic Energy Agency (IAEA) by using fuel rods for plutonium reprocessing from the nuclear reactor at Yongbyon</li> <li>• DPRK missile cooperation with Pakistan<sup>1</sup></li> </ul>
03/12/1993	DPRK withdrew from Treaty on the Non-Proliferation of Nuclear Weapons (NPT).
1993	<b>UNSC Resolution 825</b> affirms the commitment of nonproliferation.
1999	DPRK conducted missile tests.
08/27/2003	Six-Party Talks (First Round)
2004	<b>UNSC Resolution 1540</b> reaffirmed the commitment of UN member states to halt proliferation of weapons of mass destruction (WMD).
2005	Six-Party Talks Joint Statement affirmed that the baseline for cooperation is denuclearization. DPRK will denuclearize and United States will assure DPRK's security. <sup>2</sup>
10/09/2006	DPRK conducted its first nuclear test.
10/14/2006	<b>UNSC Resolution 1718</b> required member states to prohibit trading arms, nuclear and missile technology, and luxury goods with North Korea; to conduct inspections of suspect shipping; and to bar financial transactions related to missile and nuclear program. DPRK Ministry warned the United States of the threat of nuclear war. <sup>3</sup>
2007	Six-Party Talks Joint Statement: DPRK agreed to cease operations at Yongbyon and seal all facilities, inviting inspectors from IAEA to monitor shutdown in return for 50,000 tons of heavy fuel oil. <sup>4</sup>
2008	DPRK disabled nuclear facilities at Yongbyon.
05/25/2009	DPRK conducted the second nuclear test.
2009	<b>UNSC Resolution 1874</b> imposed more financial sanctions on North Korea. Panel of Experts was established to oversee and extend sanctions in the future.

2010	DPRK Foreign Ministry stated that the removal of sanctions may soon lead to the opening of Six-Party Talks.
12/2012	DPRK launched Unha-3 rocket and a satellite. DPRK announced that sanctions and nuclear weapons are separate issues and have nothing to do with each other. <sup>5</sup>
01/22/2013	<b>UNSC Resolution 2087</b> prohibited technology in a satellite launch vehicle that has the potential dual use applications to ballistic missile development.
02/12/2013	DPRK conducted underground nuclear test. North Korea announces that it will end armistice agreement with South Korea if <b>UNSCR 2094</b> passes.
03/07/2013	<b>UNSC Resolution 2094</b> imposed all preexisting sanctions, travel bans, and asset freezes on three North Korean citizens (working within Korea Mining Development Trading Corporation and Tanchon Commercial Bank), asset freezes on two state-run enterprises (Second Academy of Natural Sciences and Korea Complex Equipment Import Corporation), and restrictions on North Korean imports of dual-use technologies. <sup>6</sup>
2013	UNSC expanded restrictions on four officials and six state-owned enterprises from the DPRK space program, foreign exchange banks, and dummy companies.
01/06/2016	North Korea conducted the fourth nuclear test.
03/02/2016	<b>UNSC Resolution 2270</b> requires all member states to inspect all exports and imports of cargo from the DPRK, prohibit DPRK citizens from using their ships and aircrafts, forbid their own citizens from procuring minerals from North Korea, prevent the supply of aviation fuel to the DPRK, expel DPRK diplomats and government officials, ban specialized training for DPRK nationals who could contribute to nuclear activities, and prohibit all individuals or entities from assisting the evasion of sanctions. It will not affect humanitarian or relief efforts. <sup>7</sup>
09/08/2016	North Korea conducted the fifth nuclear test.

Many experts discussed various goals for the imposition of economic sanctions on North Korea. Habib defined imposing economic sanctions as putting restrictions on imports from, exports to, and financial flows related to a target country for the purpose of changing the target country's behavior or punishing the target country's noncompliance.<sup>1</sup> Kwon stated that the sanctions are designed to monitor and police the behavior of target states.<sup>2</sup> Yun and Choi have mentioned that the goals of economic sanctions should simultaneously

<sup>1</sup> Habib, "The Enforcement Problem," 51.

<sup>2</sup> Bo Ram Kwon, "The Conditions for Sanctions Success: A Comparison of the Iranian and North Korean Cases," *Korean Journal of Defense Analysis* 28, no. 1 (March 26, 2016): 139-61, 141.

include deterrence, transformation, and denuclearization.<sup>3</sup> The United States Special Representative for North Korea Policy, Glyn Davies, the U.S. Permanent Representative to the United Nations, Susan Rice, and the Obama administration all justified that sanctions were designed to constrain the North Korean government's ability to finance, and thus to hinder, the development of their nuclear and ballistic missile programs.<sup>4</sup>

Presently, there are neither evidence nor reliable data to prove or to measure whether the above-mentioned objectives are being achieved through the sanctions regime. So far, North Korea's provocative behavior and unwillingness to denuclearize appear either unchanged or becoming threateningly worse. Inevitably, cutting off potential revenue streams of North Korea certainly slows the pace of North Korea's development of weapons of mass destruction (WMD), but it also impedes all of North Korea's economic interactions with the international community. It neither facilitates North Korea's adjustment into the international marketization system nor persuades the regime to adopt economic reforms that are necessary to improve its living standards at home. Coercion accompanied by economic aid also provides neither any incentives nor long-lasting security guarantees for North Korea to denuclearize.

### **III. ANALYSIS OF THE INEFFECTIVENESS OF ECONOMIC SANCTIONS**

#### *A. North Korea–United States Relations: No Trade, No Leverage*

Habib and Kwon have argued that economic sanctions are effective only when economic relationships already existed between the sender country and target country in which the sender country is able to exercise its economic leverage over the target state. The target country will compare the costs for noncompliance with the sanctions versus costs for compliance with sender countries' demands.<sup>5</sup> If this claim is true, then the success of the sanctions regime depends on to what degree China is willing to cooperate with the sanctions regime as well as whether the United States is willing to establish economic engagement with North Korea.

Despite the UNSC's sanctions against North Korea for time immemorial, North Korea is currently ranked as the 126th largest export economy in the world. North Korea's trade with China, South Asia, Southeast Asia, Africa, and European Union has grown substantially since 2005.<sup>6</sup> In 2013, North Korea's total exports and imports were 3.28 billion USD and 4.34 billion USD,

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3 Duk-min Yun and Woosoon Choi, "Breaking the North Korean Nuclear Deadlock: A Global Action Plan," *Washington Quarterly*, Fall 2014, 222.

4 Habib, "Enforcement Problem," 57–58.

5 Habib, "Enforcement Problem," 51.

6 Sigal, "Sanctions Easing as a Sign of Non-Hostility," 107.

respectively. Its top exports are coal briquettes (38%), iron ore (7.9%), textiles, and refined petroleum; its top imports are crude petroleum (14%), refined petroleum (4.7%), delivery trucks, textiles, and rubber. Its top export destinations are China (83%), the Netherlands (3.7%), Brazil, Pakistan, and India; its top import origins are China (83%), India (5.5%), Russia, Thailand, and Singapore.<sup>7</sup> According to this data, China has the greatest economic leverage to use the sanctions regime to compel North Korea to denuclearize and return to the Six-Party Talks.

On the other hand, the United States, the most prominent supporter of the sanctions regime, has had no bilateral economic relations with North Korea for the past six decades. The United States has imposed numerous unilateral economic sanctions on North Korea, banning all exports to as well as commercial and financial transactions with North Korea since the Korean War. Some restrictions were lifted during the period of famine in North Korea between 1994 and 2000, but other restrictions were simultaneously strengthened again after 2001.<sup>8</sup> Furthermore, the United States has led the United Nations member states to impose numerous economic sanctions against North Korea for the violation of nonproliferation of WMD. Thus, with the exception of China, United States and the UN member states have little to no economic leverage over the DPRK.

Kwon contended that the benefit of changing the target country's behavior by implementing strong enforcement of the sanctions comes at a cost of weakening its political influence over the target country over time.<sup>9</sup> Indeed, with the exception of China, the United States and UN member states have incurred increasing costs of reducing their own political influence over North Korea. In spite of having limited economic linkages with the rest of the world except for China, North Korea has been economically isolated overall. In fact, the DPRK has grown accustomed to the hostile sanctions regime for decades. Therefore, the effectiveness and the success of the current sanctions regime actually depends solely on China and North Korea. Unless the DPRK believes that the benefits from trade with the international community are greater than the current security benefits of prioritizing its military-first economy, North Korea will have little incentive to change its policy. In addition, due to their unique bilateral history and current political, strategic, security, and geographic relationship with North Korea, China has both incentives and disincentives for utilizing the sanctions regime to achieve the objective of denuclearization in the Korean peninsula.

<sup>7</sup> "North Korea, Observatory of Economic Complexity," 2013: <http://atlas.media.mit.edu/en/profile/country/prk/#Exports>.

<sup>8</sup> Suk Hi Kim and Mario Martin-Hermosillo, "The Effectiveness of Economic Sanctions against a Nuclear North Korea," *North Korean Review* 9, no. 2 (Fall 2013): 99–110.

<sup>9</sup> Kwon, "The Conditions for Sanctions Success," 141.

### ***B. North Korea–China Economic Relations: China’s Dilemma and Intentions***

North Korea’s largest trading partner is China. In 2014, its bilateral trade with China constituted 89.1 percent of North Korea’s total foreign trade, not including trade with South Korea.<sup>10</sup> North Korea relies on China for oil and food imports as well as a channel for its international financial transactions.<sup>11</sup> Therefore, the United States and UN member countries have been persuading China to use its economic leverage and apply tough measures on the DPRK for years. Nevertheless, despite the imposition of the UNSC Resolution 1718 over the decade since the first nuclear test in 2006, North Korea’s trade volume with South Korea and China has grown exponentially. More so for South Korea than any other country, reconciling denuclearization, normalizations of relations, and reunification of the Korean peninsula are all top priorities. Thus, trade engagement with North Korea was an attempt to normalize relations. As for China, prior to North Korea’s third nuclear test in 2013, China supported the economic sanctions only half-heartedly and continued to encourage Pyongyang to return to the Six-Party Talks. The DPRK is China’s national security dilemma; hence, China is unable to fully commit to the sanctions regime.

China does not have a strong determination to use its political and economic leverage to pressure North Korea to end its nuclear program because they have different strategic priorities and they do not want to use this method to achieve the final objective. China applies some temporary pressure on North Korea only after being pressured by the international community when North Korea makes sudden provocations by conducting another nuclear test and launching rockets and missiles. For instance, after the third nuclear test and enactment of UNSC Resolution 2094 in 2013, China finally applied more pressure on North Korea by preventing Kim Jong-un’s visit to China, ending oil exports except gasoline and kerosene to North Korea, banning trade of dual-use technologies and luxury goods with North Korea, and prohibiting the Bank of China from doing business with North Korea’s primary foreign exchange bank, the Foreign Trade Bank.<sup>12</sup> Hence, the Chinese leadership is divided and indecisive on its foreign policy toward North Korea.

Long-time discussions about China’s intentions and incentives continued to point out that North Korea remains a buffer zone for China in Northeast Asia and acts as a defensive shield against US encroachment on China. Besides these geopolitical reasons, China’s most serious concern is that the high potential of instability, warfare, or regime collapse within North Korea will lead to huge inflows of refugees into Northeast China, which in turn will threaten China’s

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10 Deok Ryong Yoon, “North Korean Economy and External Economic Relations,” Korea Institute for International Economic Policy, March 2016.

11 Yun and Choi, “Breaking the North Korean Nuclear Deadlock,” 222.

12 Yun and Choi, “Breaking the North Korean Nuclear Deadlock,” 222.

national security of requiring a stable environment for economic growth and development. Thus, the Chinese leadership feels that they have little room to maneuver and every risk to incur unnecessary costs after imposing harsh economic sanctions.

Since China has veto power in the UNSC, China continues to influence the use of moderate language and wording in the commitments of UNSC resolutions including UNSCR 2094 as well as encourages all parties to remain calm and refrain from actions that may escalate tensions.<sup>13</sup> China's role as a mediator obliges all parties who would like tougher sanctions on North Korea to agree to China's sanctions or no sanctions at all. Ultimately, China decides to what degree they would like to implement the sanctions and UN member states have limited influence over China's policy. Moreover, UN member states have pressured but offered China little incentive for applying harsher sanctions. Lastly, North Korea's continuous uncooperativeness and provocations could both incentivize and disincentivize China from imposing tougher permanent sanctions on North Korea, which would render the sanctions regime ineffective altogether. Regardless of China's decision, ultimately sanctions are not incentives for persuading North Korea to denuclearize.

### ***C. North Korea's Intentions: Political and Economic Security***

The imposition of stricter economic sanctions against North Korea provides further justification and incentive for the DPRK regime to sustain its nuclear weapons capability, which perpetuates the foundation for its regime survival, economic development strategy, and ideological commitments. The DPRK refers to its nuclear arsenal as its only deterrent and strength against the United States and has repeatedly requested removal of the longstanding US hostile policy of numerous unilateral and multilateral sanctions against North Korea since the Korean War. Due to these circumstances, North Korea always had very limited economic relations with the rest of the world, and sanctions do not contribute in any way to stimulate economic transformation or growth of the DPRK. In fact, Sigal suggested that the United States should ease sanctions as an important symbol of willingness to normalize relations with the DPRK.<sup>14</sup>

According to Sigal, there remained three layers of stringent sanctions against North Korea from the United States. First, the Arms Export Control Act, Atomic Energy Act, and Export Import Bank Act from 1945 were the strictest and least flexible, including barring any assistance to the DPRK except humanitarian aid. Second, the USA Patriot Act from 2001 imposed further inflexibility on financial transactions in which all banks conducting business with DPRK entities will be

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<sup>13</sup> Habib, "Enforcement Problem," 60–61.

<sup>14</sup> Sigal, "Sanctions Easing as a Sign of Non-Hostility,"



suspended from relations with US financial institutions. The third and last layer are the UNSC resolutions.<sup>15</sup> Although it is difficult to measure to what extent relaxation of sanctions will bring about fundamental change in the US-DPRK bilateral relationship, it is clear that North Korea has repeatedly requested the relaxation of sanctions, which only fell on deaf ears.

According to Sigal, US relaxation of sanctions encounters numerous legal impediments even though it could be a strong incentive to break the current deadlock with North Korea. First, the Nuclear Nonproliferation Act (NNA) limits the president's power to waive sanctions without legislation and requires Congress to seek the president's approval prior execution. Second, Congress enacted a long list of justifications for restrictions to trade, aid, access to assets, and arms sales with North Korea: WMD proliferation, regional conflicts, terrorism, undemocratic governance, management of nonmarket economy, illicit activities, narcotics trafficking, counterfeiting goods, currency, smuggling bulk cash, and all kinds of objectionable behavior.<sup>16</sup> Third, removal of layers of sanctions under the UNSC resolutions also requires time and the approval of many nations. Most importantly, the international community has never specifically agreed to remove economic sanctions if the DPRK denuclearizes. Since there are little to no symbolic gestures for any changes, there is even less incentive for North Korea to comply with external denuclearization demands.

Moreover, since these legislations categorized North Korea as the country to be political and economically sanctioned upon, no institutions or organizations can engage or help North Korea to bring about fundamental improvements to its economy or governance structure. Not only does North Korea resist denuclearization, but disengagement only leads the DPRK to become ever more isolated, which leads the international community to lack the opportunity to gain a better understanding of and more influence over transforming the political, economic, and social circumstances within North Korea. All in all, coercing North Korea to change is not as powerful as North Korea's own willingness to change.

Sigal, and Yun and Choi suggest that the greatest incentive for North Korea to change its behavior is the normalization of its relationship with the United States, but they differ greatly on the best approach to resolve this deadlock. For instance, Yun and Choi supported a "steaks and hammers" approach; the international community should continue to provide strong incentives such as greater economic benefits, humanitarian food aid, energy assistance, and foreign investment as well as maintain strong pressure by imposing consistent sanctions on North Korea.<sup>17</sup>

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<sup>15</sup> *Ibid.*, 109.

<sup>16</sup> *Ibid.*, 108.

<sup>17</sup> Yun and Choi, "Breaking the North Korean Nuclear Deadlock," 219.

Indeed, North Korean leadership is very interested in normalizing its relationship with the United States, which will improve the security of their regional political and economic environment. However, perpetual humanitarian aid or other economic benefits used to ease starvation and poverty in North Korea do not persuade the DPRK regime to either adopt economic reforms or accept marketization. North Korea values the Juche ideology, which focuses on attaining ultimate self-reliance in politics, military, and all aspects of society. From North Korea's point of view, humanitarian aid prolongs the survival of the regime temporarily but it neither provides long-term political and economic security nor brings about fundamental changes to self-improve the standard of living in North Korea. Hence, strong economic sanctions coupled with humanitarian aid and relief efforts do not provide a strong enough incentive to induce North Korea to denuclearize or pursue economic reform.

#### ***D. International Cooperation in the Compliance with UNSC Resolutions***

Habib and Kwon argued that the sanctions regime is ineffective due to the legal ambiguity of the United Nations Security Council as a political body incapable of enforcing its binding resolutions. Compliance with the legal obligations of the UN Charter is mandatory and binding under international law for all member states.<sup>18</sup> However, since UNSC lacks the direct capacity and military capacity to oversee, monitor, or enforce its resolutions, member states and target states are less likely to comply fully with their obligations.

First, the ambiguous tone of language used in the UNSC resolutions does not strengthen the commitment of compliance for member states. Habib pointed out that the UNSC resolutions often used mild verbs to “recall, reaffirm, underlie, call upon, decide, request” North Korea to retract from its 2003 withdrawal from NPT and return its nuclear facilities to the oversight of NPT and IAEA safeguards.<sup>19</sup> In 2006, a UNSC Special Committee was established to identify obligations and respond to noncompliance, and it “calls upon” member states to make additions to the targeted list of goods, entities, and individuals.

While stronger negative verbs such as “demand, condemn, deplore” are used to denounce violations, Resolution 2094 in 2013 used the verb “demand” only twice and “calls upon” member states to provide updated information on North Korea's noncompliance activities while expressing preferences for peaceful resolution through a return to Six-Party Talks but further sanctions if North Korea escalates tensions.<sup>20</sup> The unclear language weakens the intention and seriousness of the violation. In this regard, either UNSC veto members such as China and Russia

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18 Habib, “The Enforcement Problem,” 56–58.

19 Ibid., 53–56.

20 Ibid., 58.

contributed to the watered-down language of the original proposal or member states are not prioritizing this issue. Assuming that a stronger sanctions threat is effective in achieving denuclearization, stronger language is then necessary to enhance active participation of all member states in order to demonstrate to the target regime that grave negative consequences come with noncompliance. Secondly, when there is an inadequate enforcement mechanism binding member states to comply to resolution obligations, there is less incentive for North Korea to abide by the rules of denuclearization. The enforcement of the sanctions regime depends on the Proliferation Security Initiative, which monitors global naval efforts, targets outbound ships from North Korea, and intercepts worldwide cargoes of narcotics, missiles, and weapons technology.<sup>21</sup> However, enforcement incentives are weakened by expensive implementation costs and the lack of consensus within the UNSC.

The UN member states encounter several difficulties while applying sanctions. Some find incorporating resolutions into domestic legal frameworks difficult. Others are unwilling to conduct legal investigations and file reports to the UNSC Panel of Experts on trade with North Korea. Countries that are geographically distant from the DPRK tend not to file reports regularly. Shipping companies face legal challenges of requiring inspections on dangerous goods and the opportunity cost of slowing the flow of cargoes at busy seaports.<sup>22</sup> Moreover, sender countries depend on their own firms, banks, or citizens to voluntarily end political, economic, and financial engagements with the DPRK.<sup>23</sup> If it is difficult to find replacement for a tradable good, substitution costs would be significant and result in less incentive to comply with regulations. Thus, sender countries lack either the resources or the willingness to monitor, detect, and punish violators.

Lastly, despite a consensus to denuclearize the Korean peninsula, there is a lack of consensus within the UNSC regarding the best method to achieve that final goal. The UNSC is incapable of implementing its resolutions directly through the use of military action due to South Korea's geographical vulnerability to an attack from North Korea.<sup>24</sup> Hence, the only other hard-line option would be to use economic sanctions.

However, China, the country with the greatest leverage to implement the sanctions regime, actually supports the sanctions regime only half-heartedly. As mentioned earlier, fearing the possibility of instability within North Korea leading to refugee influx and instability in China, China does not have the incentive to implement the sanctions regime to the full extent that the United

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21 Ibid., 57.

22 Ibid., 61.

23 Kwon, "The Conditions for Sanctions Success," 139–161.

24 Habib, "The Enforcement Problem," 59.

States or UNSC would like. Even after the fourth nuclear test in January 2016, Chinese Foreign Minister Wang Yi continues to emphasize what China has done repeatedly in the past, that full dialogue and consultation is the only solution to achieve denuclearization and uphold peace and stability in the Korean peninsula.<sup>25</sup> The Chinese leadership believes that neither would the sanctions regime reduce tensions in the Korean Peninsula nor would sanctions provide the ultimate solution to this issue. To China, the sanctions regime is merely used as a tool to pressure North Korea to return to negotiations, but it does not guarantee what the content of negotiations would be. Therefore, inconsistent sanctions by itself is ineffective in realizing denuclearization in the Korea peninsula.

### ***E. North Korea's Economic Sanctions Circumvention Strategies***

Having endured economic sanctions for the past six decades, the DPRK government most likely has already developed strategies to circumvent the sanctions regime. Since the regime has grown accustomed to sanctions and observes scant probability for any sanctions to be lifted as well as minimum opportunity for normalizing its relationship with the United States, there is little incentive for North Korea to accede to the demands of the sanctions regime. According to the reports from the UN Financial Action Task Force in 2013, North Korean diplomats have consistently been negotiating contracts for armed sales and the procurement of technologies and blueprints as well as purchasing luxury goods for North Korea's patronage network, which is the predominant group supporting the government elite.<sup>26</sup> North Korea's circumvention techniques included operating dummy companies, having joint venture operations with legitimate business enterprises, placing people in foreign companies, and using intermediaries to collect materials for its nuclear and ballistic missile programs.<sup>27</sup> Like all illicit actors, the DPRK has become increasingly creative in evading the arms embargo and economic sanctions. For example, in July 2013, parts for missile systems and falsified customs documentation were discovered beneath bags of sugar on a North Korean cargo ship, *Cong Chon Gang*, interdicted at Panama Canal traveling from Cuba to the DPRK.<sup>28</sup>

Another example: Kim Kwang Jin, a North Korean defector and former fund manager for National East Asia Bank, the national bank operating under the Korean Workers' Party Organization, testified that the bank handles earnings from arms sales and either channels funds through small accounts across banks or executes transactions in hard cash, jewels, and barter.<sup>29</sup>

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25 John Kerry, "Press Availability with Chinese Foreign Minister Yang Yi," US Department of State press release, January 27, 2016, <http://www.state.gov/secretary/remarks/2016/01/251708.htm>.

26 Habib, "The Enforcement Problem," 55.

27 Ibid., 61–62.

28 Ibid., 52–53.

29 Ibid., 55–58.

In fact, North Korean people have also become more creative in avoiding trade and market restrictions imposed by the DPRK regime itself. For instance, despite government crackdown on drug trafficking, drug trade continues to cross the Yalu or Tumen River into China and to the rest of the world.<sup>30</sup> Cracking down on growing black markets at home has also become more difficult.

Overall, the sanctions regime is ineffective in persuading the DPRK regime to denuclearize and seek socioeconomic reforms. To North Korea, all of the above-mentioned illicit activities are necessary not only to fund its nuclear and missile programs, which is essential to its national security and preservation of the Kim dynastic regime, but also to provide intrinsic revenue streams for its economic survival, and maintenance of nuclear program, and to give North Korea more leverage at the negotiation table. Since the North Korean people need to resort to illegal trade and black markets in their own heavily restricted territory for basic survival, the external sanctions regime not only keeps them more isolated from the rest of the world, but actually adds another layer of obstacles to their livelihood. In fact, the sanctions regime plays up to the DPRK propaganda of maintaining a nuclear program as a “deterrence” against the United States. The sanctions regime neither provides incentives for Pyongyang to pursue economic liberalization in the future nor improves the current economic conditions or livelihoods of the North Korean people.

### ***F. North Korea’s International Economic Relations***

Will economic sanctions ever coerce North Korea to denuclearize? Is this genuinely the best policy tool to persuade North Korea? Hard-liners who supported the “carrot and sticks” or “steaks and hammers” approach argued that North Korea is disinterested in giving up its nuclear program and that only humanitarian assistance and persistence on stricter sanctions will ultimately rein in North Korea to cooperate. Moderates argued that timing, patience, China’s role, member state cooperation, and clarity and stronger enforcement mechanisms for UNSC resolutions are essential for success in pressuring North Korea. Despite all the reasons discussed above that render the sanctions regime ineffective, these analysts believe that there are no better alternative solutions.

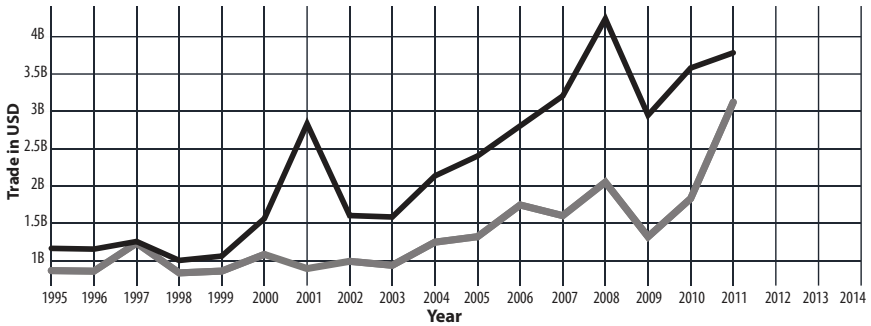
On the other hand, Habib pointed out that economic sanctions fail when no level of economic punishment is sufficient to compel the target state to obey because the target state will endure the costs of sanctions by mobilization of nationalist sentiment, counter-sanctions deprivations, mitigation of economic costs through substitution, circumvention techniques, and displacement of the

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30 Justin V. Hastings, “The Economic Geography of North Korean Drug Trafficking Networks,” *Review of International Political Economy* 22, no. 1 (2015): 182.

burden of sanctions onto other members of the society.<sup>31</sup> Thus, examining North Korea's current economic circumstances is essential to better understand whether economic sanctions will actually make an impact on regime decision.

### DPRK's Trade Deficit



Source: OEC, "North Korea," <http://atlas.media.mit.edu/en/profile/country/prk#Exports>.

According to customs data provided by North Korea's international trading partners, North Korea's imports, exports, and total trade volume have been increasing substantially since the famine in the 1990s except for a sharp decline in 2008. North Korea continuously experiences a trade deficit as its imports consistently exceeded its exports. In 2012, North Korea's main export products were mineral-based products (57.39%), textiles (16.85%), and metalloids (8.18%) and main import products were mineral-based products (21.22%), machinery and electronics (16.11%), and textiles (13.79%).<sup>32</sup>

These customs data excluded official aid and development assistance, direct government transfers, foreign direct investment, overseas services, remittances, military ammunition trade, barter trade, smuggling, and all forms of illicit trade.<sup>33</sup> This data is astonishing considering the heavy layers of economic sanctions against the DPRK.

According to Joongho Kim from KEXIM Bank, Pyongyang's political strategy is to focus on a military-first economy, an economy that only supports the survival of its military regime. The DPRK prioritizes and channels all resources toward the production of missiles, nuclear weapons, armament hardware, training, and overseas arms sales. Hence, little resources remain to produce consumption or

<sup>31</sup> Habib, "The Enforcement Problem," 51.

<sup>32</sup> Yoon, "North Korean Economy."

<sup>33</sup> Nathaniel Aden, "North Korean Trade with China as Reported in Chinese Customs Statistics: 1995–2009 Energy and Minerals Trends and Implications," *Korean Journal of Defense Analysis* 23, no. 2 (June 2011): 233.

other products for its population. Lower output in terms of GDP leads to lower productivity from labor capital. As less resources are available in the economy, the government will increasingly adhere to its military-first policy to ensure its national security. It is a vicious cycle that brings an end to itself.<sup>34</sup>

Regardless of limited resources, the DPRK policy emphasizes sustaining its military even at the cost of deteriorating the welfare of its own people. Therefore, North Korea has no intention to denuclearize under its present political, economic, and security circumstances. Moreover, the sanctions regime neither encourages North Korea to seek economic reforms nor improves the lives of the North Korean people. In fact, the sanctions regime achieved the exact opposite of its intended objectives.

According to Deok Ryong Yoon from KIEP, the North Korean economy has been suffering from chronic poverty since the serious famine that occurred from 1994 to 1999. As a centralized planned economy, the DPRK enacts heavy controls over its economy. Its economic reforms have permitted limited markets in the private sector, but the country has not been able to increase its production. And despite supporting its Juche, or self-reliance, ideology, North Korea has been highly dependent on external economic relations in the past decade and has turned a blind eye toward growing black markets. Its trade volume and trade deficit has been increasing rapidly since 2011. Although trade has been improving, North Korea presently still suffers from poverty, hyperinflation, exchange rate volatility, domestic currency depreciation, budget deficit, trade deficit, and an increasing gap between the rich and the poor.<sup>35</sup>

Based on these current economic circumstances of North Korea, the sanctions regime indeed has restricted but not entirely obstructed North Korea's external revenue streams from trade. However, with preexisting flourishing black markets in North Korea, the sanctions regime appears to impede North Korean people from engaging in more official trade unrelated to weapons proliferation as well as to further cut off their potential contact with the rest of the world. Therefore, not only has the sanctions regime been ineffective in the denuclearization of the Korean peninsula, but it also delays the improvement of people's livelihood by denying legal trade with the outside world as well as discourages the regime from pursuing economic reforms by ensuring no survival alternatives to its military-first economic policy.

Finally, North Korea supports a military-first economy through three main revenue channels: resource exports to China, joint operation of Kaesong Industrial Complex with South Korea, and inflow of remittances from North Korean laborers working overseas.

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34 Joongho Kim, PhD, "EXIM and Korea Reunification," Research Institute for North Korea and Northeast Asia Development, KEXIM, March 15, 2016.

35 Yoon, "North Korean Economy."

Korea earns most of its government revenue from mineral exports to China. North Korea has abundant mineral resources of magnesite, zinc, iron, tungsten ore, graphite, gold, anthracite coal, barite, apatite, and molybdenite. However, its mineral industry is underdeveloped due to poor infrastructure and the lack of investment, electricity, materials, equipment, transportation networks, and legal system. To develop its mining sector, North Korea has attempted to construct large-scale hydro plants and remodel its overall power system as well as ratified policies to attract foreign investment and cooperation. South Korea, Japan, the UK, and the United States have all participated in short-lived joint investment mining projects with North Korean counterparts in the past. However, China is the leading and only successful investment partner in North Korea.<sup>36</sup> Accordingly, North Korea has become increasingly economically dependent on China. Yet, China has little incentive to use the sanctions regime to coerce North Korea to denuclearize and thus imposes sanctions on North Korea intermittently rather than permanently.

Secondly, an important if not vital source of revenue of the DPRK comes from the Kaesong Industrial Complex (KIC). Due to North Korea's fourth nuclear test, South Korea has shut down the KIC and suspended all contact with North Korea in order to demonstrate to the international community its resolve to constrain North Korea's nuclear ambitions. South Korea launched the joint-investment project KIC in 2004 in order to increase engagement and cooperation efforts to help North Korea reform its economy.<sup>37</sup> The KIC raises an important portion of revenue for the DPRK, improved minimum wage for North Korean workers, increased inter-Korea trade volume in 2015, and increased its exports to China after the ROK-China FTA finalized in 2014. Although symbolically it is reasonable and credible for South Korea to demonstrate its determination to denuclearize North Korea, South Korea has now lost its only economic leverage over North Korea and weakened its political and economic influence over North Korea. It will be incredibly difficult for South Korea to reverse this policy in the future unless North Korea yields, which is unlikely. Thus, China remains the only key to the effectiveness of the sanctions regime.

Lastly, the third main source of revenue for the DPRK regime comes from its overseas services and tourist industries.<sup>38</sup> The DPRK takes away a substantial percentage of the flow of remittances sent by North Koreans working overseas without assisting North Koreans to negotiate better working contracts or preventing them from entering human trafficking traps. Although UNSCR 2270 excludes economic sanctions on all humanitarian efforts, it bans North Korean citizens from entering other countries' territories by ship or plane and prohibits

36 Choi Kyung-soo, "The Mining Industry of North Korea," *Korean Journal of Defense Analysis* 23, no. 2 (June 2011): 211-30.

37 Kwon, "The Conditions for Sanctions Success," 156.

38 Yoon, "North Korean Economy."



their transfer of remittances.<sup>39</sup> Intended to curb the revenue streams of the North Korean government, the sanctions regime actually does this indirectly by further isolating North Korean people from the rest of the world. Knowing full well that the North Korean regime will absorb revenue and resources from its own population, the sanctions regime sacrificed the North Korean people.

#### **IV. CONCLUSION: SUMMARY AND POLICY RECOMMENDATIONS**

For the past two decades, the UNSCR economic sanctions regime has been ineffective in denuclearizing North Korea. There are many factors for its ineffectiveness. First, North Korea's foreign trade is dependent only on China. Yet, China is indecisive and cautious in using its economic leverage because it is more concerned with its own security and economic objectives. As the biggest supporter of the sanctions regime, the United States has no economic leverage over North Korea because the United States' imposition of unilateral sanctions on North Korea since the Korean War has rendered no direct economic links to this day. Other UN member states also have little to no economic leverage over North Korea, just as South Korea recently ended its joint operations of KIC with North Korea. Since there are inadequate resources and enforcement mechanisms to monitor, detect, and punish violators, the sanctions regime relies predominantly on voluntarism. Costs of applying sanctions offer little incentive for international cooperation. Lastly, accustomed to decades-long sanctions, North Korea has long established creative ways to circumvent the sanctions regime. Without sanctions being lifted, normalization with the United States, or a peace treaty being offered to guarantee its political and economic security, there is little incentive for North Korea to either renounce its nuclear program or abandon its military-first economic policy.

The effectiveness of the most recent UNSCR 2270 sanctions, in which UN members, especially China, applied the toughest measures on North Korea in the past two decades, remains to be seen.

However, according to the targeting principle of international trade theory, to achieve some objective, it is best to use the policy instrument that achieves the objective most directly. The UNSCR sanctions regime has been attempting to denuclearize North Korea indirectly by solely relying on China and restricting the freedoms of innocent North Korean people. Hence, if the international community seeks to influence North Korea to change from the inside, the international community also needs to engage more from the outside. And even if sanctions lead to negotiations, negotiations will also be fruitless if inadequate incentives are offered.

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<sup>39</sup> Kwon, "The Conditions for Sanctions Success," 156.

The United States should offer North Korea a peace treaty and lift economic sanctions unrelated to arms proliferation in order to normalize relations with North Korea. This provides North Korea political and economic security, which is the greatest incentive for North Korea to denuclearize and also removes their justification for sustaining a military-first economy. This humble and idealistic recommendation will most likely be rejected by the United States, South Korea, and Japan at the present time but should be reconsidered if future sanctions regimes continue to be ineffective. Considering this as a North Korean victory, South Korea and Japan might object, highlighting their security concerns and desire to pursue nuclear programs themselves. For South Korea, the recognition of North Korea as a separate country would most likely symbolize no hope for future reunification.

Nevertheless, this reversal of policy offers great incentives to South Korea, Japan, and the United States in the distant future. Since North Korea has no intention to denuclearize, the international community should engage in ever more bilateral trade activities, people-to-people exchanges, and educational and cultural exchanges with North Korea in order to reduce tensions. More engagement with North Korea offers a channel for the international community to gain a better understanding of the North Korean economy, society, culture, and people. It offers opportunities for more North Koreans to see the outside world, receive employment training, improve their own standard of living at home, and hopefully change their perspective to reform their own political and economic structure.

There is no guarantee that North Korea will transform into a country like South Korea, but it will transform into a country economically better than it is now. By ensuring peace now and leaving denuclearization and peaceful Korean reunification as ultimate future objectives, North Korea will take advantage of its own comparative advantage and engage in more official and illicit trade with the rest of the world. By growing and developing other domestic industries, North Korea might rely less on its military industry for revenue streams, and shift away from its military-first economy. For instance, South Korea's engagement with North Korea in the KIC project should be a model to bring North Korea out of poverty.

As the economic circumstances of North Koreans improve, North Koreans will have more power and strength to influence and challenge their own government to change and induce the DPRK regime to change from within. The eventual goal of Korean reunification will ultimately depend on the future interactions of the people of the two Koreas as well as between the people of the entire Korean peninsula and the international community. Therefore, this is the best and most direct method to help ensure current peace and future peaceful reunification.



## **Part II. Future Challenges for Korean Reunification**





# **Financing Reunification**

by Emily Potosky





# Financing Reunification

by Emily Potosky

## I. INTRODUCTION

In any reunification model, reunification costs will always occur—the main questions to be answered are when will they need to be paid, by whom, and how much will they be? We can only hazard a guess to the first one, and experts have conflicting estimates of the third, but most agree that the South Korean people will primarily bear the cost of reunification. That being said, if South Korea takes the steps now to start gathering funds for what policymakers argue is an eventuality, reunification will not be such a large economic burden.

People like to compare the divided Korean peninsula with the division of Germany during the Cold War, but the fact of the matter is the disparities between North and South Korea are much greater now than they ever were in divided Germany. At the time of reunification there was a five to one difference in economic performance between the West and East Germany, and a four to one difference in population.<sup>1</sup> Those same ratios on the Korean peninsula are twenty to one and two to one respectively.<sup>2</sup> In addition, while East Germany developed at a slower rate than the West it still continued to develop; North Korea has not done so.<sup>3</sup>

Even today inequality between East and West Germany persists, calling into question whether or not Korea should follow the German model of unification. East Germany is only at 70 percent of West Germany's economy.<sup>4</sup> Of the five hundred largest German firms, only twenty have their headquarters in eastern Germany, and when adjusted for population this figure should really be between seventy and one hundred.<sup>5</sup> Analysts argue that this alone accounts for about 10 percent of the difference between the East and West German economies, and the remaining 20 percent is probably due to other issues that may never be overcome.<sup>6</sup>

In this paper I describe the current state on the peninsulas as it relates to eventual reunification, and I examine the past and current efforts by the Korean government and public to collect funds for reunification. I then evaluate multiple scholars' estimates of the cost of reunification, and through their research and my

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1 Ulrich Blum, "Unification Costs: An International Endeavor," *Kungnaeoe sôkhaktûl i ponûn t'ongil kwa Hanguk kyôngje - Unification and the Korean Economy*, ed. Export Import Bank of Korea (KEXIM) (Seoul: Institute for Global Economics), 415.

2 Ibid.

3 Ibid., 417.

4 Ibid., 418.

5 Ibid., 422.

6 Ibid., 422–23.



own analysis I assess President Park's "bonanza" statement and find it to be overly optimistic. Last, I examine what I think are some of the best fundraising options for the South Korean government, including unification taxes, investment in a sovereign wealth fund, and issue of unification bonds.<sup>7</sup>

### ***Evaluating Park's "Bonanza" Statement***

Experts are divided on whether or not reunification will be the "bonanza" that Park says it will be. While most agree that in the long run unification is beneficial for the Korean economy and for the region as a whole, there is not a single standard of "long run," or any agreement on the severity of the short-run costs or long-term consequences. In addition, not all experts agree on what the targeted final stage of North Korea should be after reunification. A 2009 Goldman Sachs report agrees with Park that reunification will be a "bonanza" and that if North Korea's growth potential is fully realized the GDP of unified Korea could be larger than France's, Germany's, and possibly Japan's in thirty to forty years.<sup>8</sup> It states three major reasons related to North Korea's "strong untapped potential": an abundant and competitive labor force, *synergy* between South Korean capital and technology and North Korea's natural resources and labor, and potentially large gains from productivity and currency appreciation that have been historically seen in transitional economies.<sup>9</sup>

A different report states that in order to stabilize North Korea, the North needs to achieve a level of about 50 or 60 percent of the South's per capita income.<sup>10</sup> Currently North Korea is at 5 percent, so the total necessary gross transfer will be around 27 percent of South Korea's national income, compared to the 10 percent it took in Germany.<sup>11</sup> A Center for a New American Security report published in 2015 also believes that unification will not be a "bonanza." The report argues that while in the long term it would accelerate peninsular economic growth and reduce poverty, the costs of putting North Korea's per capita income at 60 percent of the South's could exceed \$1 trillion.<sup>12</sup>

The first of Goldman Sachs' arguments is misleading, as it leaves out some key mitigating factors. Its main argument is that North Korea has favorable demographics, that its citizens are well educated, and that because more than a third of its population lives in rural areas, this provides a large pool of potential

7 For multiple estimates on the cost of reunification, see Tables 1 and 2 in the appendix.

8 Gooheon Kwon, "A United Korea? Reassessing North Korea Risks (Part I)," Global Economics Paper no. 188, Goldman Sachs Global Economics, Commodities and Strategy Research, September 21, 2009, accessed May 1, 2016, [http://www.nkeconwatch.com/nk-uploads/global\\_economics\\_paper\\_no\\_188\\_final.pdf](http://www.nkeconwatch.com/nk-uploads/global_economics_paper_no_188_final.pdf).

9 *Ibid.*, 9.

10 Blum, "Unification Costs," 424.

11 *Ibid.*

12 Patrick M. Cronin, Van Jackson, Elbridge Colby, Richard Fontaine, David Eunyoung Jee, Brian Kirk, Darcie Draudt, and Hannah Suh, "Solving Long Division: The Geopolitical Implications of Korean Unification" Center for a New American Security, December 2015, accessed September 9, 2016, <http://www.cnas.org/sites/default/files/publications-pdf/Korean%20Unification%20151204%20final.pdf>.

future workers.<sup>13</sup> It is true that North Korea has good demographics. At the time of this report the population was growing twice as fast in North Korea as in South Korea, which could help alleviate some of the “graying society” issues that South Korea currently faces.<sup>14</sup> However by “well-educated” labor force, Goldman Sachs is referring to the fact that education up until the age of 16 is compulsory and state-provided.<sup>15</sup> The quality of education should not be determined by how compulsory it is. The Korean Ministry of Unification currently spends 70 percent of its budget (approximately [USD] \$100 million) on Hanawon, a settlement support center for North Korean refugees that is currently hosting only 400 defectors.<sup>16</sup> A solid portion of Hanawon’s time and budget is devoted to the reeducation of these refugees and teaching them how to function in a market economy, therefore not only is the argument that North Koreans are well educated flawed, but the costs of re-educating all of these workers during or prior to economic integration must be taken into account.

	South Korea	North Korea	United Korea
<i>Demographic composition (in % of total)</i>			
0 - 14 years	18	23	20
15 - 64 years	72	68	71
65 or over	10	9	9
<i>Birth rate per 1000</i>	9.9	15.1	11.6
<i>Death rate per 1000</i>	6	7.2	6.4
<i>Annual Population Growth</i>	0.4	0.8	0.5

Source: Goohoon Kwon, *A United Korea?: Reassessing North Korea Risks* (Goldman Sachs Global Economics, Commodities and Strategy Research: 2009), 11.

The report’s second argument is more reasonable. They argue that because the six strategic materials that South Korea primarily uses (bituminous coal, uranium, iron, copper, steel, and nickel) are abundant in North Korea, the unified Korean economy will become more efficient and productive.<sup>17</sup> The large potential deposits of minerals in North Korea valued at around 140 times North Korea’s 2008 GDP could balance out South Korea’s needs for raw materials.<sup>18</sup> Last, the report argues that there are potentially large gains to be had from productivity improvements and the currency appreciation that is typically seen in transitional economies.<sup>19</sup> This argument is flawed on multiple levels, because while higher interest rates will attract investors, they will also appreciate the currency, which

13 Kwon, “A United Korea?” 9–11.

14 See Table 3 in the appendix.

15 Kwon, “A United Korea?” 11.

16 Presentation by Hanawon representative during Reunification and Asian Regionalization class trip to Korea in Spring, 2016.

17 Kwon, “A United Korea?” 10.

18 Ibid.

19 Ibid.

will hurt South Korea's export-driven economy.

Reunification will present benefits and drawbacks for South Korea. Many of these benefits will be realized in the long run, such as North Korea's higher birthrate, which will help combat the graying population problem that South Korea currently faces. This combined population will lead to *eventual* higher demand on the peninsula. In addition there are significant synergies between South Korea's economy and North Korea's mineral resources that can lead to eventual increases in production. Last, there will be *eventual* reduced spending on defense, and the higher interest rates will attract investors.

However, there are just as many reasons that reunification will not be the bonanza President Park seeks. Before the increased consumer demand on the peninsula the government will have to provide for the basic needs of all North Koreans. A Hanawon official said that many of the initiatives and programs at Hanawon target health, nutrition, education, job training, adaptation to a market economy, and so forth. In addition, while there are synergies between the South Korean economy and North Korean mineral resources, in order to take advantage of these resources the South will have to construct and rebuild North Korean infrastructure and facilities.

There are also going to be many integration and labor issues. With higher paying, more prestigious jobs in the South, the government will have to incentivize North Koreans to stay in the North and South Koreans to move up north. Fully integrating the North will require much more than simply using their resources. Last, many resources suggest that North Korea's labor pool will be a great complement to South Korean technology, but that very idea suggests an entrenchment of the current unequal system where North Koreans perform mostly cheaper, unskilled labor. Rather than this division of labor and technology being a benefit of reunification, the Korean government will have to be active in attempting to circumvent this division to prevent the de facto segregation of newly unified Korea by ability and job type.

Last, even in a peaceful reunification scenario there will most likely be increased spending on defense in the short run. This is in large part because of the costs associated with the location, transportation, and dismantlement of North Korean nuclear and weapons facilities, and also because North Korea is a very militarized state that spends roughly a quarter of its GDP on its military.<sup>20</sup> The dismantlement of this military and the re-training and reemployment of North Korean soldiers is going to take some time.

In order to stabilize the North, the North needs to get to the level of about 50 or 60 percent of the South's per capita income.<sup>21</sup> Currently North Korea is at 5 percent, so the total necessary gross transfer share will be around 27 percent of

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20 "N. Korea Spends Quarter of GDP on Military from 2002-2012: US Data," *Korea Times*, January 4, 2016, accessed April 8, 2016, [http://www.koreatimes.co.kr/www/news/nation/2016/01/485\\_194556.html](http://www.koreatimes.co.kr/www/news/nation/2016/01/485_194556.html).

21 Blum, "Unification Costs," 424.

national income, compared to the 10 percent it took in Germany.<sup>22</sup> In conclusion, a lot depends on when reunification takes place, under what circumstances, and these factors in turn depend on whether South Koreans are willing and able to accept the economic burden of a quick unification. While the current cost of integration could be reduced through various infrastructure development and economic strengthening projects in North Korea, it is overly optimistic to suggest and plan for it being a “bonanza” when it most likely will not be.

## II. PRIOR AND ONGOING PLANS FOR REUNIFICATION

### *Ministry of Unification*

The main group in charge of reunification planning is the Ministry of Unification. The following is a summary of the 2016 Work Plan the Ministry of Unification submitted to the president.

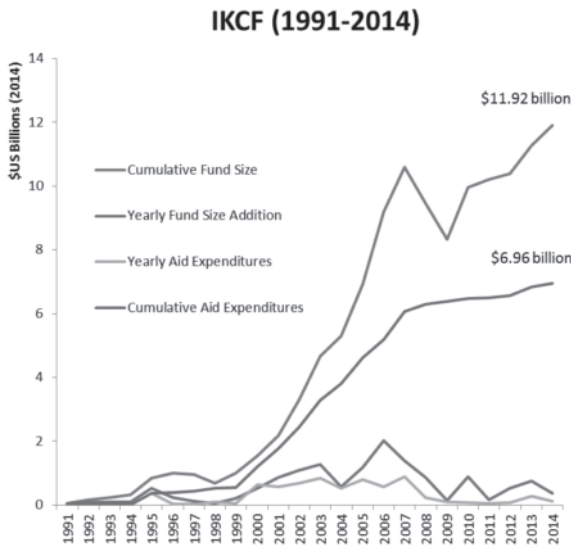
Objective	Set inter-Korean relations right and make practical preparations for unification		
Major Strategies	Increase pressure on North Korea to take the path of denuclearization by ensuring firm security and imposing strong sanctions	—	Induce North Korea to change by holding principled dialogue
	Enhance the capability for unification with the support of the public and international community		
Core Tasks	Reinforce efforts to effectively solve North Korea's nuclear problem		
	Continue to seek solutions on humanitarian issues including those regarding the separated families		
	Pursue inter-Korean dialogue that contributes to settling peace on the Korean peninsula		
	Promote inter-Korean cooperation to accelerate recovery of homogeneity of Korean people		
	Integrate unification preparation projects in various fields with creativity		

While the objective of this report is to “make practical preparations for unification” the report itself does not go into a lot of detail about the economic and financial preparations the Ministry must take. It spends more time on

<sup>22</sup> Ibid.

consensus-building operations such as a “Unification Expo,” or the “Unification Education Week” and on ways to better integrate North Korean refugees. While both the popular opinion concerning unification and the integration of defectors is important, unification is going to be a costly and difficult endeavor that needs to be adequately planned for. While it is politically very difficult to talk about the harsh realities of unification both domestically and in regard to inter-Korean relations, as long as unification is a part of the president’s platform, her administration must devise a way to pay for it, and start the preparations now.

**Inter-Korean Cooperation Fund**



Source: Stephan Haggard, Kent Boydston, and Jaesung Ryu, “South Korean Aid to the North IV: The Evolution of the Inter-Korean Cooperation Fund, 1991-2015,” Peterson Institute for International Economics, September 1, 2015, <http://blogs.piie.com/nk/?p=14424>

Another main actor in unification planning is the Inter-Korean Cooperation Fund (IKCF). The IKCF is managed by the Korean Export-Import Bank (KEXIM) and facilitates inter-Korean exchanges and economic cooperation, such as the reunion of separated families.

It also provides partial political insurance for those looking to invest in or trade with North Korea.

It was established in 1990, and is primarily funded via government contributions, borrowings from the Public Capital Management Fund, and through IKCF portfolio investment financial returns.

As shown in the Peterson Institute's graph, there is a substantial and growing difference between the cumulative fund size and cumulative aid expenditures. A good portion of this gap is political—if President Park has cut off relations with North Korea, then there is very little the fund can spend money on. However, having this fund sit unused seems like a waste when part of the cumulative fund could be invested in a sovereign wealth fund, as I will discuss later in this paper.

### ***Presidential Committee for Unification Preparation (PCUP)***

The last main actor is the Presidential Committee for Unification Preparation (PCUP), founded under President Park in 2014 in order to work toward Korean unification. It has three stated objectives: to develop a roadmap for unification, to build consensus among Korean citizens, and to establish a system of cooperation between government agencies and NGOs.

PCUP's main initiatives have included promotion of tourism in North Korea, health treatments for North Korean workers at the Kaesong Industrial Complex, and the promotion of economic development.

However, as President Park serves as the chair, much like the IKCF, PCUP is very sensitive to shifts in the political climate and is therefore unable to do anything in times of souring relations. It is an interesting mechanism for promoting dialogue, but it is not a useful tool for long-term contingency planning.

### ***Previous Plans***

There have been prior attempts in previous administrations at gathering funds for reunification. President Lee Myeong Bak's minister of unification, Yu Woo Ik, developed the Unification Jar (통일 항아리: tong-il hang-a-ree) Campaign in 2012. It was a voluntary donation fund inspired by the traditional practice of saving grains of rice in a jar for a rainy day.

There have also been a few private and non-profit attempts at fundraising for reunification, or helping develop North Korea. The *Chosun Ilbo* raised hundreds of millions of dollars in a campaign, and a few NGOs have also led similar efforts on a smaller scale.

President Lee also developed a plan for a reunification tax, which will be discussed later in this paper. The private and non-profit sectors have also

brainstormed various methods of financing reunification, such as issuing unification lottery tickets or unification bonds, and financing a North Korea development fund through select enterprises' surpluses in exchange for preferential treatment and tax breaks in North Korea post-unification.

Kim Dae Jung's government aimed to promote reconciliation between the North and the South through people-to-people exchanges and inter-Korean economic relations. Examples of projects undertaken include the Kumgang tourism area.

**Methods of Financing Unification**

While there are many more options to finance unification after it has occurred, including reaching out to multilateral development banks or collecting private donations, in this paper I am exclusively focusing on measures the government can take now. Therefore in the next section I present and examine a few different ideas to start gathering funds for reunification. These include unification bonds, different variations on a unification tax, and the utilization of sovereign wealth funds. While all of these ideas have drawbacks and none of them are solely able to finance unification, used in tandem they can help Korea begin to develop the necessary funds for reunification.

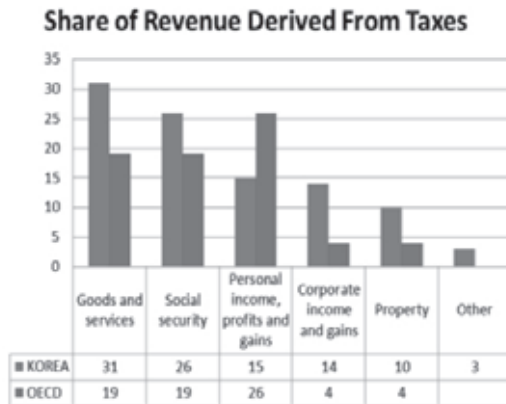
*Taxes*

Korea ranks 32<sup>nd</sup> in the OECD in terms of tax burdens, and had a tax to GDP ratio of 24.6 percent in 2014, compared to an OECD average of 34.2 percent.

The majority of Korea's tax revenue comes from goods and services, social security, and personal income.

Compared to the OECD, Korea takes in more revenue through taxes on goods and services, social security, and corporate income.

A tax where the revenues gained would be placed in a unification fund would be an ideal partial solution to the problem of funding unification because it would allow Korea to accumulate funds over time. One of



Source: OECD Revenue Statistics 2015

the concerns of reunification is that the overwhelming cost of it will fall on a single generation. As a main function of taxes is to redistribute wealth, this tax would serve that purpose by relieving the burden on the generation dealing with unification by spreading the cost of unification among generations. In addition, as reunification is a low-probability high-cost event, most people would not actively choose to donate to a voluntary unification fund. Therefore in order for South Korea to be fully prepared, efforts to gather enough funds for reunification must be spearheaded by the government.

The idea of a unification tax is not a new one. Former president Lee Myeong Bak suggested a unification tax, but it was not passed. His proposal consisted of a 2 percent increase in the income tax, a 0.5 percent increase in the corporate tax, and a 5 percent tax on inheritances or gifts.<sup>23</sup> I do not recommend Lee's exact plan, as all types of taxes have advantages and disadvantages and these must be carefully weighed when considering the implementation of new taxes. One must therefore balance efficiency, equity, potential gains or losses in revenue, and economic distortions. Thus I offer two alternatives: a slight increase in the VAT and a tax on coffee consumption.

### ***Weighing Options: Why Not a Corporate or Income Tax?***

South Korea currently has a VAT of 10 percent, a corporate rate of 24.2 percent, and an income tax rate of 38 percent. I do not recommend a change in the corporate tax. Korea currently receives 14 percent of its tax revenues via the corporate tax, which is the fourth-highest share of revenue out of all the OECD countries.<sup>24</sup> When the corporate tax rate increases, though the legal incidence of the tax is on the corporation, the economic incidence (i.e., who actually pays the tax) falls on either the holders of capital, consumers in the form of higher prices, or workers in the form of lower wages. While it is commonly believed that these taxes are paid by the CEOs and other rich businesspeople, most of the "holders of capital" are shareholders or those who invest in mutual funds, making them actually the average person. Therefore any increase in the corporate tax rate would just be paid by average citizens, and as South Korea already has a relatively high corporate tax, Korea should raise the consumption tax instead.

As mentioned earlier, Korea has a VAT of 10 percent, well below the OECD average of 17.6, and has not raised its VAT since it was introduced 1977.<sup>25</sup> A VAT is a type of consumption tax that applies to goods and services sold to consumers, but unlike a retail sales tax where the consumer pays the tax in full upon the final sale of the item, a VAT is collected and imposed at every

<sup>23</sup> "Ruling, Opposition Lawmakers Propose 'Unification Tax' Bill," *Yonhap News Agency*, January 1, 2011, <http://english.yonhapnews.co.kr/national/2011/01/01/82/0301000000AEN20110101001400315FHTML>.

<sup>24</sup> OECD, *Revenue Statistics 2015—Korea*.

<sup>25</sup> *Ibid.*



stage of production and distribution of a good or service. This helps reduce the tax burden on any one individual (either the consumer who has to pay the full incidence of the tax or the producer who has to reduce the price to get the consumer to pay for the item), and it also helps prevent tax evasion. In addition, economists are in general agreement that consumption taxes are less harmful to the economy than income taxes. Unlike individual and corporate taxes on capital income, consumption taxes do not penalize people for saving or investing, because a VAT does not impose a tax on the normal return to savings as long as the tax rate remains constant over time.<sup>26</sup> Therefore as it would encourage saving, an increase in the VAT rather than an income tax is more likely to encourage greater capital accumulation and higher standards of living in the long run.<sup>27</sup>

### ***Alternative Tax Plan: Espresso Tax***

One of the biggest concerns about consumption taxes or VATs is that they are inequitable. This is because consumption of basic necessities makes up a larger portion of poorer people's income than that of the rich, and thus it inordinately affects the poor more. One must balance the efficiency gains from the lack of economic distortion with the societal effects it may have. Therefore it may be worth considering a consumption tax on a luxury good instead of a general across-the-board consumption tax. Given the amount of coffee consumed in Korea annually, the fact that coffee is a non-necessary good, and the inelasticity of coffee demand, coffee would be an excellent good to tax.

According to a recent USDA report by the Foreign Agricultural Service, Korean coffee import volume increased 17 percent between 2013 and 2014, South Korea's per capita coffee consumption is five times greater than any other Asia-Pacific country's, and in 2014 the overall coffee market was estimated at about \$3 billion.<sup>28</sup> Coffee consumption is growing much faster than any other comparable good, and the units of coffee specialty shops have grown from 8,436 to 12,022 from 2013 to 2014, a growth change of approximately 42 percent.<sup>29</sup>

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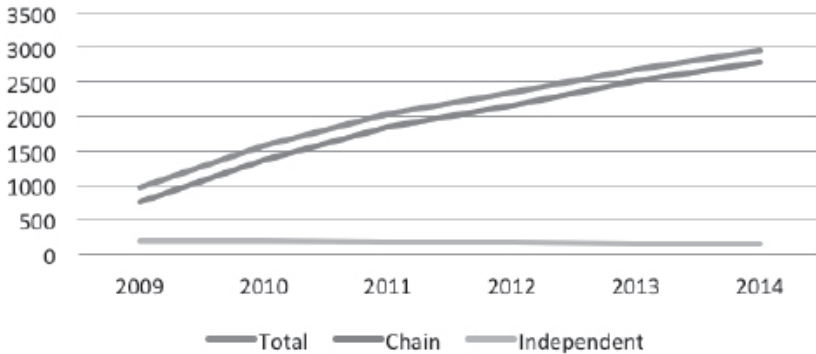
26 Robert Carroll and Alan D. Viard, "Value Added Tax: Basic Concepts and Unresolved Issues," *Tax Notes* 126, no. 9 (2010): 1120.

27 *Ibid.*

28 Youngsook Oh, "Korea - Republic of, Coffee Market Brief Update," *USDA Foreign Agricultural Service*, GAIN Report no. KS1540, December 31, 2015, 1.

29 *Ibid.*, 4.

## Sales Value in Coffee Shops (USD Millions)



Source: Oh, "Korea - Republic of, Coffee Market Brief Update," 6. Graph created by Emily Potosky.

This is not the first time someone has proposed a tax on coffee to fund a program. Seattle attempted to levy a 10-cent fine on any drink containing espresso in 2003 to fund early childhood education programs.<sup>30</sup> It was rejected by the voters out of fears of hurting Seattle's vibrant independent coffee scene. This is definitely something to consider in Korea, as most of this growth in coffee consumption is driven by chain stores, and the sales value at independent coffee shops has been slowly declining over the past five years. However, the reason that coffee is a suitable item to tax is that it is a luxury good, and, given its growth rate over the past decade, an inelastic good. These are the perfect items to tax because most inelastic goods are daily necessities such as water and medicine that are untaxable for equity reasons; most luxury goods are fairly elastic like luxury handbags, and therefore it would be hard to gain revenue from them. Levying a small tax on coffee consumption may drive down demand slightly, but those who want to drink coffee will not be discouraged by a small tax, and this tax will not harm lower-income people as much as a small overall hike in the consumption tax.

There are multiple ways the government could enact a coffee tax. They could put a tax on all coffee items, or just items purchased at a store. They could even limit it to chains in order to protect the independent coffee shops. In addition, the government could choose whether to levy a percentage tax (i.e., a 5% VAT on coffee) or a 5-cent flat tax. According to rudimentary calculations, the government could earn 35 million USD in revenues from the flat tax on coffee

<sup>30</sup> Sarah Kershaw, "Voters in Seattle, Where Coffee Is King, Reject a Tax on Espresso," *New York Times*, September 17, 2003, accessed May 8, 2016, <http://www.nytimes.com/2003/09/17/us/voters-in-seattle-where-coffee-is-king-reject-a-tax-on-espresso.html>.

shop chains, or 140 million USD from the 5 percent VAT.<sup>31</sup> The government could also take these revenues and put them into a sovereign wealth fund.

### ***Unification Bonds***

One additional way the South Korean government could start to gather funds would be to sell long-term bonds to citizens at low interest rates. They could then put the money from the bond sales into the sovereign wealth fund so that the money could get a more aggressive rate of return. When the bonds mature, the government could pay the borrower the principal and interest from the sovereign wealth fund. Korea has relatively low debt as a percent of GDP ratio, though they have one of the highest household-to-GDP ratios in the OECD.<sup>32</sup> Issuing these bonds would further raise the public debt-to-GDP ratio and increase interest rates, which might reduce private investment, causing economic growth to slow down and making it hard to quickly mobilize fiscal spending in the event of reunification.<sup>33</sup> Therefore while issuing reunification bonds is an option, it should be done minimally and in coordination with a unification tax

### ***Reunification Sovereign Wealth Fund***

What should South Korea do with this new tax revenue? Put it in a sovereign wealth fund. A sovereign wealth fund is an investment fund owned by the state that is established via balance of payments surpluses, fiscal surpluses, government transfer payments, resource exports, and so forth. This type of investment prefers returns over liquidity and thus has a higher risk tolerance than foreign exchange reserves. Most countries' sovereign wealth funds fall into one of the following categories: stabilization funds, savings/future generations funds, pension reserve funds, reserve investment funds, and strategic development funds.

South Korea currently has a sovereign wealth fund called Korea Investment Corporation (KIC), which was established in 2005 with the purpose of preserving and enhancing the long-term purchasing power of Korea's wealth.<sup>34</sup> As seen below it has done relatively well on the free market, with an excess return of 131 basis points to its traditional assets in 2014, and a 10.03 percent/4.02 percent return of its total assets under management. To start the fund, KIC initially received 17 billion USD in foreign exchange reserves from the Bank of Korea (BOK) and 3 billion USD from the Ministry of Finance and Economy.<sup>35</sup>

31 These numbers are calculated from the USDA's statistics on coffee revenues. They state that the value of coffee sold by chain stores in Korea in 2014 was approximately 2,794 million USD. Two assumptions were made to simplify the calculation: the demand for coffee in 2016 remains constant at the 2014 rate (this takes into account the upwards trend in sales values at chains as well as the downwards pressure on consumption from the tax), and that the average cup of coffee at a coffee shop costs \$4.

32 Kyong-ae Choi, "Korea's Household Debt Highest in Ratio to GDP," *Korea Times*, September 15, 2015, accessed May 8, 2016, [http://www.koreatimes.co.kr/www/news/biz/2015/09/488\\_186862.html](http://www.koreatimes.co.kr/www/news/biz/2015/09/488_186862.html).

33 Young Back Choi, *Perspectives On Korean Unification and Economic Integration* (Northampton, MA: Edward Elgar, 2001), 150-51

34 *Korea Investment Corporation*, accessed April 18, 2016, <http://www.kic.go.kr/en/index.jsp>.

35 *Sovereign Wealth Fund Institute Inc.*, accessed April 18, 2016, <http://www.swfinstitute.org/fund/korea.php>.

Excess Return of Traditional Assets (basis points)								
Year	2007	2008	2009	2010	2011	2012	2013	2014
Return	-25	-66	142	5	-90	66	108	131
Return of total AUM (%)								
Year	2007	2008	2009	2010	2011	2012	2013	2014
Currency basket	2.32	-16.28	14.73	6.99	-2.4	11.82	11.39	10.03
US dollars	7.4	-17.53	17.55	8.17	-3.98	11.71	9.09	4.02

Source: "Portfolio Highlights," Korea Investment Corporation, accessed April 18, 2016, <http://www.kic.go.kr/en/ki/ki030100.jsp>.

Therefore the Ministry of Unification should start a sovereign wealth fund, or a reunification trust fund, devoted entirely to reunification. Similar to a retirement plan, the yearly returns would be reinvested into the sovereign wealth fund until the time that reunification were to happen. On a yearly basis the Ministry of Unification could put its fiscal year budget surplus into this fund. In addition, the tax revenues collected from the unification tax, or any additional charitable contributions from citizens, NGOs, and so forth, could also go into this fund. While this might not be the fastest way to accumulate reunification funds it is a safe and feasible way to store and grow funds earmarked for reunification and reunification alone.

### III. CONCLUSION

Many of these proposals are difficult to do for both economic and political reasons. As stated previously, President Lee had already tried to pass a unification tax. There have been numerous instances of high-level Korean politicians being embroiled in corruption scandals, and South Korea is given Corruption Perceptions Index score of 56 by Transparency International in 2015, indicating a lack of trust in government officials.<sup>36</sup> The Korean people are going to be suspicious of any attempt to collect tax revenue and place it into a fund if it is not adequately transparent. In addition, any talk of a fund for unification increases tension between the North and South, which not only threatens South Korea's security but hurts peaceful unification prospects. It may also create antipathy against North Korean refugees currently residing in South Korea, who are already marginalized, and it may breed resentment toward the North and sour general consensus about reunification. Last, South Korea currently has high

<sup>36</sup> Scores range from a low of 0 to a high of 100. "Corruption Perceptions Index 2015," *Transparency International*, accessed May 8, 2016, <https://www.transparency.org/cpi2015/results>.

youth unemployment, and is experiencing slower GDP growth—one could ask if this is the appropriate time to start saving for unification.

Regardless of these counterarguments, South Korea should at least try to undertake some of these efforts. Reunification will be very expensive, even under the most optimistic of circumstances, and the majority of the burden will fall upon South Korean citizens. As South Koreans will have to pay for it sooner or later, collecting funds now will save them money in the long run. A smoother, faster reunification helps everyone, and perhaps a way to get around the political issues mentioned in the previous paragraph would be to couch these efforts in the language of “long-term prosperity for the Korean peninsula” rather than unification. The types of plans listed in this paper, as long as they are implemented with the current state of South Korea’s economy in mind, should not affect Korean consumption, growth, or investment all that much. The bottom line is that as long as unification is a stated policy goal of the South Korean government, the government must have some way to pay for it, and to avoid extreme short-term borrowing the government can issue unification taxes, issue unification bonds, and invest in a sovereign wealth fund.

## APPENDIX:

Table 1: Estimated Cost of Unification Survey (Peterson Institute)				
Source	Methodology	Definition of Cost	Unification Date	Results
Hwang , 1993	Income Target	Total investment (including private)	1990	\$300 billion, over undefined period
			1995	\$700 billion, over an undefined period
			2000	\$1,200 billion, over an undefined period
S.M. Lee, 1993	German Comparison	Government Expenditure	2000	\$200 billion over 10 years
Yeon (1993)	Income Target	Government Expenditure	2000	\$230-250 billion over 10 years
Y.S. Lee (1994)	Income Target	Government Expenditure	1990	PDV \$330 billion over 40-50 years
	South Korean Income Foregone			PDV \$841 billion over 40- 50 years
Bae (1996)	German Comparison	Government Expenditure	1993	\$488 billion over 5 years
Noland, Robinson, Scatasta (1996)	Income Target	Total investment	1990	\$600 billion
			1995	\$1,378 billion
			2000	\$3,172 billion
	(CGE model, market economy capital-output ratio)		1990	\$319 billion
			1995	\$754 billion
			2000	\$1,721 billion

Source: Marcus Noland and Sherman Robinson, "The Costs and Benefits of Korean Unification," (Peterson Institute of International Economics: 1998), <http://www.iie.com/publications/wp/wp.cfm?ResearchID=142>.

<b>Table 2: Estimated Cost of Unification (Goldman Sachs)</b>			
<b>Source</b>	<b>Methodology</b>	<b>Unification Date</b>	<b>Results</b>
Korea Development Institute (1993)	German style Unification	2000-2010	\$286 billion
Korea Development Institute (1994)	German style Unification	2000	\$1000 billion
Korea Development Bank (1994)	German style Unification (60% Income Differential)	1994-2004	\$805 billion
Korea Development Institute (1997)	50% income differential	1995 - 2000	9 - 11% of GDP
		2000 - 2005	7.5% of GDP
FitchRatings (2003)		Over 10 - 15 Years	\$15 - 20 billion per year
Rand Institute (2005)	Double DPRK GDP within 4 - 5 years	Over 5 years	\$50 - 670 billion
Samsung Economics Research (2005)	Safety net and industrialization	2015	\$546 billion
Bank of Korea (2007)	German-style (to reach DPRK per-capita income of \$10,000)	22 - 39 years	\$500 - 900 billion
	Economic zone-style (to reach DPRK per-capita income of \$10,000)	13 - 22 years	\$300 - \$500 billion

Source: Goohoon Kwon, *A United Korea?: Reassessing North Korea Risks* (Goldman Sachs Global Economics, Commodities and Strategy Research: 2009) 19. Data reorganized by Emily Potosky.

# **Impact Investment in North Korea: Paradigm and Practice for Economic Development**

by David J. Jea







# **Impact Investment in North Korea: Paradigm and Practice for Economic Development**

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## **I. INTRODUCTION—WHAT IS POSSIBLE IN THE LONGER TERM**

A coordinated international effort to support North Korean economic development is hardly imaginable at this point in time. At the time of this writing, both the bellicose rhetoric and the tempo of missile and nuclear weapons tests, with their concomitant recriminations and punishments, are accelerated, even by DPRK standards. However, there will be a time for mobilization to resuscitate and dramatically accelerate economic development in North Korea. North Korea will require massive amounts of development in order to attain a quality of life and state of development remotely approaching those of its neighbors. Cost estimates for a five-to-ten-year period for various types of development and integration efforts range from (USD) \$200 billion to \$1 trillion.

To accelerate development in North Korea, South Korea and the international community will need to inject massive resources to overcome all manner of deficiencies. North Korea will require immediate humanitarian assistance to alleviate malnourishment and pressing health issues. Improvements of infrastructure including roads, energy, and affordable housing will require donor funds, well-designed structured finance, and competent, coordinated plans and design. Security and governance will also need investments in change management and capacity building. After decades of misallocation and neglect, these sectors will require buttressing through advisors and institutional scaffolding. The need will be broad and deep.

Beyond the immediate, infrastructure, and institutional needs, North Korea and its people must generate entrepreneurship and innovation to approach the successes achieved in other economies, most notably its model sibling to the south, while avoiding the mistakes along the way. Industrial and large-scale commercial activity will be one engine of employment and growth, but there should be opportunities for grassroots experimentation and indigenous growth. How and how well North Korea can transition from its paralyzed and dysfunctional economy to one capable of bringing goods, services, and livelihoods to its people through impact investing is this paper's chief concern.

## II. LITERATURE AND CONCEPT REVIEW

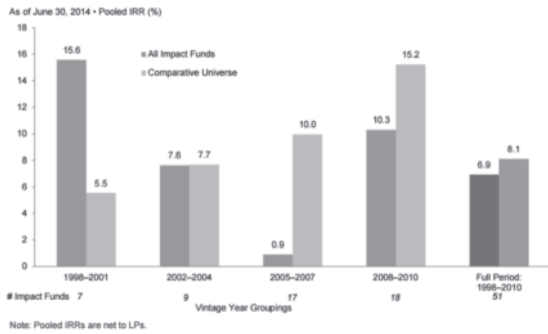
### A. Impact Investing and its theoretical underpinnings

“Impact investing” occupies a specific niche within the financial and economic system. It is a relatively new term that incorporates a long-standing approach to investing—a concern for both financial return and social impact.

The typical sources of business finance are debt or equity. The most common source of debt is bank loans. Bank loans and other debt often have preferential claims on the business’s assets, thus limit the lenders’ losses to the probability-weighted value of the business’s assets, while the gains are also limited to the probability of repayment, plus the interest. In contrast, equity investments are exposed to higher risk in case of firm failure yet its holders share more in the success of the company. Equity holders own part of the company. While publicly traded equities in stock exchanges are the most common and well-known use of equity, early-stage equity investors (angel investors or early-series investors) who hold private equity often provide value above and beyond mere financial resources, such as business consulting, management guidance, and strategic networks that can help business succeed.

Impact investments, most often in the form of equity, are concerned with making both financial and social impact. Investments that are concessionary (willing to make financial sacrifice) are often called “program-related” and those that are nonconcessionary are called “mission-related.” Funds and impact investing fall on a spectrum, with private foundations tending to operate on a concessionary, program-related basis, while less concessionary investors organize themselves and operate more like venture capital (VC) firms.

**Figure 1**



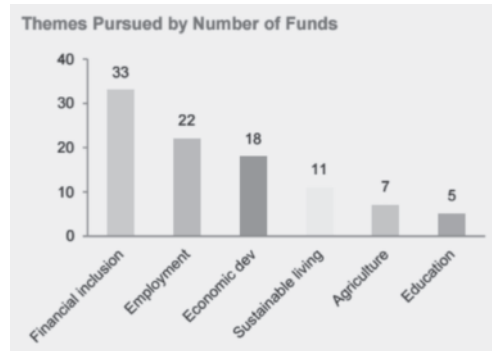
Source: GIIN Benchmark Report

There is an ongoing debate whether impact investors must accept some degree of concession on returns. In a novel benchmark of fifty-one impact investment firms, the Global Impact Investment Network (GIIN) found that impact funds under \$100 million had a net internal rate of return (IRR) of 9.5 percent—

outperforming similar nonimpact funds (4.5%)—and emerging market impact funds performed at an even better margin compared to developed markets (9.1% to 4.8%). This was not the case for all impact investment funds, and in general, even venture capital such as impact funds experiences returns lower than purely commercial funds.

When it comes to social impact, the focus is on both the outputs and the outcomes. Firms delivering impacts should operate in a way that has positive to neutral impact on the firm's employees, community, and environment. The *outcomes* produced by the *outputs* should have a net positive impact on people's lives and on society. In considering the broad areas of impact GIIN identifies the following broad themes for impact investment: financial inclusion, employment, economic development, sustainable living, agriculture, and education.

**Figure 2**



Source: GIIN Benchmark Report

While impact investment is based on old and relatively simple concepts—positive social impact and some degree of financial return for investments—its emergence as a development and investment phenomenon sets the stage for an evolution that can be a powerful force to improve impact investing's success in achieving both its financial and social objectives. With this additional attention to the field, impact investing is attracting more funds, more case studies, and more research. The Monitor Group estimated that \$50 billion of impact investment assets were under management in 2009 with a possibility to grow tenfold over the next ten years. Large investment groups including Blackstone, Goldman Sachs, and J. P. Morgan, as well as institutional investors, are entering into the impact investment field. Research from both the burgeoning impact investment and more established venture capital sectors are used in this paper.

### ***B. Endogenous Development and Finance: A variation on the Poverty Trap***

There is much literature on the role of finance, whether through the banking or the capital markets, on economic growth.

Impact investing is a part of the financial system associated with risk capital and has a close association with venture capital. Venture capital, and other forms

of early-risk capital, differs from other forms of financial intermediation by the nature and degree of its relationships with its borrowers. Where there are certain economic conditions, including environments where there is high risk due to the agency problem and adverse selection banks will not lend.

Even in traditional developing economies there is a “missing middle” of support for small and growing business requiring \$20,000 to \$2 million of investments, and these companies have unique attributes that support lower-income communities, women and youth, and equitable benefits of commerce.

In these situations, equity investments rather than loans become a better vehicle for financing small businesses.

The relationships are central as they become part of the solution to overcoming the agency and adverse selection problems in the financial transactions while also helping to solve them by fostering relationships and creating more accessible financial information. Impact investors engage in highly developed screening procedures and maintain close operational and oversight relationships with their companies. The incentive structures for banks is more in loss prevention rather than gain maximizing, so the returns on the investment of time and effort to helping businesses succeed are much less significant than impact investors who have equity in the companies.

### **III. ASSUMPTIONS**

In order to establish certain parameters to consider the question of impact investment as an approach for economic development in North Korea, it is necessary to establish some assumptions. For this paper, the assumptions concern the transition and the macroeconomic and infrastructure conditions. Significant deficiencies in any of these areas would seriously jeopardize the success of impact investing in North Korea.

#### ***A. Stable Security and Cross-border Reconciliation through Functional Normalization or Regime Change***

Both Koreas envision a united Korean peninsula through a political structure. The North proposes a *Democratic Federal Republic* while the South put forward the *Reunification of the Korean National Community*, a plan put forward by President Roh Tae Woo and further developed by Presidents Kim Dae Jung through to Kim Young Sam.

In the shadow of the Korean War, both Koreas and the international community seek to maintain a peaceful path toward peninsula integration. Without getting

into details, this paper assumes an evolution where relations have normalized to the point where official development assistance (ODA) and private commercial activity can flow. This environment may result from a regime change in person or in heart. An extension of this assumption is that there is relatively good security, that is, there is no active, large-scale insurgency or persistent, violent challenges to governing institutions.

### ***B. Sound Macroeconomic and Policy Environments***

This scenario assumes a steady and sage presence at the helm of North Korea's macro-economy. North Korea will have adopted sensible and predictable policies with regard to exchange rates, debt, financial sector management, and inflation. Employment and growth are top priorities. Capital is allowed to freely flow into and out of the country. Furthermore, the foundational rules and enforcement related to property rights, contracts, companies, and bankruptcy are in place.

### ***C. Existing Infrastructure is Intact***

It is assumed a relatively peaceful transition would result in most of North Korea's human and hard infrastructure remaining intact. While North Korea's infrastructure is woefully insufficient, existing energy resources, roads, communication, and urban services infrastructure are necessary to speed progress into the next phase of development. Similarly, while the North Korean education system is currently incompatible with training people with skills to work in a modern economy, it does have a base of literate, numerate population that will be an important foundation for progress and consumer consumption.

## **IV. IMPACT INVESTING IN A KOREAN REUNIFICATION POLITICAL ECONOMY**

President Park popularized the characterization of North-South reunification as an economic bonanza.

It was a savvy way to market the opportunities that a united Korea might present to South Koreans. In the United States, the most prominent association with "bonanza" is the popular US TV western that ran from 1959 to 1973. In an interesting parallel, this show chronicled a family of brothers from different mothers working through social challenges while managing the region's richest source of timber and livestock. The opportunities of a newly open North Korea could become an economic bonanza, but anticipation and coordination will be needed to guard against it becoming the Wild West. An often-cited Goldman

Sachs report estimated that under one optimistic scenario a united Korea could exceed the GDPs of France, Germany, and possibly Japan within thirty to forty years.

Amid the huge economic need and opportunity, there will be a need to rationalize the flow of capital and assistance.

Between the economic and social challenges of reunification, the social may be the more daunting and enduring one. Success or failure will figure prominently into the trajectories of the security, political, and economic effort. Managing the expectations of the North Korean population and effective, dignity-centric delivery of economic assistance will be crucial of reunification.

### ***A. Assuaging Animosity and Victimization (Social and Policy Objectives)***

The decades of separation and cross-border conflict have exacerbated the social divide between North and South Korea. The Asan Institute's latest report on "South Korean Attitudes toward North Korea and Reunification" reaffirmed the prospective economic cost as a cause for dwindling support for reunification. However, the survey also found that differing political and value systems was a growing cause for the divide between North and South. While South Korean sentiment toward the North Korean people is better than their feelings about North Korea as a whole, respondents ranked their personal affinity for North Koreans only third, behind Americans and Chinese but also before Japanese.

National character is an important factor for considering the potential challenges in social cohesion in a unified or unifying Korea. National and personal pride has been a critical part of North Koreans' identity at several important levels. At the national level, government propagation of the Juche (self-reliance) ideology encourages political independence, economic self-sustenance, and self-reliance in defense. National propaganda hammers the message of the purity and virtuousness of the North Korean people (in comparison to their South Korean counterparts who, according to the official line, have been tainted by foreigners).

In the assumed reunification scenario, the events leading to a rapprochement with the south and the international community will have involved a repudiation of the Juche ideology, but the effects from years of conditioning will still endure. The hardships leading up to and after reunification will likely add insult to injury. A North Korean defector who covers North Korea issues for *Dong-a Ilbo* articulated an observation shared by many who have experienced and studied the encounters between North Koreans (primarily defectors) and South Koreans. He noted that North Koreans are an intensely proud people while South Koreans have tendencies towards racism and classism and that the combination makes a dangerous potential spoiler to reunification efforts.

Impact investment is an important tool because of its relationship-focused approach to entrepreneurship. Its explicit mission to do well (financial returns) while doing good (socially conscious outputs and outcomes) can serve as a bridge between the economic imperatives of development and the sensitive social context on the North-South divide. Furthermore, an equity stake in a business develops closer partnerships than a borrower-lender debt relationship, since both parties share the downside risks as well as the upside rewards. In this arrangement, the recipients of assistance retain a high degree of dignity and investors rely heavily on the labor, intellectual property, and innovation of the entrepreneur and team.

Critically, venture capital helps to create employment. A dynamic panel evaluation of twenty OECD countries found both total and early-stage venture capital investments can increase employment, which is a source of livelihoods, self-esteem, and social stability, with venture capital being more conducive to creating new and innovative firms that help the process of structural change to a new economy.

However, the data showed, the authors note, that venture capital is more likely to help young and highly skilled individuals become employed, but would be less helpful in keeping older, less-skilled workers in employment or in helping those out of unemployment. So it would not replace the need for social welfare programs.

### ***B. Rationalizing International Development Assistance***

The impact investment approach can be a potent tool to alleviating persistent problems with donor coordination. The venture capital approach is a way to solve two pervasive problems with donor funding for projects. The first is inconsistent flows and changes in strategic direction. The second is donor coordination. Typically, impact investment funds are organized into themes, for example, financial inclusion, alternative energy, education; then investors donate funds. Fund managers establish certain expected returns as well as time periods for releasing returns. Once funds are invested, the investors may not remove them. Funds

**Table 1**

U.S. Total Net Economic Engagement with Developing Countries, 2010-2011

	Billions of \$	%
U.S. Official Development Assistance	\$30.9	11%
U.S. Private Philanthropy	\$39.0	14%
Foundations	\$4.6	12%
Corporations	\$7.6	19%
Private and Voluntary Organizations	\$14.0	36%
Volunteerism	\$3.7	9%
Universities and Colleges	\$1.9	5%
Religious Organizations*	\$7.2	18%
U.S. Remittances	\$100.2	36%
U.S. Private Capital Flows	\$108.4	39%
U.S. Total Economic Engagement	\$278.5	100%*

\*Data from last available year: 2010; \*Variation due to rounding.  
Sources: OECD; Hudson Institute's remittance calculations from DAC donors to DAC recipients based on data from the World Bank's Migration and Remittance Team's *Global Remittance Matrix*, 2011; Hudson Institute, 2013.

Source: *The 2013 Index of Global Philanthropy and Remittances With a Special Report on Emerging Economies*. Center for Global Prosperity



durations typically range from seven to ten years. Investors continue to receive reports on how those funds are performing and where they are allocated. This approach adds consistency and predictability to economic development funds. It also reduces monitoring, evaluation, and reporting overhead on projects by both the fund and the project managers.

The venture capital approach adopted by impact investing is a proven way to take finance from multiple sources and manage the collective funds' allocation to certain market activities. The funds can originate from different sources, for example, governments, private investors, funds of funds, or institutional investors; the structure can accommodate a variety of funds and allocate returns efficiently. This is important as private funds become an increasingly important part of the US engagement with the developing world. Currently, US private philanthropy, remittances, and private capital play a much larger role than official development assistance. (See Table 1.) Comingling creates opportunities to combine financial assets and expertise, and to align incentives. It is also an effective way to fuse international teams. Managers and employees with functional and local expertise can come together and share returns from the teams' efforts under a variety of compensation schemes—salary, contract employment, or equity options. This is important for social justice but also as a way to attract and absorb talent from the hundreds of thousands in the North Korean diaspora community. Light policy requirements may help to increase North Korean stakes in the companies.<sup>1</sup> In addition to the North Korean diaspora, South Korea has a vast international diaspora with experiences in a variety of different developed and emerging economy situations. They will likely be an important source of funds and expertise.

There is early evidence that these comingling of funds and efforts is desirable and support better outcomes. A recent study reviewing 20,466 enterprises based in twenty-five countries found where government-sponsored venture capital (GVC) and private venture capital funding (PVC) are both present (mixed), the total investment is higher and the exit outcomes were better than when there was only one or the other. This suggested both complementarity and additionality of joint government and private sector efforts.<sup>2</sup>

On an operational level, the venture model of screening, selecting, and implementing projects is effective. Impact investors have experience in screening and selecting projects that have promising characteristics for both financial

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1 This approach should be taken with caution. The Canadian Labor-sponsored Venture Capital Corporation (LSVCC), and its irregular process of requiring labor union sponsorship and appointment of directors resulted in lower levels of management skill and lower returns. While the tax subsidies to the Corporation has harmed other private funds. Keuschnigg and Kannniainen, *Venture Capital, Entrepreneurship, and Public Policy*, 89–90.

2 James A. Brander, Qianqian Du, and Thomas Hellmann, "The Effects of Government-Sponsored Venture Capital: International Evidence," *Review of Finance* 19, no. 2 (March 2015): 574–75.

and social returns across various and often very different national contexts and cultures. The model of managers, board members, first employees, and rollout has been an effective organizational model for accomplishing venture objectives for dozens of multimillion-dollar firms around the emerging and frontier market worlds. While there may need to be tweaks for the North Korean cultural context, the impact approach is a proven methodology and represents a potential for organizational leapfrogging.

Finally, risk capital is necessary where there are uncertain returns to a business activity. North Korea will be a very uncertain environment where innovation will have special meaning. As a transition economy emerging from one of the planet's deepest, enduring, and disastrous experiments with enforcing a command and closed economy, North Korea will be an unpredictable setting for even the simplest of market activities. The products, prices, and distribution of everyday life will be uncertain in the North Korean context. Impact investments provide an opportunity to rapidly prototype different business models on what products, services, and distribution models will succeed in North Korea. The number of ways to fail are staggering, while the path to success is narrow and will depend on novel factors.<sup>3</sup> These intermediary lessons can connect and feed into larger social and economic development efforts happening at the larger scale.<sup>4</sup> Whether intentionally or by chance, impact investing develops the people, policy sensitivity, knowledge, and networks to develop sectors, not only firms.<sup>5</sup>

Combining sectors with effective operational models (business models) can mean getting to scale. Getting to scale results in improving livelihoods as quickly and sustainably as possible. Michael Kubzansky of the Omidyar Network proposes two routes to scale in emerging markets: (1) replicate, adapt, disseminate, and transplant or (2) leverage and improve existing entities; within these routes there is an important role for donor-assisted impact investment.<sup>6</sup>

## V. CONSIDERATION AND TOOLS FOR IMPACT DEVELOPMENT INVESTMENTS FROM A U.S. PERSPECTIVE

The United States will likely be a major source of assistance for North Korean

3 Consider the case of South African funeral insurance. This is a novel product with social impact benefits and financial returns whose success depended on whether they were sold in supermarkets or through a megachurch. Other examples include water treatment and even microfinance. Michael Kubzansky, "Why Business Models Matter," in *Getting to Scale: How to Bring Development Solutions to Millions of Poor People*, ed. Laurence Chandy, Akio Hosono, Homi Kharas, and Johannes Linn, 33–68 (Washington, DC: Brookings Institution Press, 2013), <http://www.jstor.org/stable/10.7864/j.ctt4cg7vg.5>.

4 While traditionally considered a commercial innovation, M-Pesa, the Kenyan mobile money platform reaching millions of people in Kenya and beyond, had its start with a million-pound grant from the UK's Department for International Development in 2003. Linsey McGoey, "The Philanthropic State: Market-State Hybrids in the Philanthrocapitalist Turn," in *New Actors and Alliances in Development*, ed. Lisa Ann Richey and Stefano Ponte, 109–25 (New York: Routledge, 2015).

5 Matt Bannick and Paula Goldman, "Priming the Pump: The Case for a Sector Based Approach to Impact Investing," *Omidyar Network*, September 2012, <https://www.omidyar.com/insights/priming-pump-case-sector-based-approach-impact-investing>

6 Kubzansky, "Why Business Models Matter," 46–47.

development. To make the most impact for US taxpayer dollars, assistance should be coordinated and channeled effectively. The following considers the broad processes and agencies that could form the basis of a coordinated impact investment-based approach to economic development in North Korea. As mentioned earlier in this paper, impact investment is a small but important channel for US assistance. The US government should consider the impact investment model as part of a holistic approach in getting to a desired end state. The scale and stakes involved with the success of Korean reunification will likely justify new organizational and funding structures, akin to the 1961 Foreign Assistance Act or the 1992 Freedom Support Act. New legislation would establish the authorities and funding for the overall U.S. engagement with the unification effort, a specific section should address the enabling institutions and funding for impact investments in North Korea.

The management entity could be within an existing US development agency, but there are certain benefits to establishing a stand-alone institution or part of another impact or multilateral investment institution. Granting more independence to the impact investing body would allow for more freedom and speed to operate as closely according to the proven market approaches to impact investments. Funding for impact investments could be distributed through multiple institutions, but the majority would be concentrated in a purpose-built institution, which may manage the funds itself or invest in other funding vehicles. The key would be to foster sufficient autonomy while ensuring good policy design in order to enable the transmission of successful impact investment approaches to promote economic development in North Korea.

The impact investment management entity should also receive support for technical assistance for policy design and implementation internally in the institution as well as in the North Korean authorities. These would include consulting and technical assistance at the senior levels but also provide qualified personnel to support working-level operations in North Korea, contributing to business development human resources.<sup>7</sup> Areas of policy emphasis include property rights, taxation, and company law, including bankruptcy. Functional specializations should include finance, marketing, human resources, management, and general operations.

Existing US development institutions have important resources to contribute to this effort and should play a significant role. The Overseas Private Investment Corporation (OPIC) would provide insurance and additional investment loans and equity funding for projects that both meet its statutory requirements and can complement the impact investment fund.<sup>8</sup> The US Agency for International

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<sup>7</sup> A business innovation and implementation corps.

<sup>8</sup> OPIC has already demonstrated its ability to support presidential directives such as the Power Africa Initiative and Electrify Africa Act.

Development would be an essential partner for technical expertise and lessons learned through its Grand Challenges and Development Innovation Ventures programs. The US Department of State would play a role in the policy and foreign assistance funds management function. Treasury would assist with macroeconomic and monetary policy prudence, as well as dismantling or customizing the existing sanctions infrastructures. Coordination would be accomplished through a steering committee or board of directors structure. An extended coordination body would include the Global Impact Investment Network and the Korean Import-Export Bank, which would likely be a channel for early South Korean investment into North Korea.

Initial investments in North Korea will likely have low financial returns due to lack of markets, knowledge, and networks. In light of this financial reality, the best format for an initial fund may be a foundation for economic development and innovation that targets economic growth sectors and allocates investments with rigorous screening and due diligence, yet uses funds from investors who have high risk tolerance and low expectations of return. A better way to view the early funds would be donations with low expectations for increased returns and whose returns would be recycled back into the economic development mandate. As markets grow and become more mature, knowledge develops, and networks form, firms should experience more success and better growth. As larger, slower corporations move into North Korea and North Korea gains access to more capital markets, there will be more opportunities for strategic buyouts or initial public offerings. At this point, the emergence of traditional investments exits, for example initial public offerings and buy-outs, and the opportunities for larger returns should draw more private and nonconcessionary funds.<sup>9</sup>

A more traditional or typical impact investment environment would present opportunities to move the impact investment initiative in several different directions. The first option would be to create a spin-off fund.<sup>10</sup> This entity would continue to go forward with an expectation its operations would cover its overhead costs and would operate on a semicommercial basis similar to OPIC. Another option would be to auction the funds operations to another private foundation or venture fund, and continue the technical development work through traditional US development agencies. Yet another option would be to spin off the mission of supporting US-Korea impact investment into an

<sup>9</sup> Thomas Byrne of Moody's Investor Services notes that it takes time to develop capital markets—12 years for China after it opened in 1978; Vietnam took 14 years from the time the Doi Moi program started. With lessons learned and the use of South Korea's highly developed markets it may go more quickly, but it will still take years. *Korean Unification in a New Era*, 19–20.

<sup>10</sup> There are examples when concessionary funds administered through nongovernment organizations evolve and launch less concessionary VC-style funds. The Mennonite Economic Development Associates (MEDA), an NGO, started in 1953 as a socially conscious investment club, evolved into the Saronia Risk Capital Fund (SRCF) by the mid-1990s. The SRCF spawned and spun off the privately held Saronia Asset Management in 2011. Linda Jones and Katie Turner, "At the Nexus of Investment and Development: Lessons from a 60-Year Experiment in SME Impact Investing," *Enterprise Development and Microfinance* 25, no. 4 (December 1, 2014): 299.

NGO that would receive public funds for a certain period. This would serve as a clearing house, support, and store of best practices, similar to the role a chamber of commerce or the Global Impact Investment Network plays.

## **VI. CONCLUSION—AN IDEA WORTH CONSIDERING**

Change in the economic environment in North Korea will occur. The change in the regime may be swift, and the overall cost of raising North Korean living standards will be vast and important to achieving stability to the peninsula and the region. Among the many priorities for assistance, impact investment is a particularly promising approach for economic development and innovation, given the social and economic conditions.

Impact investment's approach emphasizes both financial and social returns when engaging a firm. These investments most often come through participating in the efforts of a firm through equity, which in high-risk environments with information asymmetries offers certain advantages over debt financing. While the impact investment approach has certain promising features, its function is highly sensitive to the investment climate. In order to reasonably consider impact investment, there are certain preconditions or assumptions. These are (1) a stable security environment under a more orthodox governance approach, (2) a sound macroeconomic environment, and (3) intact human and hard infrastructure.

Impact investment has the potential to address unique challenges facing North-South Korean reunification as well as some general challenges with international development assistance. North Koreans have been subjected to an ideology that reinforces their superiority even as they have fallen behind their neighbors and the world on nearly every development indicator. Meanwhile, the case of defectors to the South, the so-called first *reunifiers*, has underscored the challenges that await the ill-equipped North Koreans when intermixing with a South Korean society that is highly competitive and tends toward elitism. Impact investment's emphasis on social values, high relationship approach, and employment generation may play a small but important role in bridging the gap. Furthermore, the impact investment method offers a potential way to address problems in economic development assistance. These include the high overhead resulting from reporting to multiple donors, the difficulty in including funds from public and private sources, and gaining the benefits of both social mission discipline and commercial best practices. Another limitation of traditional development is the means to rapidly test, then scale, projects with positive social impacts.

Applying US government resources to the specialized approaches of impact

investment will require both new instruments and leverage of existing resources. New authorities and appropriations embedded in a Korean reunification legislation would be the most expedient way to launch US government-supported impact investment. The initiative would benefit from the authority to operate independently but would also need the support of existing US government agencies for leadership, technical assistance, personnel, and certain financial instruments. The approach would likely need to evolve from one where the environment is ultra high risk with fairly few positive net present value projects, but the risks and rewards should change such that more commercial operators will enter the small business and impact investment space. This paper advocates for the potential role of impact investment in North Korea in the context of very optimistic circumstances. It should be noted that even under excellent economic and political environments, impact investment firms falter and fail. Furthermore, there would be ample cause to say North Korea is very far off from receiving US government-sponsored economic assistance, given the current state of affairs. Despite these constraints and impediments, there is space to consider how the international community would assist with reunification and the right tools to use. Impact investment would be valuable tool.



# **In The Darkness: Current Status and Future Prospects of Electricity Supply in the DPRK**

by Maggie Yuan Yao







# In The Darkness: Current Status and Future Prospects of Electricity Supply in the DPRK

by Maggie Yuan Yao

## I. INTRODUCTION

The satellite image from the NASA Earth's City Lights project shows some of the brightest regions in the world, including South Korea and China, yet one region is almost in complete darkness—the Democratic People's Republic of Korea.<sup>1</sup> The energy sector, especially the supply of electricity, penetrates all the major sectors in the DPRK such as the military programs, residential energy supply, industrial and food production, and the education level of citizens. Energy lies at the core of the solutions for the DPRK's economic development, the political-military problems,<sup>2</sup> and the infrastructure and culture unification in the Korean peninsula. The lack of electricity is one of the most challenging problems for the DPRK and should remain a national priority after unification in order to improve human rights and advance economic development. For Kim Jong Un's regime, electricity is also crucial for the "byungjin" policy, which emphasizes pursuing parallel goals of economic development and a nuclear weapons program.<sup>3</sup> This paper analyzes the current status of the DPRK's energy sector and the future energy prospects under the assumption of peaceful unification—electricity grid upgrade and interconnection, the employment of renewable energy, and the potential of nuclear generation after unification. The assumption of peaceful unification implies that the DPRK formally gives up its nuclear ambition, establishes coexistence with South Korea, pursues multilateral cooperation, and preserves the existing infrastructure including electricity grid, power generation plants, road, railway, port, and the like. Even though there are many possibilities regarding the political form of DPRK after unification, this paper assumes a form of confederation. This means South and North Korea will remain as two separate states in accordance with international law. However, this assumption of peaceful reunification implies that North Korea undergoes a gradual and functional change and strives to normalize inter-Korean relations.

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1 "Earth's City Lights," NASA, April 2016, <http://visibleearth.nasa.gov/view.php?id=55167>.

2 Kent E. Calder, *Korea's Energy Insecurities: Comparative and Regional Perspectives* (Washington, DC: Korea Economic Institute of America, 2005).

3 Anna Fifield, "North Korean Drought Is Hobbling the Power Supply, and the Economy with It," *Washington Post*, June 21, 2015, [https://www.washingtonpost.com/world/asia\\_pacific/north-korean-drought-is-hobbling-the-power-supply-and-the-economy-with-it/2015/06/21/65e51c02-14ff-11e5-8457-4b431b7ed4c\\_story.html](https://www.washingtonpost.com/world/asia_pacific/north-korean-drought-is-hobbling-the-power-supply-and-the-economy-with-it/2015/06/21/65e51c02-14ff-11e5-8457-4b431b7ed4c_story.html).

## II. CURRENT STATUS OF THE DPRK ENERGY POWER SECTOR

### *Comparison of the DPRK & South Korea*

The report from the Ministry of Unification states that the power generation capacity for the DPRK and South Korea in 2014 was 7,253 megawatts and 93,220 megawatts respectively.<sup>4</sup> This means that the DPRK's power generation capacity is only 7.78 percent of South Korea's. Moreover, the total power generation capacity has declined from 7,497 megawatts in 2008 to 7,253 megawatts in 2014.<sup>5</sup> According to the US Energy Information Administration (EIA), hydroelectric power accounts for 64 percent of the electricity production in North Korea while both coal and petroleum account for only 36 percent.<sup>6</sup> The graph on the right from MOU shows the breakdown of generation capacity from 2008 to 2014. However, the generation capacity data sometimes diverges from the actual production. A Nautilus Institute report states that the actual electricity produced by the border-area hydro plants varies between 27 percent and 47 percent of its full generation capacity.<sup>7</sup> Also, the actual output could be lower than the numbers provided in the figure below, depending on the plant's age and deterioration.

**Figure 1**

	2008	2009	2010	2011	2012	2013	2014
Total power capacity	7497	6928	6968	6920	7220	7243	7253
Hydropower capacity	4487	3918	3958	3960	4260	4283	4293
Hydro Ratio	62.1	62.1	56.8	57.2	59.0	59.1	59.2
Thermal power generation capacity	3010	3010	3010	2960	2960	2960	2960
Thermal Power Ratio	40.1	43.4	43.2	42.8	41.0	40.9	40.8

Source: Ministry of Unification

4 "Power Sector Overview (전력개요)," Ministry of Unification, <http://nkinfo.unikorea.go.kr/nkp/overview/nkOverview.do?sumryMenuId=EC211>.

5 Ibid.

6 "North Korea Overview," EIA (U.S. Energy Information Administration), last updated July 2015, <https://www.eia.gov/beta/international/analysis.cfm?iso=PRK>.

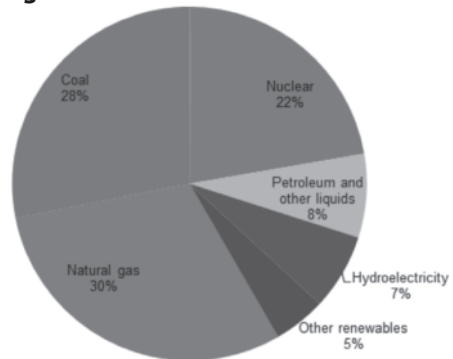
7 Jae-Young Yoon, "The DPRK Power Sector: Data and Interconnection Options," Nautilus Institute, NAPSNet special report, August 9, 2011, <http://nautilus.org/napsnet/napsnet-special-reports/the-dprk-power-sector-data-and-interconnection-options/>.

The DPRK relies heavily on hydropower and thermal power generation that makes it vulnerable during drought years. In 2015, the drought in North Korea caused water shortages and lack of electricity supply in Pyongyang and other cities. This was confirmed by a Pyongyang resident and a tourist returned from North Korea.<sup>8</sup> Even though the exact impact of the drought is unclear, the DPRK should take measures to diversify its generation mix to ensure a steady supply of electricity in extreme weather conditions. Compared to the DPRK, South Korea has a much higher generation capacity and a more diversified electricity generation mix. The EIA chart on the right shows that South Korea's electricity generation capacity is composed of natural gas (30%), coal (28%), nuclear (22%), and renewables (5%).<sup>9</sup> This generation mix serves as an example for the DPRK to follow, given their similar geographic location and natural endowments. The DPRK can increase future electricity supply through the generation from natural gas, renewables, and nuclear power, which will be discussed in the second part of the paper.

However, the differences in population and electricity demand between the North and Korea are important factors to consider when comparing the two. The World Bank data suggests that North Korea had a population of 24.9 million as of 2013, compared to 50.22 million in South Korea. Even though North Korea's population is around half of South Korea's, its power generation capacity, which is only 7.78 percent of South Korea's, is way too low.

Another two important indicators that can be used to evaluate the electricity supply in DPRK are the electric power consumption per capita and the access to electricity (% of population). The data published by the World Bank shows that the electric power consumption per capita in North Korea declined from 805.9 kWh in 2008 to 660.2 kWh in 2013.<sup>10</sup> The world average electric power consumption per capita was around 3104.7 kWh (2013), which is very similar to China's, and 10,427.9 kWh for South Korea.<sup>11</sup> This wide gap in electricity consumption per capita exposes the problem of electricity shortages and the below-average standard of life in the DPRK. Moreover, only 29.6 percent of the

**Figure 2**



Source: Ministry of Unification

<sup>8</sup> Fifield, "North Korean Drought."

<sup>9</sup> "South Korea Country Overview," EIA, last updated October 5, 2015, <https://www.eia.gov/beta/international/analysis.cfm?iso=KOR>.

<sup>10</sup> "Electric Power Consumption," The World Bank, <http://data.worldbank.org/indicator/EG.USE.ELEC.KH.PC/countries/1W-KR-US-KP-CN?display=graph>.

<sup>11</sup> Ibid.

population in North Korea has access to electricity in 2012, compared to the world average of 84.6 percent.<sup>12</sup> Even the data of 29.6 percent might be inflated because many North Koreans have only irregular access to electricity throughout the year.

### ***Why Does Electricity Matter in North Korea?***

*“They can’t read at night. They can’t watch television. ‘We have no culture without electricity,’ a burly North Korean security guard once told me accusingly. But the dark has advantages of its own. Especially if you are a teenager dating somebody you can’t be seen with . . .”*

- Nothing to Envy: Ordinary Lives in North Korea

The shortage of electricity supply has significant impact on ordinary lives in the DPRK. This quote from *Nothing to Envy* depicts the lack of social life and entertainment, which ultimately leads to the decline of culture and education in the North Korean society. Curtis Melvin, the editor of the *North Korea Economy Watch* and a researcher at USKI, comments that electricity in North Korea is usually used for strategic purposes such as government offices, statues of the leadership, and military programs; the residential sector comes secondarily, and there is no charge for the electricity.<sup>13</sup> Another interviewee who defected from North Korea in 2001 recalls that her town usually got electricity for only a few hours except for big holidays, when they had electricity supply for almost the whole day, for example the birthdays of Kim Il Sung and Kim Jong Il.<sup>14</sup> She remembers that some rich families would get energy generators or bribe the officials to have individual transmission cables installed to connect their houses and the generation facilities directly. However, her family was too poor, and they were only able to buy oil lamps from the black market.<sup>15</sup> Both of the interviewees confirmed that the North Korean government prioritizes energy use for military purposes at the expense of the North Koreans.

The electricity shortages in North Korea also have important implications for the industrial sector, agricultural production, environmental security, and population migration. Without ample amount of electricity, the factories stop operation, which leads to the decline of exports; the decline of exports means no hard currency to import fuel for electricity generation.<sup>16</sup> This vicious circle continues to lower both industrial production and electricity generation. As a substantial user of electricity, the agriculture sector also suffers from fuel shortages since it

12 “Access to Electricity,” *The World Bank*, <http://data.worldbank.org/indicator/EG.ELC.AC.CS.ZS/countries/1W-KR-US-KP-CN?display=graph>.

13 Curtis Melvin (editor of the *North Korea Economy Watch*), interview by Maggie Yuan Yao, February 2016.

14 Anonymous (North Korean defector), interview by Maggie Yuan Yao, March 2016.

15 Ibid.

16 Barbara Demick, *Nothing to Envy: Ordinary Lives in North Korea* (New York: Spiegel & Grau, 2015).

needs electricity to produce fertilizer in factories and to run irrigation pumps.<sup>17</sup> The lack of electricity supply reduces the production of fertilizers, which further decreases crop yield. Currently, the crop yield in North Korea is only 200 grams of cereals per person per day in 2011, which is below the level necessary for adequate and healthy supply.<sup>18</sup> Because of the food shortages, farmers begin to denude hills of trees and groundcover to sustain themselves; the erosion caused by this gives rise to the problems of flooding and increased concentration of sediments in dams, which cuts back generation capacity of hydropower plants.<sup>19</sup> The energy shortage also pushes families to cut forest illegally for wood in order to heat rooms in winter. This is the major driver of deforestation in North Korea, which is proven by the change of forest area (% of land area) from 51.3 percent in 2006 to 41.8 in 2015.<sup>20</sup> As a result, deforestation exacerbates flooding and removes valuable carbon sinks for global CO<sub>2</sub> emissions. The difficult living conditions in DPRK caused by the shortages of electricity, food, and heat will lead to large-scale migration after unification. In this case, the modernization of North Korea's infrastructure is crucial to improve the citizens' quality of life and to prevent large-scale migration in the future.<sup>21</sup>

### **DPRK Energy Supply and Electricity Generation**

*"We should give definite priority to electric-power and coal-mining industries. While taking measures for generating electricity to the maximum at the existing power stations, we should draw up correct prospective plans for radically easing the strain on electricity supply and exert ourselves to carry them out. It is important to produce more electricity with priority given to hydraulic resources and by using wind, geothermal, solar and other kinds of natural energy. We should proactively increase production in coalmines and drastically solve the problem of rail and other types of transport. The electric-power and coal-mining industries and the rail transport sector should make coordinated innovations and thus give strong impetus to the development of the national economy."*

- Kim Jong Un's 2014 New Year Address

North Korea has similar energy insecurities to those of South Korea and Japan.<sup>22</sup> Coal is the main fossil fuel for electricity generation in the DPRK, and its total

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17 Choong-yong Ahn, Nick Eberstadt, and Yong-son Yi. *A New International Engagement Framework for North Korea?: Contending Perspectives* (Washington, DC: Korea Economic Institute, 2004).

18 Alex S. Forster, "Electrifying North Korea: Bringing Power to Underserved Marginal Populations in the DPRK," *East-West Center, East-West Center Working Papers*, April 2014, <http://www.eastwestcenter.org/publications/electrifying-north-korea-bringing-power-underserved-marginal-populations-in-the-dprk>.

19 Ibid.

20 "Forest Area," *The World Bank*, <http://data.worldbank.org/indicator/AG.LND.FRST.ZS/countries/1W-KR-US-KP-CN?display=graph>.

21 Forster, "Electrifying North Korea."

22 Calder, *Korea's Energy Insecurities*.

coal reserve is estimated to be around 600 million tonnes to 15 billion tonnes.<sup>23</sup> Although North Korea sits on rich coal resources, it produces coal of different quality, and this causes major problems for the coal-fired plants.<sup>24</sup> The coal produced in DPRK ranges from a low quality of 2300 kcals/kg to a high quality of 6150 kcal/kg.<sup>25</sup> There are enough coal resources for the DPRK to increase its thermal power generation, yet it is difficult because of insufficient transport infrastructure, which hinders the transportation of coal to power stations.<sup>26</sup> The decrease in quantity and the low quality of coal also negatively impact the efficiency of transportation; since most coal in North Korea is transported by rail, coal production further decreases.<sup>27</sup> Kim Jong Un's speech also addresses the importance of coordinating the transportation sector and the coal-mining industry in order to develop the economy.

In addition to coal, North Korea also enjoys significant hydroelectric power capacity thanks to the mountainous terrain and ample annual rainfall. However, many hydroelectric facilities are "run-of-river" in the DPRK, meaning that their output varies greatly in stream flow.<sup>28</sup> Since hydropower accounts for more than half of the electricity generation, it makes the electricity supply extremely unreliable in extreme weather. For oil and gas, North Korea does not have any major operating oil reserves onshore, but there is potential for offshore oil deposits on the seabed of Anju with an estimated 12 billion barrels of oil.<sup>29</sup> The exploration for oil resources has occurred both onshore and offshore, and the DPRK has negotiated exploration agreements with the ROK's Korean National Oil Company, Aminex PLC of the United Kingdom, and the Chinese government.<sup>30</sup> Thus, the extraction of oil will be an attractive option for post-unification investment in the energy sector to boost the electricity supply. Regarding electricity generation, oil usage is confined to a single heavy-oil fired power plant together with an oil refinery. Even though the use of renewables is not a big component in the electricity generation mix yet, Kim's speech implies that the development of small hydro, wind, solar, and geothermal resources will be in the national energy plan.

23 David von Hippel and Peter Hayes, "Foundations of Energy Security for the DPRK: 1990–2009 Energy Balances, Engagement Options, and Future Paths for Energy and Economic Redevelopment," *Nautilus Institute*, NAPSNet special report, September 2012, <http://nautilus.org/napsnet/napsnet-special-reports/foundations-of-energy-security-for-the-dprk-1990-2009-energy-balances-engagement-options-and-future-paths-for-energy-and-economic-redevelopment/>.

24 *Ibid.*

25 *Ibid.*

26 *Ibid.*

27 *Ibid.*

28 *Ibid.*

29 *Ibid.*

30 *Ibid.*

## Electricity Transmission and Distribution—DPRK National Grid



Source: Global Energy Network Institute

The graph above from GENI presents the map of the national grid in the DPRK including the hydropower plants (HPP) and the thermal power plants (TPP) across the country. The original electricity grid was established sixty years ago during the Japanese colonial period, but it was destroyed during the Korean War.<sup>31</sup> Later in the 1960s and 1970s, the Soviet Union restored the grid, but the grid has lacked servicing since the collapse of the USSR.<sup>32</sup> The current electricity infrastructure is outdated except for some small improvements over the years. The power generation facilities are generally in poor condition, and the physical deterioration has significantly impacted the generation capacity. Especially the thermal power plants in North Korea not only lack basic pollution control equipment but also are not adapted to the coal type because the facilities are based on technology adopted from China and the former Soviet Union.<sup>33</sup> As mentioned in the previous section, the capacity of hydroelectric plants varies significantly depending on the river flow and thus is highly unreliable. Moreover, North Korea has two major separate grids that operate at different voltages

31 Calder, *Korea's Energy Insecurities*.

32 Ibid.

33 Von Hippel and Hayes, "Foundations of Energy Security for the DPRK"



(110 kV and 220 kV) as shown in the graph above. In addition, the 66 kV lines (blue dots) are used for transmission and bulk distribution in regions such as Kongonwon, Saebyol, and Onsong.<sup>34</sup>

According to the Nautilus Institute report, there are more than 500 electricity generation plants in North Korea; the 62 major power plants work in the interconnected transmission and distribution system, while the others are mostly individual small hydroelectric facilities.<sup>35</sup> In addition to the problem of disconnection between the generation plants and the grid, the system of transmission is also inefficient and suffers energy loss. Even though the transmission and distribution (T&D) losses are hard to confirm because of the lack of end-use records, the T&D losses are estimated to be from 16 percent to 50 percent.<sup>36</sup> In the 1990s, a new SCADA (supervisory control and data acquisition) computer system was added to the power plants<sup>37</sup> in the DPRK by the UNDP.<sup>38</sup> Although the SCADA system has a modern control mechanism, the system that is used to identify and contain problems is manufactured in the DPRK; this makes the efficiency of the SCADA to protect the DPRK's power system unclear.<sup>39</sup> Because of the lack of efficient control system and technical maintenance, power outages will continue to hinder the economic development of the country.

### *Future Prospects of DPRK Electricity Generation*

This section of the paper discusses the priorities and the strategies for North Korea's energy sector after peaceful unification. It is important to note that South Korea has limited natural endowment and will be constrained to provide natural resources for electricity generation to the North. According to EIA, South Korea is one of the biggest energy importers, and it relies on imports to meet 97 percent of its total primary energy consumption.<sup>40</sup> Moreover, South Korea's electricity sector suffers from low reserve ratios—the ratio of peak capacity to peak electricity demand. The KEEI states that the reserve ratio has fallen below 10 percent each year during the period 2007 to 2013.<sup>41</sup> The low reserve ratio has resulted from high peak demand, delays in additional installed capacity, falling electricity prices, and low investment in renewable and energy efficiency projects.<sup>42</sup> The blackout across South Korea on September 2011 also exposed the vulnerability of South Korea's energy sector. Thus, self-sufficient strategies should be prioritized for the North, including rebuilding the national grid, developing

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34 Ibid.

35 Ibid.

36 Ibid.

37 SCADA has been operating in the power plants of Supung, Jangjingang, Pyongyang, and Puckchang as well as in the substations of Chungjin, Pyongyang #2, Pyongyang #3, and Wonjin.

38 Yoon, "The DPRK Power Sector."

39 Ibid.

40 "South Korea Country Overview."

41 Ibid.

42 Ibid.

renewable and nuclear generation, and exploring the smart grid option. Also, the interconnection option will enable North Korea to cooperate with other resource-abundant neighboring countries such as Russia.

### ***Moving Forward—Electricity Grid Upgrade and Interconnection***

Under the assumption of peaceful unification, the most effective long-term solution is to replace and rebuild the current electricity grid in the DPRK or to connect with other power systems in order to boost and stabilize electricity supply. Some criticism of the interconnection options and the alternative “leapfrogging” option for North Korea to pursue smart grid after unification will be discussed.

### **Rebuilding the Grid—Costs and Challenges**

Despite the interconnection option the DPRK will choose in the future, it is necessary to rebuild the national grid after unification. The Nautilus Institute report suggests to start this project by working with the DPRK engineers to come up with a priority list for the energy sector improvements and investments.<sup>43</sup> Pilot programs can be established in strategic areas such as the Tumen River, Kaesong, or mining regions before large-scale refurbishment. Even though it is hard to estimate the exact cost to replace the current transmission lines, one benchmark that could be used is the Tumen River area infrastructural development. The Tumen River project would involve the construction of substations and the combination of new 110kV and 220kV transmission lines, which will cost around \$250,000 to \$500,000 per conductor-kilometer in mid-1990s dollars.<sup>44</sup> For South Korea, the cost to build transmission line is around \$150,000 to \$300,000 per conductor-kilometer (154 kV lines), and \$400,000 to \$600,000 per conductor-kilometer (345 kV lines).<sup>45</sup> In addition to the cost of transmission lines, the substations will cost around \$10 million for 154 kV units, and \$36 million for 345 kV substations in 1990s dollars.<sup>46</sup> To replace the entire DPRK electricity grid, the total cost is estimated to be around \$3 billion in 1995 dollars (or \$4.5 billion in 2011 dollars), which includes around 5000 kilometer of 2-conductor line at the cost of \$250,000 per conductor kilometer, and 58 substations and 11 control centers at the cost of \$ 10 million.<sup>47</sup> However, it is important to note that this estimate does not include the cost of distribution lines, transformers, or improvement of power plants. The grid replacement process in the DPRK will encounter technical difficulties and environmental issues because of the terrain and the scale of the project. Moreover, this

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43 Von Hippel and Hayes. “Foundations of Energy Security for the DPRK.”

44 Ibid.

45 Ibid.

46 Ibid.

47 Ibid.

project could proceed only with enough financial assistance from a national reunification tax and the involvement of the international community. This makes it important to engage foreign governments, such as China and Russia, and international organizations including the World Bank, Asian Development Bank, Korean Development Bank, and Asian Infrastructure Investment Bank.

The Interconnection Option

In early 2000, the private sector in South Korea and Russia established the NEAREST (Northeast Asia Region Electrical System Ties) program to interconnect the power systems in the Northeast Asian region. The interconnection project attracts Russia because it will provide a new capital market for Russia’s energy exports. This section of the paper analyzes and compares the two different interconnection options among North Korea, South Korea, and Russia based on the assumption of a confederation form of the South and the North.

*Scenario # 1: The 3-Terminal HVDC Interconnection*

This is one of the scenarios that were evaluated in the 2005 NEAREST project for the three countries to exchange power through an interconnected system. The figure on the right presents the converter stations in Vladivostok, Pyongyang, and Seoul that will establish a multi-terminal HVDC system.<sup>48</sup> As shown in the graph, the line from RFE Vladivostok to DPRK Pyongyang will be 1010 km ( $\pm 500$  kV), and 250 km ( $\pm 500$  kV) from DPRK Pyongyang to ROK Seoul. In this scenario, the power will flow in one direction from Russia to both the DPRK and ROK.<sup>49</sup>



Figure 2. Scenario 1: Power System Interconnection Diagram  
Source: Ibid.

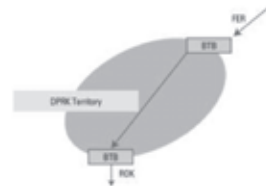


Figure 5. Scenario 4: Power System Interconnection Diagram  
Source: Ibid.

*Scenario # 2: Back-to-Back (BTB)-HVDC Interconnection*

This option involves building BTB (AC to DC to AC) converter stations at the borders instead of constructing long-distance interconnected transmission

48 Yoon, “The DPRK Power Sector.”  
49 Ibid.

lines as suggested in Scenario #1. However, this scenario assumes that all three countries enhance their power systems to ensure reliable power exchange.<sup>50</sup> The current state of the DPRK's national grid is concerning for this option since its weak system could be incapable of transmitting the power received from Russia to South Korea.

### *Comparison of the Two Scenarios*

The first option is considered the priority compared to the second scenario for various reasons. First, the 3-Terminal option would transmit more power, from 2GW to 4 GW, while the BTB option can transfer around 1GW to 4 GW.<sup>51</sup> Even though the cost of the first option exceeds the second one, Scenario #1 enjoys more energy security out of the two scenarios.<sup>52</sup>

### Criticism and North Korea's Leapfrogging

As discussed before, the cost of the 3-country interconnection project would be a heavy burden for both the new North Korean government and the international community, especially for South Korea. As an alternative, the unified Korea should fully take advantage of all the advanced technologies and strategies to achieve the so-called leapfrogging development in the energy sector. Instead of building an interconnected grid, North Korea can rebuild a national smart grid system to incorporate renewable energy, ensure efficient energy consumption, and reduce harmful gas emissions to achieve low-carbon green growth. The government of South Korea has already released its *National Smart Grid Roadmap* that guides the country from pilot program in Jeju Island to a national-scale smart grid.<sup>53</sup> The government defines "smart grid" as the congregation of electrical transmission and information technology in five areas: smart places, smart renewables, smart electricity services, smart transportation, and smart power grid as illustrated in the graph below (for Jeju Island). North Korea can construct a national smart grid with technology transfer and planning experience from both South Korea and the international community. Even though North Korea after unification might not be able to achieve the integration in all five aspects in the early stage, a concrete plan to rebuild a new national smart grid will contribute to its sustainable development in the long run.

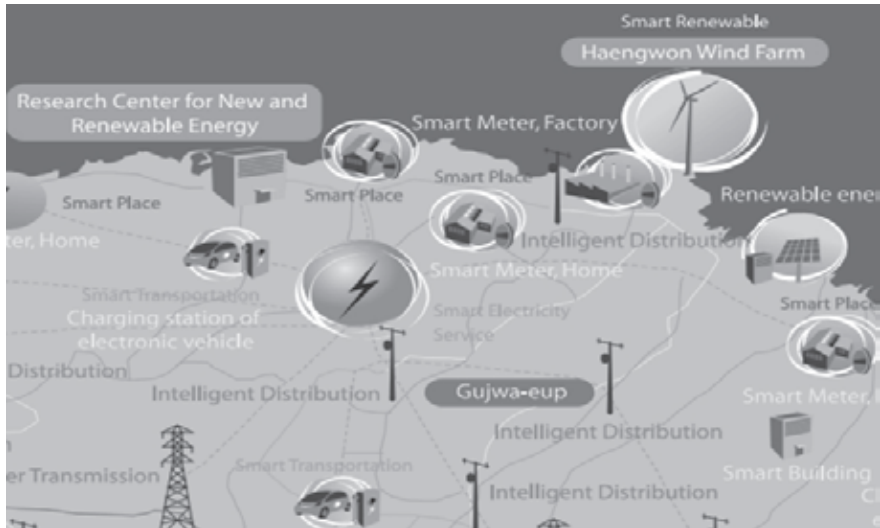
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50 Ibid.

51 Ibid.

52 Ibid.

53 Zpryme Research and Consulting, "South Korea: Smart Grid Revolution," special report by Zpryme's Smart Grid Insights, 2011, [https://www.smartgrid.gov/files/South\\_Korea\\_Smart\\_Grid\\_Revolution\\_201112.pdf](https://www.smartgrid.gov/files/South_Korea_Smart_Grid_Revolution_201112.pdf).



Source: Adapted from Zpryme Research and Consulting

## ***Moving Forward—Renewable Energy***

### Solar Power

The primary goal in replacing the electricity grid is to provide electricity to citizens, especially in under-electrified residential areas, and to factories that sustain the national economy and agriculture output.<sup>54</sup> Since the replacement of the electricity grid is a long-term project, the most efficient way in the short term to ensure electricity supply to the end users is to encourage small-scale power generation such as solar panels. The solar power generation will be on the household level without use of the outdated grid or the risk of unintended power diversion. The picture below from Reuters shows the presence of solar panels in one of Pyongyang's apartments.<sup>55</sup> Reuters estimates that around 10–15 percent of the urban apartments in North Korea have small solar panels attached outside. Simon Cockrell, who visits North Korea frequently as the manager of Koryo Tours, suggests that the number of solar panels almost tripled compared to last year.<sup>56</sup> Many of the solar panels come from China, and this is confirmed by a trader in Dandong called Yang Yanmeng, who reportedly sells 80–90 percent of the solar panels from the company to North Korea.<sup>57</sup> The popularity of solar

<sup>54</sup> Forster, "Electrifying North Korea."

<sup>55</sup> "特写：太阳能电池板在朝鲜热销 百姓有望摆脱缺电之苦" (In North Korea, Solar Panel Boom Gives Power to the People). Reuters, April 22, 2015, <http://cn.reuters.com/article/northkorea-solar-idCNKBS0ND01C20150422>.

<sup>56</sup> Ibid.

<sup>57</sup> Ibid.

panels implies a promising future for the solar panels to provide short-term residential energy needs. Moreover, North Korea enjoys an irradiation of 1200 kW/m<sup>2</sup> per year with on average 2400 hours annual sunlight duration.<sup>58</sup> The total solar generation capacity in the DPRK is around 2.5 million kW if each household installs a 5-m<sup>2</sup> PV (0.5 kW) panel.<sup>59</sup>

### Wind Power

Wind turbine is another relatively inexpensive and fast-to-install micro grid scheme in the short run. North Korea's weather conditions in the mountainous terrain makes it suitable for wind power development.<sup>60</sup> In 1978, the DPRK established a wind energy team and gathered data that shows that annual average wind speed is more than 4.5 m/s in 18 percent of North Korea.<sup>61</sup> These areas can hold around 4 GW capacity wind farms.<sup>62</sup> In a workshop organized by Nautilus, a DPRK delegation estimates an annual wind resource of 1.7 TWh with an assumed capacity factor of roughly 35 percent.<sup>63</sup> This data suggests that wind power also has the potential to cover 20 percent of the total energy demand in the DPRK in the long run.

### Tidal Power

Another potential renewable energy that can be utilized in the DPRK is tidal power. In the Nautilus Institute report, the DPRK delegates comment, "The west seashore of the DPRK is one of the well-known tidal zone in the world. The average difference between high and low tide is 4~6 m. Tidal potential capable of the development is estimated at about 19 TWh."<sup>64</sup> There are 11 sites on the west coast that can hold tidal power generation facilities with 4.7 million kW capacity.<sup>65</sup> China planned to build a 300 MW tidal power facility in 2004 near the Yalu River that is close to the DPRK border; even though there is not enough data to show the progress of the project, China's plan confirms the potential of tidal energy near the DPRK's shore.<sup>66</sup>

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58 Hwa-Young Sin, Eunnyeong Heo, Sul-Ki Yi, and Jihyo Kim, "South Korean Citizen's Preferences on Renewable Energy Support and Cooperation Policy for North Korea," *Renewable and Sustainable Energy Reviews* 14, no. 5 (June 2010): 1379-89.

59 Ibid.

60 Forster, "Electrifying North Korea."

61 Sin et al., "South Korean Citizen's Preferences."

62 Ibid.

63 Von Hippel and Hayes, "Foundations of Energy Security for the DPRK."

64 Ibid.

65 Ibid.

66 Ibid.

### *Moving Forward—The Potential of Nuclear Generation*

The proposed development of nuclear power plants in the DPRK is under the assumption of peaceful unification. This means that North Korea formally gives up the militarization of nuclear power and it becomes a constructive member of the international community.

Given the limited natural resource endowment and efficiency concerns, the DPRK should pursue nuclear power generation as their base load power plants after the peaceful reunification. The EIA chart in the previous section shows that nuclear power accounts for 22 percent of the installed electricity generating capacity in South Korea in 2014.<sup>67</sup> Currently, South Korea has 25 nuclear reactors for electricity generation with 23 GWe capacity, which is expected to increase by 70 percent by 2029.<sup>68</sup> Moreover, the cost for nuclear power generation is around 39 won per kWh, reported by the Korea Hydro and Nuclear Power (KHNP), compared to 57.7 won with coal and 162 won with hydro.<sup>69</sup> The considerations of energy security and less dependence on foreign imports make nuclear power an economically attractive option for both South Korea and North Korea. For North Korea, the significant natural reserve of uranium at Unggi, Pyongsan, and Hungnam will contribute to the nuclear power development since it does not need to depend on imports.<sup>70</sup>

South Korea had already started its nuclear initiatives when it became a member of the International Atomic Energy Agency (IAEA) in 1957; its very first nuclear power plant, Kori 1, achieved commercial operation in 1978.<sup>71</sup> This means South Korea already has experience of the commercialization of nuclear power and related supervision programs. In addition, the Korea Atomic Energy Research Institute (KAERI) has already authorized the design of the SMART (System-integrated Modular Advanced Reactor) in 2012 with post-Fukushima adjustments to 2016.<sup>72</sup> According to KAERI, the new integrated desalination plant that is based on the SMART reactor can generate 40,000 m<sup>3</sup>/day of water and 90 MWe of power at a lower cost than gas turbines. With substantial technical know-how, South Korea should supply and export the SMART technology to North Korea with government subsidy to the SMART Power Company (SPC). In the early phase, the IAEA plays a crucial role in verifying North Korea's nuclear programs in pilot cities and providing advice for long-term development of the nuclear generation program on a national level. In the long term, the new government of North Korea should draft its own Energy

67 "South Korea Country Overview."

68 "Nuclear Power in South Korea." *World Nuclear Association*, updated July 27, 2016, <http://www.world-nuclear.org/information-library/country-profiles/countries-o-s/south-korea.aspx>.

69 Ibid.

70 Calder, *Korea's Energy Insecurities*.

71 "Nuclear Power in South Korea."

72 Ibid.

Act regarding the use of nuclear power and set up an independent third-party supervisory body to work closely with IAEA to improve energy efficiency and conduct regular security checks.

However, one lesson we should learn from the failure of the Korean Peninsula Energy Development Organization (KEDO) project is the connectivity of the nuclear power plants to the national grid. The original Agreed Framework lacked the provision regarding this connection and the power produced through KEDO is supposedly to be exported instead of used domestically in North Korea.<sup>73</sup> This is due to the lack of the capacity of the outdated national grid in North Korea, which is discussed in the previous section. As a result, the modernization of the DPRK's electricity grid with increased capacity and efficiency is required for the large-scale transmission and distribution of nuclear-generated electricity in post-unified North Korea.

### **III. CONCLUSION**

In conclusion, North Korea should actively pursue renewable energy on both the household level and the national level after the peaceful unification. Given the energy situation of South Korea, the North should adopt self-sufficient strategies in terms of electricity generation that include national grid upgrade, smart grid scheme, and the use of renewables and nuclear power. Moreover, the North Korean government should prioritize these strategies above and pursue the interconnection option in the future.

To meet short-term electricity demand, the North should further encourage solar panels and generators at homes before the reconstruction of the national grid. In the process, the government should also explore the potential of wind, tidal, and geothermal for "green" electricity generation. However, it is crucial to rebuild the national grid to improve capacity and efficiency of transmission and distribution in the long run. An important reason to increase the grid capacity is to incorporate the newly built renewable and nuclear power plants into the national grid to boost electricity supply after unification. As discussed before, nuclear power generation is an economically desirable option under the assumption that North Korea formally gives up its militarization and becomes a constructive member of the international community. Yet, technology transfer and funding from South Korea and close supervision by the IAEA will be necessary in the early stage to start off the nuclear project. Another faster route for North Korea to achieve the so-called leapfrogging development in the energy sector after unification is to build a national smart grid. Using South Korea's Smart Grid scheme as a blueprint, North Korea can adapt the plan to build its own smart grid system that will incorporate renewable energy generation, ensure

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<sup>73</sup> Calder, *Korea's Energy Insecurities*.



efficient energy consumption, and reduce harmful gas emissions to achieve low-carbon green growth. Despite the high cost, this option will allow the new North Korea to fully take advantage of all the advanced technologies and to achieve sustainable development in the future.

**“The Better Angels of Our Nature:”  
Lessons from Post-Civil War America  
for Post-Reunification Korea**

by Crystal Styron





# **“The Better Angels of Our Nature:” Lessons from Post-Civil War America for Post-Reunification Korea**

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## **I. INTRODUCTION**

*“The mystic chords of memory, stretching from every battlefield, and patriot grave, to every living heart and hearthstone, all over this broad land, will yet swell the chorus of the Union, when again touched, as surely they will be, by the better angels of our nature.”*

**- Abraham Lincoln, first inaugural address, 1861**

By the end of the American Civil War, about 750,000 soldiers lay dead, and the United States, insofar as the nation could be called “united,” lay in shambles.<sup>1</sup> The country, less than 100 years old, was in existential crisis: either it had to find a way to reconcile the conflicting voices within its major parties or it would have to exist as two separate nations, united no more. Through the period later known as the Reconstruction (1865–77), the country strove for the former, attempting to integrate the newly freed black population and the comparatively underdeveloped and impoverished South with the more urban and economically viable North.

Now consider a later case that also pitted a nation against itself, North against South: that of the Korean War. With an estimated 2.5 million killed,<sup>2</sup> the death toll far exceeded that of the American Civil War, yet hopes for reconciliation and eventual reunification of the two Koreas remain. As Chapter I, Article 4 of the South Korean constitution states: “The Republic of Korea shall seek unification and shall formulate and carry out a policy of peaceful unification based on the principles of freedom and democracy.”<sup>3</sup>

To what extent can the United States’ experience of civil war and reunification yield helpful lessons for the current quandary of the Korean peninsula? While this paper seeks to explore this issue, there are several major caveats that will not be discussed at length, such as the fundamental assumption that Korea will indeed reunify. To say that opinions on the matter are divided is an

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1 Guy Gugliotta, “New Estimate Raises Civil War Death Toll,” *New York Times*, April 2, 2012, <http://www.nytimes.com/2012/04/03/science/civil-war-toll-up-by-20-percent-in-new-estimate.html>.

2 “Casualties of Korean War” (in Korean), Ministry of National Defense of Republic of Korea, [https://web.archive.org/web/20130120040603/http://www.imhc.mil.kr/imhcroot/data/korea\\_view.jsp?seq=4&page=1](https://web.archive.org/web/20130120040603/http://www.imhc.mil.kr/imhcroot/data/korea_view.jsp?seq=4&page=1).

3 Republic of Korea Constitution, Ch. 1, Art. 3, [http://www.ilo.org/wcmsp5/groups/public/---ed\\_protect/---protrav/---ilo\\_aids/documents/legaldocument/wcms\\_117333.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---ilo_aids/documents/legaldocument/wcms_117333.pdf).

understatement; the United States Army chief of staff, General Mark Milley, has stated as recently as November 2015 that reunification is an eventuality,<sup>4</sup> whereas scholars such as Andrei Lankov have made bold statements proclaiming the impossibility of such an event.<sup>5</sup> Furthermore, this paper acts under the assumption that upon reunification, North Korea will be incorporated into South Korea, including South Korea's preexisting political framework and economic model. Assuming that Gen. Milley is right, however, the new Korea will be facing many of the same issues that the post-Civil War United States faced, namely how to politically, economically, and socially integrate largely disparate groups into one cohesive nation, given a bloody and antagonistic history.

This paper will be divided into five main sections. The first will explore the American antebellum era and the factors that contributed to the Civil War. The second will consider modern Korea, beginning with the Korean War era. The third section will compare and contrast the American and Korean cases. The final two sections will examine the Reconstruction period and the lessons to be learned for a reunified Korea.

### *The Antebellum Era and Civil War*

*"All that the South has ever desired was that the Union as established by our forefathers should be preserved and that the government as originally organized should be administered in purity and truth."*

—Gen. Robert E. Lee, letter to C. Chauncey Burr, January 5, 1866

The 1830s saw a change in the American political environment. Prior to this period, politics had largely been the domain of the political and societal elites.<sup>6</sup> With the turn of the decade from the 1820s to the 1830s came a greater push for more representative democracy, and with the push for more representative democracy came the rise of the anti-slavery abolitionist movement.<sup>7</sup>

The anti-slavery movement in the North became intertwined with a push for "modernization," and by the 1850s, the rhetoric of the Republican party<sup>8</sup> came

4 "RFA: US Army Chief of Staff Predicts Eventual Unification of 2 Koreas," KBS World Radio, November 3, 2015, [http://world.kbs.co.kr/english/news/news\\_in\\_detail.htm?lang=e&id=In&No=114473&current\\_page=](http://world.kbs.co.kr/english/news/news_in_detail.htm?lang=e&id=In&No=114473&current_page=).

5 Lankov said in an interview with the *Guardian*: "There has never been a time when the officially declared goal—peaceful, gradual, negotiated and equally reciprocated unification—was even remotely possible. Never, ever—including now." See Tom Phillips, "Costly and Complicated—Why Many Koreans Can't Face Reunification," *Guardian*, October 9, 2015, <http://www.theguardian.com/world/2015/oct/09/why-many-koreans-cant-face-reunification>.

6 If anything, before 1830, "the national political system was itself a major bond of union in a diverse, growing society," as political party divisions extended beyond state borders or regional divides. See Donald L. Robinson, *Slavery and the Structure of American Politics 1765–1820* (New York: Norton, 1979), 175.

7 As Civil War scholar Eric Foner notes: "This very link [between the governed and the governors post-1830] made possible the emergence of two kinds of sectional agitators: the abolitionists, who stood outside of politics and hoped to force public opinion—and through it, politicians—to confront the slavery issue, and political agitators, who used politics as a way of heightening sectional self-consciousness and antagonism in the populace at large." Eric Foner, *Politics and Ideology in the Age of the Civil War* (New York: Oxford University Press, 1980), 39.

8 Note that the Democratic and Republican parties at the time did not resemble today's parties of the same names; the Democratic party at the time was conservative, while the Republican was more progressive. See John Gerring, *Party Ideologies in America, 1828–1996* (Cambridge: Cambridge University Press, 2001).

to reflect that the Republican party “gloried in the same qualities of Northern life—materialism, social fluidity, and the dominance of the self-made man—which twenty years earlier had been the source of widespread anxiety and fear in Jacksonian America. And it defined the South as a backward, stagnant, aristocratic society, totally alien in values and social order to the middle-class capitalism of the North.”<sup>9</sup>

This was tied to major societal and economic changes also happening at the time. With the dawn of the Industrial Revolution in the United States came a new dimension of regional division—that of the more industrialized North compared to the more agrarian South. By 1860, the shift in the North from agriculture to manufacturing and industry was largely complete, with only about 40 percent of the North’s 21 million people still working in agriculture. In fact, around 90 percent of the nation’s manufacturing output came from Northern states, including textiles, leather goods, and firearms.<sup>10</sup> Furthermore, the North had a strong advantage over the South in infrastructure, having many times the miles of railroads that the South did; by the end of the Civil War, the North had constructed the longest railroad system in the world.<sup>11</sup> One major difference between the North and South that proved to be an obstacle in the post-Civil War days was education—excluding the slave population, one out of every five in the North had received public education, compared to one out of ten in the South. The South, by contrast, was predominantly agricultural, with 84 percent of its population working in this sector. The only real manufacturing efforts were those that pertained to agriculture; the value of all the goods manufactured in the South was less than a quarter of the value of those manufactured in the state of New York alone.<sup>12</sup> Cotton in particular was the bedrock of the Southern economy, and one of the staples of the American economy as a whole, being worth more than all other US exports combined.<sup>13</sup> Cotton farming was, however, highly dependent on slave labor, which the South had in abundance. In fact, slaves made up 4 million of the South’s 9 million people, and even outnumbered whites in Mississippi and South Carolina;<sup>14</sup> “slave capital represented 44 percent of all wealth in the cotton-growing states in 1859, the largest single component”<sup>15</sup>.

<sup>9</sup> Ibid, 48.

<sup>10</sup> Benjamin T. Arrington, “Industry and Economy during the Civil War,” National Parks Service, <https://www.nps.gov/resources/story.htm?id=251>.

<sup>11</sup> Ibid.

<sup>12</sup> *The Civil War*, directed by Ken Burns (United States: PBS, 1990).

<sup>13</sup> As South Carolina Senator James Henry Hammond said in 1858, “Would any sane nation make war on cotton? ...No power on earth dares to make war upon it. Cotton is King.” See Gene Dattel, “When Cotton Was King,” *New York Times*, March 26, 2011, [http://opinionator.blogs.nytimes.com/2011/03/26/when-cotton-was-king/?\\_r=0](http://opinionator.blogs.nytimes.com/2011/03/26/when-cotton-was-king/?_r=0).

<sup>14</sup> Ellis Paxson Oberholtzer, *A History of the United States since the Civil War*, vol. 1 (New York: Macmillan, 1917).

<sup>15</sup> Roger Ransom and Richard Sutch, “Capitalists without Capital: The Burden of Slavery and the Impact of Emancipation,” *Agricultural History* 62 (Summer 1988): 133–60, reprinted in Morton Rothstein and Daniel Field, eds., *Quantitative Studies in Agrarian History* (Ames: Iowa State University Press, 1993); as referenced by Stanley L. Engerman, Richard Sutch, and Gavin Wright, “Slavery: For Historical Statistics of the United States, Millennial Edition,” University of California Project on the Historical Statistics of the United States, 2003.



*“King Cotton,” atop a throne called “SLAVERY”<sup>16</sup>*

As such, the roots for the American Civil War lay in part in what white Southerners viewed as a challenge to their livelihood; some in the South believed that the North was trying to undermine them, making the country as a whole more “capitalistic,” to use today’s terms.

By 1860, Southern White Democrats constituted an ever-shrinking minority in the political world, with Northern Republicans growing in both strength of numbers and strength of rhetoric. Still, those in the South held onto their pro-slavery politics, even as they consequently found themselves further and further removed from the mainstream dialogue.<sup>17</sup>

Many of the South’s arguments for slavery were couched in pro-states’ rights dialogue, stating that stripping the states of their right to decide was a violation of the Constitution. Until the election of 1860, there had been much focus in

<sup>16</sup> From the Library of Congress.

<sup>17</sup> In the midst of the social and political turmoil of the antebellum period, South Carolina senator and former vice president John C. Calhoun tenaciously clung to his pro-slavery beliefs, saying, “This agitation has produced one happy effect at least; it has compelled us at the South to look into the nature and character of this great institution [i.e., slavery], and to correct many false impressions that even we had entertained in relation to it. Many in the South once believed that it was a moral and political evil; that folly and delusion are gone; we see it now in its true light, and regard it as the most safe and stable basis for free institutions in the world.” See Thomas G. West, *Vindicating the Founders: Race, Sex, Class, and Justice in the Origins of America*. (Lanham, MD: Rowman & Littlefield Publishers, 2000), 33.

the political arena on maintaining the balance of power between slaveholding and non-slaveholding states.<sup>18</sup> With the aforementioned rise of the abolitionist movement, however, the balance of power became skewed in favor of the North, culminating in the 1860 election of anti-slavery Republican candidate Abraham Lincoln.

The election of Lincoln was in many ways a nail in the coffin for the increasingly alienated Southern states. Lincoln had won with 40 percent of the votes, after not even appearing on the ballots of ten of the southern states. The *Richmond Whig*, a prominent Democratic newspaper, wrote immediately afterward that his election was “undoubtedly the greatest evil that has ever befallen this country. But the mischief is done, and the only relief for the American people is to shorten sail . . . send down the top masts, and prepare for a hurricane.” Lincoln himself tried to forestall any aggressions,<sup>19</sup> but his was ultimately a failed attempt to preserve the Union.

Soon after the election, one by one the Southern states, led by South Carolina, seceded from the United States to form what was known as the Confederate States of America (CSA), or the Confederacy (see Map 1). The young nation had been divided into North and South, the Union and the Confederacy. But the true conflict was only about to begin, with the first shots of the Civil War fired at Fort Sumter, South Carolina, early in the morning on April 12, 1861.

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18 One such example is the Compromise of 1850, in which California was admitted to the Union as a free state, while Utah and New Mexico were free to decide on whether or not to permit slavery, and ultimately became slaveholding states. This resolution was “introduced by Senator Henry Clay in relation to the adjustment of all existing questions of controversy between the states arising out of the institution of slavery.” See January 29, 1850; Senate Simple Resolutions, Motions, and Orders of the 31st Congress, ca. 03/1849-ca. 03/1851; Record Group 46; Records of the United States Senate, 1789–1990, National Archives. Washington, DC.

19 In his first inaugural address, he said: “In your hands, my dissatisfied fellow countrymen, and not in mine, is the momentous issue of civil war. The government will not assail you. You can have no conflict without being yourselves the aggressors. You have no oath registered in Heaven to destroy the government, while I shall have the most solemn one to ‘preserve, protect, and defend it.’ I am loath to close. We are not enemies, but friends. We must not be enemies. Though passion may have strained, it must not break our bonds of affection. The mystic chords of memory, stretching from every battlefield, and patriot grave, to every living heart and hearthstone, all over this broad land, will yet swell the chorus of the Union, when again touched, as surely they will be, by the better angels of our nature.” See Michael Waldman, *My Fellow Americans: The Most Important Speeches of America’s Presidents, from George Washington to Barack Obama*. (Naperville, IL: Sourcebooks, Inc., 2010), 52.





Map 1 – Civil War-Era “United” States<sup>20</sup>

### ***The Korean Case***

*“The moment of explosion is approaching fast. No one can say a war will break out in Korea or not and whether it will break out today or tomorrow.”*

**–North Korea state news agency, KCNA<sup>21</sup>**

After the end of World War II and the Japanese occupation of the Korean peninsula, the Soviet Union was the de facto supporter of the northern part of the country above roughly the 38th parallel, and the United States the supporter of the southern part of the country. This is widely regarded to have been a means of balancing the power between the two emerging global hegemony on the cusp of the Cold War, so that neither the United States nor the USSR felt as though the other was getting the upper hand in the highly important Pacific region.

In the southern part of the peninsula, the Americans supported the political leader Rhee Syngman, criticized by some as a United States “puppet” leader. After World War II, many other prominent political figures had congregated in Seoul,

<sup>20</sup> From Charles Kendall Adams, *A History of the United States* (Boston: Allyn and Bacon, 1909), 348.

<sup>21</sup> Matt Smith, “North Korea Warns ‘Moment of Explosion’ Nears,” *CNN*, April 3, 2013, <http://www.cnn.com/2013/04/03/world/asia/korea-tensions/>.

as they believed “the real power would be had there rather than in Pyongyang.”<sup>22</sup> These factors—the division of the peninsula, as well as the comparative lack of politicians with divergent opinions in the northern part of the country—likely facilitated the rise of Kim Il Sung.

In the north, the Soviets put their support behind the vehemently anti-imperialist Korean leader Kim Il Sung, who preached his own version of communism. As noted DPRK scholar Andrei Lankov has written, the DPRK “was created as a Soviet puppet state,” one where “Soviet seeds grew into unusual plants.”<sup>23</sup> The Korean War was largely born of this ideological conflict, with the North pushing downward in its attempt to pull the South into its communist regime, and at least partly in response to what it believed to be the corrupting influence of the West on the peninsula.

Since the end of the Korean War in 1953, the ROK has followed a trajectory more or less in keeping with the Bretton Woods prescriptions, democratizing in 1987 and largely liberalizing its trade. Like the American North, the ROK has pushed for “modernization,” and has reaped the benefits from its efforts, becoming a more representative democracy and an increasingly strong presence in the geopolitical arena of Asia.

North Korea stands in stark contrast to its southern counterpart, with the Kim family regime still in power, operating according to the principle of Juche. In Kim Il Sung’s own words: “Establishing Juche means, in a nutshell, being the master of revolution and reconstruction in one’s own country. This means holding fast to an independent position, rejecting dependence on others, using one’s own brains, believing in one’s own strength, displaying the revolutionary spirit of self-reliance, and thus solving one’s own problems for oneself on one’s own responsibility under all circumstances.”<sup>24</sup> North Korea has legitimized the poverty and famine experienced by its people with this Juche policy.

North and South Korea are quite evidently in different stages of development, with different economic focuses. Whereas in the period immediately following the Korean War the DPRK outpaced the ROK economically, the average South Korean today makes upward of fifteen times as much per year as her North Korean counterpart.<sup>25</sup> The ROK has become an industrial powerhouse in Asia, while the DPRK has remained largely underdeveloped. According to the CIA’s *World Factbook* estimates, roughly two-thirds of North Korean GDP comes from either agriculture or low/no value-added industry, primarily mineral mining. By

22 Hyung Gu Lynn, *Bipolar Orders: The two Koreas since 1989* (New York: Zed Books, 2007), 98.

23 Andrei Nikolaevich Lankov, *From Stalin to Kim Il Sung: The Formation of North Korea, 1945–1960* (New Brunswick, NJ: Rutgers University Press, 2002), x.

24 Grace Lee, “The Political Philosophy of Juche,” *Stanford Journal of East Asian Affairs* 3, no. 1 (2003): 105–12.

25 Simon Rogers, Amy Sedghi, and Mark McCormick, “South v North Korea: How Do the Two Countries Compare? Visualised,” *Guardian*, April 8, 2013, <http://www.theguardian.com/world/datablog/2013/apr/08/south-korea-v-north-korea-compared>.

comparison, agriculture makes up only about two percent of the South Korean economy, with the majority dedicated to services.<sup>26</sup>

North Korea's economy is heavily dependent upon commodity prices; the recent fall in commodity prices, for instance, heavily impacted the North Korean economy.<sup>27</sup> The latest round of United Nations sanctions may serve to deal a further blow to their largely insular economy, given that China—far and away North Korea's largest trading partner—seems to be adhering to the conditions of the sanctions;<sup>28</sup> this is reminiscent of the effects of the Union blockade against the Confederacy during the Civil War.<sup>29</sup> Despite the Kim regime's stated policy of "byungjin"—the simultaneous pursuit of both economic and nuclear expansion—the economic development aspect has largely been left by the wayside in favor of nuclear expansion.<sup>30</sup> Moreover, the limited infrastructure still extant in North Korea primarily consists of remnants from the Soviet Union, much of which have not been updated since the 1960s, and are not likely to be updated anytime soon.<sup>31</sup>

One of the major components of the reunification issue in Korea is that of public sentiment towards DPRK and reunification itself. According to a report by the Asan Institute,<sup>32</sup> South Koreans felt less personal affinity to North Koreans than they did to Americans or Chinese (see Figure 3). Furthermore, the same report found that interest in reunification is diminishing each year, with the youngest groups of Korean society exhibiting the least amount of interest (see Table 1). Indeed, young South Koreans increasingly express skepticism or even hostility toward the possibility of a unified Korea.<sup>33</sup> Much of this tapering of interest is rooted in a reluctance to bear the perceived burdens associated with reunification, economic or otherwise. For instance, many young South Koreans have stated that they are loath to pay a "reunification tax" that may come into play should reunification occur. Additionally, the costs of providing medical care, education, jobs, and so on to millions of North Koreans will undoubtedly be high, and will irrevocably alter Korean society.

26 Central Intelligence Agency, *The World Factbook*, continually updated, <https://www.cia.gov/library/publications/the-world-factbook/>.

27 Anna Fifield, "North Korea Digging Ever Deeper to Keep Its Economy Afloat," *Guardian*, March 9, 2015, <http://www.theguardian.com/world/2015/mar/09/north-korea-economy-commodity-exports-china>.

28 Andrei Lankov, "Average North Koreans Will Be Hit Hardest by Sanctions," *Al Jazeera*, April 15, 2016, <http://www.aljazeera.com/indepth/opinion/2016/04/average-north-koreans-hit-hardest-sanctions-160413060120033.html>.

29 During the Civil War, the Union enacted a blockade against the Confederacy, preventing any Confederate exports, and so dealing a strong blow to the Confederacy's economy.

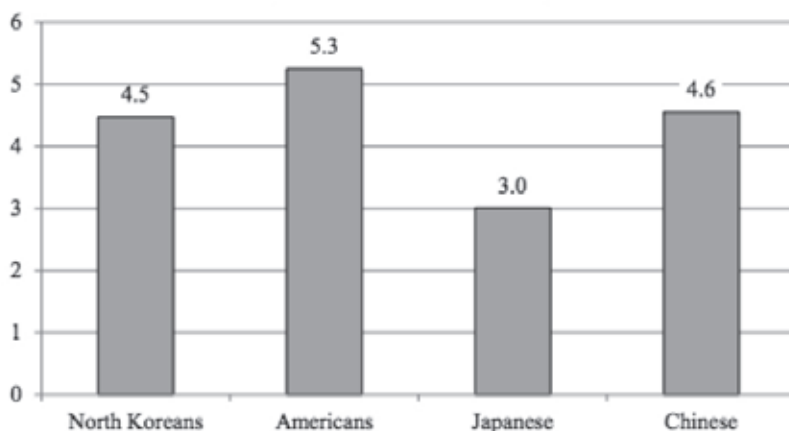
30 Ankit Panda, "Byungjin Put to the Test: Is North Korea About to Face Another Major Famine?," *Diplomat*, March 30, 2016, <http://thediplomat.com/2016/03/byungjin-put-to-the-test-is-north-korea-about-to-face-another-major-famine/>.

31 "Spring Release," *Economist*, February 28, 2015, <http://www.economist.com/news/asia/21645252-tantalising-signs-change-are-emerging-whether-they-signal-more-profound-shifts-less>.

32 Jiyeon Kim, Karl Friedhoff, Chungku Kang, and Euicheol Lee, "South Korean Attitudes toward North Korea and Reunification," *Asan Public Opinion Report*, January 6, 2015, <http://en.asaninst.org/contents/south-korean-attitudes-toward-north-korea-and-reunification/>. Note: unusually low numbers in 2010 may be due to the proximity of the *Cheonan* incident.

33 Guy Taylor, "Young South Koreans Fear Unification with North Would Create Economic Burden," *Washington Times*, April 10, 2013, <http://www.washingtontimes.com/news/2013/apr/10/young-south-koreans-fear-unification-with-north-wo/?page=all>.

**Figure 3: Personal Affinity<sup>4</sup>**



**Table 1: Interest in Reunification: By Age**

	2010	2011	2012	2013	2014
20s	39.2	64.4	77.1	72.4	71.8
30s	50.5	66.6	81.8	75.8	75.8
40s	57.0	77.2	84.0	87.2	81.7
50s	58.0	72.2	87.2	85.3	89.9
60+	58.3	68.6	88.9	85.4	91.7

**Comparing and Contrasting the American and Korean Cases**

Certainly other nations have faced similar issues of division and reconciliation, notable examples being Germany (1990) and Vietnam (1975). Much literature has already been devoted to exploring the similarities between the Korean and German cases, as well as between the Vietnam and Korean Wars, and much can be gleaned from this work. Furthermore, there are limits to how relevant the United States case can be for Korea. The American Civil War ended over 150 years ago and was largely centered around the “peculiar institution” of slavery.<sup>34</sup> Whereas Korea is largely considered to be ethnically homogenous,<sup>35</sup> at the core of the American Reconstruction was the dilemma of how to incorporate the

<sup>34</sup> Kenneth M. Stampp, *The Peculiar Institution: Slavery in the Ante-bellum South*, (New York: Knopf, 1956).

<sup>35</sup> This ultimately complicated issue is explored at length in Gi-Wook Shin, *Ethnic Nationalism in Korea: Genealogy, Politics, and Legacy* (Stanford, CA: Stanford University Press, 2006).

4 million freed black slaves (over one-tenth of the total population) into an otherwise predominantly white society<sup>36</sup>. Furthermore, whereas there exists a vast gap in GDP per capita between the Koreas, the American South was relatively economically prosperous, albeit based primarily on a single industry: cotton.

Still, this paper argues that the United States case can be of particular relevance to post-reunification Korea. Unlike Germany, which was separated by outside forces without substantial domestic fighting and similarly unified once more, the United States' division and reunification were mired in domestic fighting, and the memory of the Korean War is still a painful one that remains alive for the oldest in Korean society. Unlike Vietnam, the United States is a representative democracy; acting under the assumption that North Korea will be integrated into South Korea's extant political system, the newly unified Korea will also be a representative democracy. As the historian Stephen Oates wrote:

The civil war is not only the central event of American history, but it's a central event in large ways for the world itself. If we believe today, as surely we must, that popular government is the way to go, it is the way to the emancipation of the human spirit, then the civil war established the fact that a popular government can survive, that it could overcome an internal secession movement that could destroy it. So the war becomes, in essence, [...] a testament for the liberation of the human spirit for all time.<sup>37</sup>

There are numerous parallels between the American and Korean cases that attest to the viability and usefulness of the comparison. One interesting and striking parallel is that of geography: the Union capital of Washington, D.C., lies approximately 110 miles from the Confederate capital of Richmond, Virginia, while Seoul and Pyongyang are approximately 120 miles apart. Additionally, the population of the American North and of South Korea were/are about double that of their respective counterparts.<sup>38</sup>

The American South, like DPRK, was (and to a great extent still is) a largely agrarian society that espoused morally reprehensible views. Both have been largely reliant on a single industry: cotton in the American South, mineral ore in DPRK. Additionally, both have promoted political independence, the American South with its states' rights beliefs and ultimate secession and formation of the Confederacy, and North Korea with its policy of Juche.

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36 Eric Foner, "Successes and Failures of Reconstruction Hold Many Lessons," *New York Times*, May 26, 2015.

37 Stefan Berger, Linas Eriksonas, and Andrew Mycock, eds., *Narrating the Nation: Representations in History, Media and the Arts*, vol. 11 (New York: Berghahn Books, 2013), 29-30.

38 The population of the American North was 21 million, and of the American South 9 million. The current population of South Korea is about 50 million, and of North Korea 25 million.

Conversely, the American North and ROK both share a more capitalistic, “pro-modernization” view, one that has manifested in greater industrialization and greater economic success in the long run. And under the premises of this paper,<sup>39</sup> ROK will have to help pick up the pieces of DPRK to form a united nation, like the American North before it had to help bring the South back into the fold. The largest of these problems will likely be that of incorporating an uneducated, poor, and unhealthy group of “outsiders” into society—the United States faced this issue with the 4 million freed slaves, and South Korea will face this issue with the 25 million North Koreans upon reunification, as will be explored in the next section.

**Table 2: Summary of Civil War America compared to Modern Korea**

	Civil War America		Modern Korea	
	NORTH	SOUTH	NORTH	SOUTH
<b>PEOPLE</b>				
<i>Population</i>	21,000,000	9,000,000	24,900,000	50,000,000
<i>Population Ratio</i>	2.33 : 1 (North : South)			2.01 : 1 (South : North)
<i>Education</i>	more educated	less educated	less educated	more educated
<b>ECONOMY</b>				
<i>Economy-makeup</i>	more industrial	more agrarian	more agrarian	more industrial
<i>Infrastructure</i>	well-developed	under-developed	under-developed	well-developed
<i>Source of wealth</i>	diversified	one resource (cotton)	one resource (mineral wealth)	diversified
<b>POST-UNIFICATION SOCIETY</b>				
<i>Marginalized Group?</i>	N	Y	Y	N
<b>CULTURE &amp; IDEOLOGY</b>	pro-modernization	states' rights, traditionalists	Juche, self-reliance	pro-modernization

<sup>39</sup> See introduction.

## *The Reconstruction (1865–77)*

### **“Successes”**

*Before the war, it was said “the United States are.” Grammatically, it was spoken that way and thought of as a collection of independent states. And after the war, it was always “the United States is,” as we say today without being self-conscious at all. And that sums up what the war accomplished. It made us an “is.”*

–Shelby Foote<sup>40</sup>

The years after the Civil War ended were fraught with chaos and upheaval, as the nation tried to heal its wounds. Much of the South had been destroyed, with one-fourth of their military-age men dying in battle, and large swathes of land, railroads, factories, farms, and homes lying ravaged from campaigns like Sherman’s March.<sup>41</sup> One Northern visitor to South Carolina wrote, “You can have no idea of the desolation of this country.”<sup>42</sup> Many Confederate soldiers upon the end of the war, now facing the threat of poverty and starvation, fled the country or even resorted to suicide. Despite the heartbreak and ruin that had been unleashed, the North had accomplished Lincoln’s main goal of maintaining the Union, bringing the Southern states back into the fold. And so the arduous process of reconciliation had begun.

Even as Union troops claimed Southern territory during the war, President Lincoln pushed to establish civil governments in these areas, appointing military governors in North Carolina, Louisiana, and Tennessee. The Southern states had not technically been part of the United States during the years of the Civil War, and moreover public sentiment in the far more populous North was against the South. As a result, in the first years of the Reconstruction, Congress was dominated by Northern Republicans who did not hesitate to enact aggressive new legislation. During and immediately after the Civil War, Congress passed the Thirteenth Amendment, abolishing slavery (which all states were required to ratify before they could be readmitted to the Union); the Fourteenth Amendment, which granted citizenship to “all persons born or naturalized in the United States,” including former slaves; and the Fifteenth Amendment, which guaranteed that a citizen’s right to vote would not be denied “on account of race, color, or previous condition of servitude.” Included in these was an amnesty oath, known in many Southern states as the “damned nasty oath,”<sup>43</sup> in which the Southern states were to swear allegiance to the United States Constitution and

<sup>40</sup> Spoken by author Shelby Foote in *The Civil War*, directed by Burns.

<sup>41</sup> A military campaign launched by Union General William Sherman, in which he and his troops marched from Atlanta to Savannah, destroying whatever infrastructure and supply chains they came across in an attempt to destroy the South in terms of not only its military, but also its morale—he said that he would “make Georgia howl.” See W. Todd Groce, “Rethinking Sherman’s March,” *New York Times*, November 17, 2014, <http://opinionator.blogs.nytimes.com/2014/11/17/rethinking-shermans-march/>.

<sup>42</sup> Ellis Paxson Oberholtzer, *A History of the United States since the Civil War*, vol. 1 (New York: Macmillan, 1917), 57.

<sup>43</sup> United States. Congress. Joint Committee on Reconstruction. *Report of the Joint Committee on Reconstruction: At the First Session Thirty Ninth Congress.* (US Government Printing Office, 1866), 205.

the Union, and to uphold all the laws passed by Congress, including those that referred to slavery. Additionally, all the debt that had been contracted by the Southern states in their war efforts was to be repudiated.

In 1865, Congress passed a bill that created the US Bureau of Refugees, Freedmen, and Abandoned Lands, popularly known as the Freedmen’s Bureau. This bureau was responsible for helping former slaves transition to their new lives through medical, financial, and educational assistance: “The bureau built hospitals for, and gave direct medical assistance to, more than 1,000,000 freedmen. More than 21,000,000 rations were distributed to impoverished blacks as well as whites. . . . More than 1,000 black schools were built and over \$400,000 spent to establish teacher-training institutions.”<sup>44</sup> Many ardent abolitionists came to teach at these new schools, one of which was Howard University, which remains a prominent Washington, D.C.-based institution to this day. The year 1866 saw the passage of the Civil Rights Act, which gave black men the right to make and enforce contracts; to sue and be sued; to buy, sell, and own property; and to be subject to all laws just as any other citizen. In 1867, Congress passed the Military Reconstruction Act, which divided the South into five military districts, each of which was to be shaped and governed by federal rule, and in which blacks were free to vote and hold office; during this time, about 2,000 African Americans held offices at various levels of the government.<sup>45</sup>

### **Failures**

*“You say you have emancipated us. You have; and I thank you for it. But what is your emancipation? . . . You turned us loose to the sky, to the storm, to the whirlwind, and, worst, of all you turned us loose to the wrath of our infuriated masters.”*

### **–Frederick Douglass, 1876 speech to the Republican National Convention**

Despite the best efforts of many well-intentioned people, the Reconstruction period has widely been regarded as a failure.<sup>46</sup> In some ways Reconstruction was doomed before it could even really begin because of the presidency of Andrew Johnson.

Lincoln, as well as others in positions of authority during the Civil War, knew that Reconstruction would be more than simply uniting the country in a geopolitical sense, and that the issue of loyalties would pose a major issue. As

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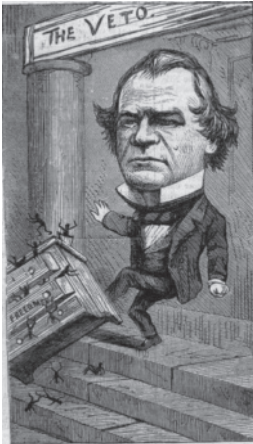
<sup>44</sup> Encyclopædia Britannica online, s.v. “Freedmen’s Bureau,” <http://www.britannica.com/topic/Freedmens-Bureau>.

<sup>45</sup> “Black Leaders during Reconstruction,” *History Channel*, <http://www.history.com/topics/american-civil-war/black-leaders-during-reconstruction>.

<sup>46</sup> Annette Gordon-Reed, “What If Reconstruction Hadn’t Failed?,” *Atlantic*, October 26, 2015, <http://www.theatlantic.com/politics/archive/2015/10/what-if-reconstruction-hadnt-failed/412219/>.



such, he had begun to develop plans to reconstruct and reunify the nation. Before any of it could be enacted, however, Abraham Lincoln was assassinated by Southern sympathizer John Wilkes Booth in April 1865. As such, power transferred to his Democratic vice president, Andrew Johnson. Though Johnson had been anti-secessionist, he was a Southerner at heart, having been born in North Carolina and serving previously as governor of Tennessee. Furthermore, he was a staunch advocate of states' rights, and a constitutional purist. Johnson pardoned many Confederate leaders, and never brought to trial other prominent Confederate leaders. Southerners, seeing an ally in Johnson, became more and more demanding, imploring him to take actions to "protect" them. Johnson stood in opposition of nearly every major legislation enacted by Congress, vetoing everything from the Fourteenth Amendment to the Freedmen's Bureau, though Congress did override these vetoes. He was lauded in the South as a true patriot and a hero, and one who worked against Northern attempts to create a "central despotism"; many Southern parents even named their newborn sons Andrew in his honor.<sup>47</sup>



*Thomas Nast cartoon of Johnson disposing of the Freedmen's Bureau as African-Americans go flying<sup>48</sup>*

The largest obstacle to overcome in the Reconstruction days was racism, and the view that there were fundamentally insurmountable differences between blacks and whites. As Andrew Johnson said in 1865, "This is a country for White men, and by God, as long as I am President, it shall be a government for White men."<sup>49</sup> The South had experienced what Governor B. F. Perry of South Carolina described as "the humiliation and degradation of going back into the Union,"<sup>50</sup> and so fought hard against Northern efforts to further racial equality. Southerners believed that blacks were inherently inferior, that "God had made him lazy," and that they would not work hard save for under duress.<sup>51</sup> Some political leaders in the South went so far as to advocate sending blacks to Liberia. The North, Southerners believed, did not truly understand what "the negro" was, as they had "only been exposed" to the articulate (and half-white) black abolitionist Frederick Douglass. As such, many Southerners believed that only they were truly capable of making decisions

<sup>47</sup> Ellis Paxson Oberholtzer, *A History of the United States since the Civil War*, vol. 1 (New York: Macmillan, 1917).

<sup>48</sup> From Wikimedia Commons.

<sup>49</sup> James A. Henretta, Rebecca Edwards, and Robert O. Self, *America: A Concise History, Volume Two: Since 1865*, vol. 2. (Boston: Bedford/St. Martin's, 2012), 448.

<sup>50</sup> Ellis Paxson Oberholtzer, *A History of the United States since the Civil War*, vol. 1 (New York: Macmillan, 1917), 46.

<sup>51</sup> *Ibid.*, 73.

regarding so-called civil rights, and many Southern states accordingly passed “Black Codes,” and later “Jim Crow” laws.<sup>52</sup> Varying from state to state, these laws included clauses ranging from fugitive laborer laws, in which any fugitives from labor were to be arrested and returned to their employers, to laws requiring that laborers write their own contracts, despite the fact that most blacks could neither read nor write. Segregation laws were implemented, with the punishment for blacks encroaching upon “white territory” often as severe as lashings. In essence, Black Codes served to reestablish slavery in the South in all but name.

Many also took advantage of the blacks’ lack of worldly knowledge and education, swindling them into purchasing rights to land that did not exist, or tickets to meet the president during an event that would never take place. Northern teachers in black schools were met with disdain wherever they went in the South, often denied housing or entry into buildings. This open hostility and hatred toward blacks and their sympathizers coalesced into the formation of the Ku Klux Klan in 1866, a white supremacist group that lay in stark opposition to what they viewed as a new and dangerous social order that was nascent in the South. Countless blacks and black sympathizers were lynched throughout the South, fueling an atmosphere of fear and panic in the region. Many in the North believed that the South would not “stop short of the extermination of the black race.”<sup>53</sup>



*“This Is a White Man’s Government,” political cartoon by Thomas Nast, published in Harper’s Weekly, Sept. 5, 1868, Depicted standing atop a black Civil War veteran are a “Five Points Irishman,” Ku Klux Klan founder Nathan Bedford Forrest, and Wall Street financier and Democrat August Belmont<sup>54</sup>*

As time passed, frustrations mounted and much of the Radical Republicans’ accomplishments were further undone. A Supreme Court ruling upheld the Black Codes as a whole, saying that the Fourteenth and Fifteenth Amendments applied only at the federal level. There was also much tumult after Andrew Johnson was impeached,

<sup>52</sup> It is not entirely clear where the term “Jim Crow” originated, though it had been in existence since at least the 1830s as a term to refer to a buffoonish black character. The phrase “Jim Crow law” has been used since at least the 1890s. See C. Vann Woodward, *The Strange Career of Jim Crow* (New York: Oxford University Press, 2001).

<sup>53</sup> Eli Ginzberg and Alfred S. Eichner, *Troublesome Presence: Democracy and Black Americans* (New Brunswick, NJ: Transaction Publishers, 1993), 146.

<sup>54</sup> Encyclopædia Britannica online, s.v. “Reconstruction,” by Eric Foner, <http://www.britannica.com/event/Reconstruction-United-States-history>.

barely avoiding removal from office.<sup>55</sup> Republican candidate, Civil War hero, and Union General Ulysses S. Grant was elected to the presidency in 1868. Many thought that Grant was someone who could “fix things,” but unfortunately his presidency was characterized by “irresolute” and “partisan” politics, and ultimately deemed ineffectual.<sup>56</sup> The Freedmen’s Bureau was abandoned in 1872 after Congress faced mounting pressure from white Southerners. The final blow was dealt when the Democrats won a majority in the House of Representatives in 1874, cutting or eliminating government spending toward Reconstruction. By the mid-1870s, there was mounting apathy as demands upon the nation seemed ceaseless, and so the South was largely abandoned, left to its own devices. The nation turned a blind eye to the continued subjugation and mistreatment of millions of African Americans. As author Josiah Bunting III wrote, “Moral stamina... is a perishable commodity in the American polity.”<sup>57</sup>

## II. LESSONS TO BE LEARNED

*“A Union that can only be maintained by swords and bayonets, and in which strife and civil war are to take the place of brotherly love and kindness, has no charm for me.”*

- **Robert E. Lee**<sup>58</sup>

*“Unification through the force of arms is nothing but a fratricidal war. It is contrary to the interests of the Korean nation and also to the desire of the peoples of the world.”*

- **Kim Jong Il**<sup>59</sup>

There is much that can be gleaned from the experiences of the United States’ Reconstruction, both for the short-term period immediately following reunification and for the long-term future of the newly reunified Korea. First and foremost, the success (or failure) of a nation’s attempts to reunify will depend greatly on consistency and firmness of policy. From Lincoln to Johnson to Grant, federal policies toward the South varied too greatly. As *New-York Tribune* editor and pro-Radical Republican Horace Greeley wrote in an editorial, “The moment we remove the iron hand from the rebels’ [i.e., the Confederates’] throats, they will rise and attempt the mastery.” President Johnson had been too lenient to the South’s whims, and “instead of waiting till the prodigal had come home,

<sup>55</sup> Johnson had attempted to unilaterally remove the secretary of war, Edwin M. Stanton, from his post. This was, however, prohibited under the Tenure of Office Act, and so Congress moved to impeach him. See Michael Les Benedict, *The Impeachment and Trial of Andrew Johnson* (New York: W. W. Norton, 1999).

<sup>56</sup> Josiah Bunting III, *Ulysses S. Grant: The American Presidents Series: The 18th President, 1869–1877* (New York: Macmillan, 2004).  
<sup>57</sup> *Ibid.*, 109.

<sup>58</sup> Emory M. Thomas, *Robert E. Lee: A Biography* (New York: W. W. Norton, 1997), 186.

<sup>59</sup> “Quotations of Kim Jong Il on Reunification,” *The People’s Korea*, June 13, 2000, [http://www1.korea-np.co.jp/pk/144th\\_issue/2000072506.htm](http://www1.korea-np.co.jp/pk/144th_issue/2000072506.htm).

[Johnson] had sent the fatted calf to him.”<sup>60</sup> By bending to the South’s whims, Johnson had legitimized them, and so undermined any subsequent attempts to be firm and “put the South in its place,” so to speak. In the case of Korea, even before reunification officially occurs, the leadership in power must play a central role in shaping the country’s trajectory and in ensuring its success. Should the leadership lean too far in favor of one group or another, or should it deviate from a politically (and morally) sound path, the nation may suffer for it.

Not only is it crucial that leadership pass consistent and meaningful legislation, it is even more essential that said legislation be enforced. In the case of the United States, the Fourteenth and Fifteenth Amendments to the Constitution were effectively undermined by the Black Codes and Jim Crow laws of the South. For Korea, as defined in the parameters of this paper, this may mean ensuring that any lingering support for the Kim regime, or any support for Kim family sympathizers, be prevented in the future.

Second, with the parameters for the government and civil society in place, it is important to build up infrastructure, starting with essentials like running water and electricity. Without this infrastructure, long-lasting feelings of resentment and antipathy may start to grow. Lincoln had been committed to restructuring and reunifying the North with the South, including a focus on infrastructure. It is for this reason, among countless others, that at the dedication of Lincoln’s monument in 1874, President Grant said, “In his death the nation lost its greatest hero; in his death the South lost its most just friend.”<sup>61</sup> Though legitimacy of a leader is important across all of that leader’s area of jurisdiction, that legitimacy should not come at the cost of political efficacy and action. Whereas Johnson had been more of a “friend” to the South in words, Lincoln had been a friend in deeds before his untimely demise. The post-Civil War South lay in ruins, as its main source of income (i.e., cotton) had been dealt a blow—labor that had been free now cost money (albeit not as high a cost as it should have, had the black laborers been paid adequate wages). Similarly, as discussed earlier, North Korea has little to no real infrastructure to speak of, and the North Korean people are far poorer than their South Korean counterparts. North Korea does, however, have large ore deposits that could potentially be more lucrative, given improved infrastructure. With outside support and funding, revenue from these minerals could go into funding accelerated economic growth within the northern part of the Korean peninsula, and so hasten convergence between the North and the

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60 A reference to the biblical parable in Luke 15:11–32, in which a father welcomes back his profligate son with open arms upon the son’s return home. See Oberholtzer, *A History of the United States since the Civil War*, 137.

61 Henry Ketcham, *The Life of Abraham Lincoln* (New York: A. L. Burt, 1901), 399.

South in a way that even the United States has yet to achieve.<sup>62</sup>

Education too will prove vital to the continued success of the nascent Korean nation in the long term. Like the freed slaves who had to learn how to read and write, and who had access only to outdated, decrepit educational materials, the North Korean people now are often taught using outdated or incorrect textbooks, many of which are based on Soviet-era information.<sup>63</sup> As such, defectors from the North have to undergo weeks of intensive reeducation to learn the real way of the world. Not only do they have to be retaught history, they have to be taught such basic skills as how to use an ATM or how to read the Roman alphabet. It will be important in the newly unified Korea that North Koreans have access to the same quality of education that South Koreans currently enjoy. Even if it will take time for them to be able to attain that level of education, it is still important in terms both of realizing potential and of trust-building that North Koreans be provided the same opportunities as their Southern counterparts.

It is important also to address the “economic bonanza” that President Park Geun Hye has described would come of Korean reunification. Much of this depends upon the use of North Korean cheap labor combined with South Korean technology.<sup>64</sup> However, there is a real danger in such talk. Though it may be true that for at least several decades post-reunification there would be a disparity in skill level between North and South Korean workers, given the proper education and opportunities, this gap could begin to shrink after a few generations. Should North Koreans be seen simply as “cheap labor,” however, they may not be afforded these opportunities, and may be trapped in a perpetual cycle of underprivilege and poverty. This has already happened in the United States, where Jim Crow laws allowed for the creation of sharecropping,<sup>65</sup> in which blacks were used as cheap labor by exploitative white landowners. The legitimization behind these actions was that blacks were undereducated and so did not have the necessary skills to occupy higher-paying jobs; the claim was that this system would be “beneficial for all,” similar to claims made by the Park administration.<sup>66</sup>

62 Strong economic divergence between the American North and South, as discussed earlier, was in existence since at least the 1840s, but grew particularly strong during the mid-twentieth century, as anti-black sentiment was at its strongest in decades in the South. Since then, the economic gap between Northern and Southern states has largely shrunk, but is still extant, and if anything has worsened since the Financial Crisis of 2008. See Phillip Longman, “Why the Economic Fates of America’s Cities Diverged,” *Atlantic*, <http://www.theatlantic.com/business/archive/2015/11/cities-economic-fates-diverge/417372/>.

63 Perhaps most notoriously, North Koreans are taught that it was South Korea that invaded the North to incite the Korean War.

64 Victor Cha, ed., “Korean Unification in a New Era,” conference report of the CSIS chair, Center for Strategic and International Studies, November 2014, [http://csis.org/files/publication/141121\\_Cha\\_KoreanUnificationNewEra\\_Web.pdf](http://csis.org/files/publication/141121_Cha_KoreanUnificationNewEra_Web.pdf).

65 “A system of farming that developed in the South after the Civil War, when landowners, many of whom had formerly held slaves, lacked the cash to pay wages to farm laborers, many of whom were former slaves. The system called for dividing the crop into three shares—one for the landowner, one for the worker, and one for whoever provided seeds, fertilizer, and farm equipment.” *Dictionary.com*, s.v. “Sharecropping,” <http://www.dictionary.com/browse/sharecropping>.

66 The idea espoused at the time was that freed slaves did not have the skills to manage and farm their own land, and so it would be beneficial for them to work under and learn from a more knowledgeable landowner. As Jay Mandle writes: “Not only did land represent a means to attain social status, it also represented the most obvious strategy for escaping poverty. That such a reallocation of land away from the planters and to the newly freed black population did not occur probably was more important than any other event in determining that poverty would be the fate of that population in the years after the Civil War.” Jay R. Mandle, *Not Slave, Not Free: The African American Economic Experience since the Civil War* (Durham, NC: Duke University Press, 1992), 14.

The prospect of a system with two distinct classes of people emerging in post-reunification Korea is a frightening one indeed.

Perhaps the most crucial, and the most challenging, issue Korea will face is to fight against the crumbling “moral stamina” described by Bunting in the long term. This fight is even now ongoing in South Korea, where young people increasingly feel a disconnect from North Koreans. It is important to consider the case of black Southerners who were left to their fate in the American Reconstruction period as a result of growing Northern apathy to their plight. It took nearly 100 years, many of them marred by violence, for blacks to gain the civil rights they had initially been promised upon the end of the Civil War. As noted before, there still remains a large socioeconomic and educational gap<sup>67</sup> between the races in the United States, one that has fueled much enmity and hostility.<sup>68</sup>

### III. LOOKING FORWARD

Given the myriad challenges that the newly unified Korea will face, the government will have serious policy decisions to make, many of which will undoubtedly depend upon the manner of reunification and the resulting political and governmental structure of the nation. Under the assumptions made by this paper, and keeping in mind the lessons learned from the American Civil War, there are several policy options the new government could consider. In order to ensure equitable representation in the government, the National Assembly could be expanded to provide seats for North Korean representatives, so that the needs of North Koreans will be adequately considered and addressed. Whereas the rehabilitation and reintegration centers (Hanawon) currently in place have been sufficient given the relatively low number of defectors per annum, upon reunification the number of people requiring education, medical attention, and social rehabilitation will be exponentially larger. As such, the Ministry of Unification should be expanded; alternatively, a new ministry could be created, not unlike the Reconstruction-era Freedmen’s Bureau. This ministry would oversee the education, health care, and civil liberties of North Koreans, and would be a permanent addition to the Korean government. Immediately following reunification, it will be necessary to take a more pragmatic approach, focusing on teaching the most useful skills for North Koreans, especially for older working-age people. In the medium to long term, however, it will be crucial to integrate North Korean children and young adults into the larger educational

67 The median household income for blacks in 2014 was \$35,400, whereas for whites it was \$60,250. Furthermore, whites have roughly ten times the amount of wealth as blacks, and face about half the unemployment rate. See Tami Luhby, “The Black-White Economic Divide in 5 Charts,” *CNNMoney*, November 24, 2015, <http://money.cnn.com/2015/11/24/news/economy/blacks-whites-inequality/>.

68 The recent prominent deaths of Trayvon Martin, Eric Garner, and Michael Brown have reignited nationwide discussions of race relations in the United States, particularly through the Black Lives Matter movement. See: Jonathan Capehart, “From Trayvon Martin to ‘Black Lives Matter,’” *Washington Post*, February 27, 2015, <https://www.washingtonpost.com/blogs/post-partisan/wp/2015/02/27/from-trayvon-martin-to-black-lives-matter/>.

system. To that end, upon reunification it will be necessary to establish new schools and universities to meet the increased demand and need. It is crucial that South Koreans not abandon the North. Though the costs of reunification may be high, the costs of not providing the needed assistance to the underprivileged North Koreans may prove even higher in the future. It is important to note that the costs of maintaining the division between North and South Korea are also high, particularly as South Korea invests in THAAD and other defensive strategies. Additionally, unlike the United States in its Civil War, the new Korea will have a great deal of support from its numerous allies, like the United States and China. The new Korea cannot, and will not, face the challenges of reunification alone.

#### **IV. CONCLUSION**

The Reconstruction period continues to cast a long shadow on the United States today. From the civil rights movement of the 1950s and 1960s to the recent Black Lives Matter movement, as well as the continued marked difference in education and poverty levels between North and South, the country still has quite a few old wounds to heal. Should North and South Korea ever reunite, they will face similar challenges of how to reunite two largely disparate groups into one cohesive nation. Should they hope to succeed, above all else they must promote social unity, as without it any attempts at economic or political unity will ultimately be in vain. The Korean people will need to remain patient and steadfast, as unification will not be a short or an easy journey, nor one in which shortcuts can be taken. As Abraham Lincoln once said to critics of his Emancipation Proclamation, “I am a slow walker, but I never walk backward.”<sup>69</sup>

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<sup>69</sup> Russell Freedman, *Lincoln: A Photobiography* (New York: Clarion Books, 1987), 93.

# **Toward Reconciliation in a Reunified Korea**

by Ashley N. Patton







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## I. INTRODUCTION

*“If one person has a dream, it is just a dream  
But if all people share that dream it becomes a reality  
One Dream One Korea*

...

*Have we ever cried out  
Our hope, that hope is unification  
Unsurprisingly, remember this one more  
That day the morning sun will shine  
Let’s remember once more  
Let’s sing our song one more time  
For the day we become one  
For our heart beating dream  
I want, let us hold our hands”*

-One Dream, One Korea (translated)

On October 9, 2015, the seventieth anniversary of Korea’s independence, nearly 40,000 people came together to celebrate the prospect of Korean reunification, the joining of two divided states.<sup>1</sup> Over a dozen popular Korean pop artists performed at the Seoul World Cup Stadium in an event primarily sponsored by the Ministry of Unification, the Presidential Preparatory Committee for Korean Unification, and the 70<sup>th</sup> Anniversary of Korea’s Independence Campaign Commission. At the heart of this event, and the star-studded song “One Dream, One Korea” that it was based around, is an issue much deeper than just economic or political reunification. It is the desire to bring the people of North Korea and South Korea together, to live side by side in a harmonized society. As many scholars on Korean reunification have noted, one of the greatest issues, if not the greatest, within reunification will be the focus on how citizens can overcome the challenges that seventy years of tense history can bring in order to peacefully reunify as one society.

In South Korea, professionals across all sectors, from the US-ROK Combined Forces Command and government officials to educators and journalists, have stressed that the peaceful reconciliation of citizens of both North Korea and South Korea will be one of the greatest challenges in the reunification of the Korean peninsula. In other words, reconciliation is absolutely essential for a

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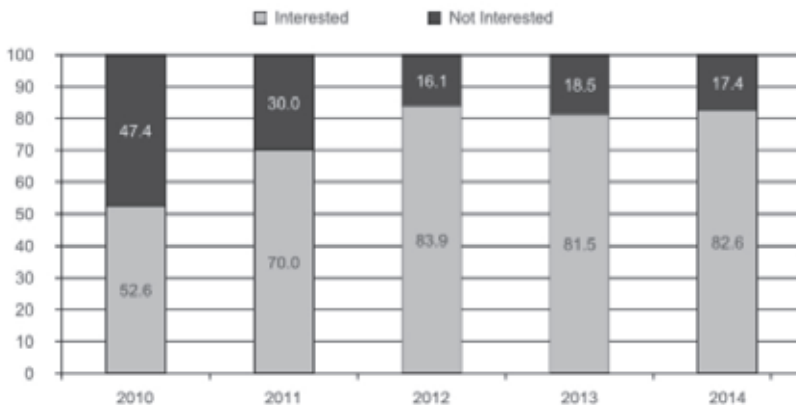
<sup>1</sup> Emi, “[Event Coverage] Stars Unified for Korean Unification at ONE K Concert in Seoul,” *K-Popped*, November 9, 2015, accessed April 26, 2016, <http://k-popped.com/2015/11/event-coverage-stars-unified-for-korean-unification-at-one-k-concert-in-seoul/>.

sustainable reunification, a reunification that results in not merely constructing a reunified economic, political, and security regime, but also bridging the differences between the two Korean populations to create one harmonious society. In addressing this critical dilemma, it is necessary to consider reconciliation between North Koreans and South Koreans from a conflict management perspective, rather than through the economic, political, and security lenses so often used. When reunification happens, how will the two Koreas reconcile with each other at the individual level? It is this question that is key to a sustainable unified Korean peninsula.

## II. REUNIFICATION: THE WHEN AND HOW

It is important to address when and how reunification might happen in order to best understand the issues relevant and tactics necessary within this event. The actual occurrence of reunification between the two Koreas is not one that is extremely controversial. Rather, it is one that many scholars on the peninsula believe will happen in due time. In general, the outlook among South Koreans seems to be that people are largely pro-unification, especially since a peacefully unified Korea is a central part of the Constitution of South Korea. An ASAN poll in January 2015 concluded that over 80 percent of participants favored reunification.<sup>2</sup> Figure 1 demonstrates that this has increased throughout the last few years. In a poll of one hundred North Koreans in China in 2014 (conducted in China) by *Chosun Ilbo* and Center for Cultural Unification Studies, ninety-five of these individuals stated that they wanted a unified Korea.<sup>3</sup>

**Figure 1: Interest of South Koreans in Reunification**



Source: Jiyoon Kim et al.

2 Jiyoon Kim, Karl Friedhoff, Chungku Kang, and Euicheol Lee, "South Korean Attitudes toward North Korea and Reunification," *Asan Institute for Policy Studies*, January 26, 2015, accessed April 26, 2016, <http://en.asaninst.org/contents/south-korean-attitudes-toward-north-korea-and-reunification/>.

3 "N. Koreans Favor Reunification," *Chosun Ilbo* (English edition), July 10, 2014, accessed April 25, 2016, [http://english.chosun.com/site/data/html\\_dir/2014/07/10/2014071000658.html](http://english.chosun.com/site/data/html_dir/2014/07/10/2014071000658.html).

Scholars on this issue stress that the prospect of reunification is becoming more difficult as the two political economies of North Korea and South Korea continue to diverge and security concerns are continually increasing. For example, the Institute for Peace and Unification Studies at Seoul National University has stressed that the economies of both North Korea and South Korea need to develop separately, and only after that is done will unification happen.<sup>4</sup> This sentiment has been one echoed throughout South Korea in conversations on the future prospects of reunification.

So if, in general, the dialogue maintains that Korean reunification will happen, the main question is *how* unification will happen. As Victor Cha notes in a recent conference report on *Korean Reunification in a New Era*, “There are a lot of unknowns about unification that make forecasting difficult. There are also known challenges that make unification daunting.”<sup>5</sup> There is no guide for a reunification of the Korean peninsula, nor is there any concrete timeline.

According to the Ministry of Unification in South Korea’s “Korean “National Community Unification Formula, the official vision for unification is that it will happen through a process of reconciliation and cooperation, Korean commonwealth, and a unified nation.”<sup>6</sup> It is imagined that “unification will be discussed between the two parties of North and South Korea,” “without resorting to force but through conversation and negotiation,” and “using procedures and methods in line with democratic principles.”<sup>7</sup> Based on this official policy, the subsequent analysis will work from the assumption that reunification will be peaceful, through diplomatic means agreed to by both sides.

### III. HISTORICAL DEVELOPMENT OF TWO IDENTITIES

If one has studied North Korean or South Korean society, it is clear that divergent views of ethnicity, and thus identity, have played an important role within the greater Korean populations. It is critical to understand why, as root causes are important in assessing such issues and developing solutions.

In essence, the Korean peninsula was not divided along any line of ethnicity, religion, language, or race; rather it was divided along “artificially created and diametrically opposed ideological images of the world.”<sup>8</sup> The historical legacy of colonialism and war beginning in the mid-1870s has certainly had an effect on the development of the Korean peninsula. However, for the purposes of

4 “Sociopolitical Aspects of North Korea,” lecture, Institute for Peace and Unification Studies at Seoul National University, Seoul, March 14, 2016.

5 Victor D. Cha, ed., *Korean Unification in a New Era* (Washington, DC: Center for Strategic and International Studies, 2014), 8.

6 Ministry of Unification, “Korean National Community Unification Formula,” accessed April 26, 2016, <http://eng.unikorea.go.kr/content.do?cmsid=1786>.

7 Ibid.

8 Roland Bleiker, *Divided Korea: Toward a Culture of Reconciliation* (Minneapolis: University of Minnesota Press, 2005), 5.

this paper and discussion on the current antagonistic North Korean and South Korean identities, a greater focus will be placed on the legacy of the Korean War, a time that many scholars maintain was the beginning of the emergence of two Koreas.

After World War II, the Korean peninsula, formerly under a Japanese empire, was divided by superpowers along conflicting ideologies, with Russia and a communist regime in the North and American control in the South. The Korean War deepened these rifts and allowed ideologically antagonistic states to emerge. “A virulent anti-Communist discourse has acquired a quasi-hegemonic status in the South, while an equally pronounced anticapitalist and anti-imperialist attitude prevails in the reclusive North.”<sup>9</sup>

These identities have permeated society, becoming inherent parts of education, religion, language, culture, moral discourse, and political institutions. “The two Korean governments have promoted starkly black-and-white accounts of the war, accounts that put all blame for the conflict on the other side. The respective narratives have become essential elements in the creation of the two separate and diametrically opposed notions of nationhood.”<sup>10</sup>

This discourse is readily apparent in both North Korea and South Korea, creating antagonistic identities, whether purposeful or not, that have allowed a divergence of the two societies, thus paralleling the physical divide at the thirty-eighth parallel.

#### **IV. DEFINING RECONCILIATION WITHIN THE CONFLICT MANAGEMENT FRAMEWORK**

##### ***a. Reconciliation: The What***

Given that the divided Koreas have been in a state of conflict for over half a century, developing these antagonistic identities, it is necessary that post-reunification strategy be assessed through a conflict management lens.<sup>11</sup> This dive into conflict management literature will be focused more on the reconciliation of the people of North Korea and South Korea, rather than conflict management tactics that can be utilized for official reunification policy.

It is important to first define what “reconciliation” means in the context of a reunified Korea, as it is a word that is used frequently in a variety of contexts.

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<sup>9</sup> Ibid., 15

<sup>10</sup> Roland Bleiker, and Young-Ju Hoang, “On the Use and Abuse of Korea’s Past,” in *Teaching the Violent Past*, ed. Elizabeth A. Cole, 249–74 (Lanham: Rowman & Littlefield Publishers, 2007), 258.

<sup>11</sup> It is important to note that there are many theories surrounding the when and how of reunification that range far beyond the aforementioned official, optimistic vision. It is certainly helpful to understand this from a conflict management perspective, but I will not discuss this topic specifically as it has been thoroughly researched and is a subject for much longer discussions.

John Paul Lederach provides a great definition of what it means within a conflict resolution framework: “Reconciliation, in essence, represents a place, the point of encounter where concerns about both the past and the future can meet. Reconciliation-as-encounter suggests that space for the acknowledging of the past and envisioning of the future is the necessary ingredient for reframing the present. For this to happen, people must find ways to encounter themselves and their enemies, their hopes and their fears.”<sup>12</sup>

It is an absolutely critical “encounter” that is integral within conflict resolution. “Reconciliation—restoring broken relationships and learning to live nonviolently with radical differences—can be seen as the ultimate goal of conflict management.”<sup>13</sup>

Ramsbotham, Miall, and Woodhouse see the postconflict four stages of reconciliation as “political closure and acceptance,” “overcoming polarization and reconciling accounts,” “managing contradiction and reconciling conflicting demands,” and “celebrating difference and reconciling former enemies.”<sup>14</sup> The first stage surrounds setting preconditions for reconciliation through ensuring political closure so that a resurgence of violence is unlikely. The next requirement compels parties to merge accounts surrounding the past. A “deeper process of reconciliation cannot be reached while dehumanized images of the enemy are still current and mutual convictions of victimization are widely believed.”<sup>15</sup> In the third stage of this process, parties must undertake targeted efforts to bridge differences and control contradictions. This can be done through making political and economic readjustments and increasing the psychological opportunities to live together peacefully. Within the fourth stage, the stage at which many scholars agree that true reconciliation has been attained, parties who were formerly enemies must enter a period of atonement. This final stage “involves deeper levels of peacemaking and cultural peacebuilding that stretch from revisions of formerly polarized official accounts and media representations, through pluralization of education and stories told in school textbooks, and eventually on to leavening everyday experiences that affect localized transmissions of memory within communities and families.”<sup>16</sup>

One necessary aspect of reconciliation that is inherent in all levels is dealing with the past. “Its primary goal and key contribution is to seek innovative ways to create a time and a place, within various levels of the affected population, to address, integrate, and embrace the painful past and the necessary shared

12 John Paul Lederach, *Building Peace: Sustainable Reconciliation in Divided Societies* (Washington, DC: United States Institute of Peace Press, 1997), 27.

13 Oliver Ramsbotham, Hugh Miall, and Tom Woodhouse, *Contemporary Conflict Resolution: The Prevention, Management and Transformation of Deadly Conflicts* (Cambridge: Polity, 2011), 246.

14 *Ibid.*, 258–61.

15 *Ibid.*, 259.

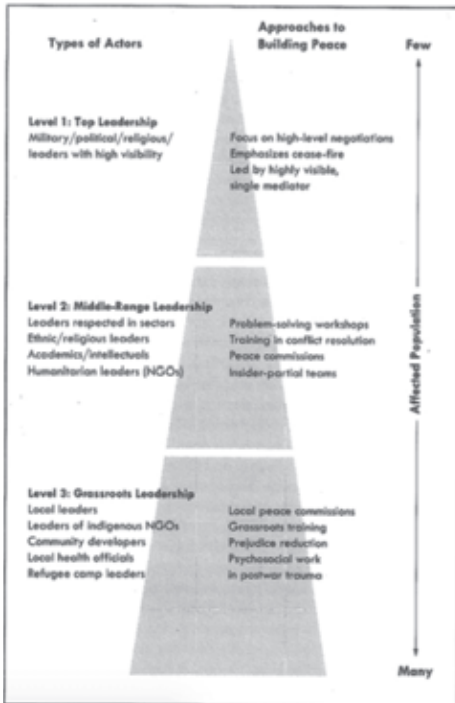
16 *Ibid.*

future as a means of dealing with the present.”<sup>17</sup> It is with this definition and understanding of reconciliation in mind that one can assess the context of Korean reunification.

**b. Reconciliation: The Who**

Within reconciliation mechanisms, there are three different levels of conflict resolution that are necessary for it to be sustainable. According to Lederach, these three levels consist of Level 1, Top-Level Leadership; Level 2, Middle-Range Leadership; and Level 3, Grassroots Leadership.<sup>18</sup> Figure 2 lays out this structure in a pyramid form, displaying both the types of actors involved and the approaches to peacebuilding.

**Figure 2: Levels of Leadership**



Source: Lederach, *Building Peace*

The leaders comprised within Level 1 are the key military, political, and religious leaders that are involved in a conflict.<sup>19</sup> These individuals, by virtue of their position, are highly visible, are typically locked into whatever position or viewpoint their movement represents, and are characterized by wielding tremendous power and influence.<sup>20</sup>

“In the middle range are persons who function in leadership positions within a setting of protracted conflict, but whose position is defined in ways not necessarily connected to or controlled by the authority or structures of the formal government or major opposition movement.”<sup>21</sup> Level 2 leaders hold positions within society where

17 Lederach, *Building Peace*, 35.

18 *Ibid.*, 39.

19 *Ibid.*, 38.

20 *Ibid.*, 38–41.

21 *Ibid.*, 41.

they are familiar with Top-Level Leadership yet also have relationships with the general constituency of the population that Level 1 leaders claim to represent. In addition, their power and influence stems from the continuing relationships that they hold. Last, these actors typically have preexisting relationships that can cut across conflict lines.<sup>22</sup> This extensive network that Level 2 Leadership yields is a defining characteristic of these actors.

At the “base of society,”<sup>23</sup> or at Level 3, are Grassroots Leaders. These individuals are leaders who are directly involved in local populations and have the greatest understanding of specific issues at hand. “These people understand intimately the fear and suffering with which much of the population must live; they also have an expert knowledge of local politics and know on a face-to-face basis the local leaders of the government and its adversaries.”<sup>24</sup>

## **V. CURRENT SENTIMENT OF SOUTH KOREANS TOWARD NORTH KOREANS**

Given that the reunification process has been mostly driven by South Korean efforts, the sentiments of South Korean citizens toward reunification, and specifically their opinions toward North Korean citizens, are important to understand. An ASAN Institute for Policy Studies report on South Korean Attitudes toward North Korea and Reunification released in February 2015 answers a lot of questions surrounding these notions.

This recent study suggests that South Korean citizens are feeling less and less connected with their North Korean counterparts, historically stemming from the development of their divergent identities:

Indeed, the Korean public is losing its connection with North Koreans. When asked how interested they were in the North Korean people, 56.0 percent of respondents answered that they were interested in them. Although this is slightly more than a majority, the level of interest in the North Korean people was less than that of the interest in North Korea the country (67.0%). This result suggests that South Koreans view North Korea as more of a nation threatening South Korean security than as people sharing the same ethnic nationality.<sup>25</sup>

In addition, the reunification of the two populations because of a shared ethnicity has become less of a priority in their minds, taking the back burner to issues such as the economy and security. Figure 3 shows the Decline in Importance of Ethnicity in Reunification, demonstrating the decrease in the view that the shared Korean ethnicity is important.<sup>26</sup>

22 Ibid., 41–42.

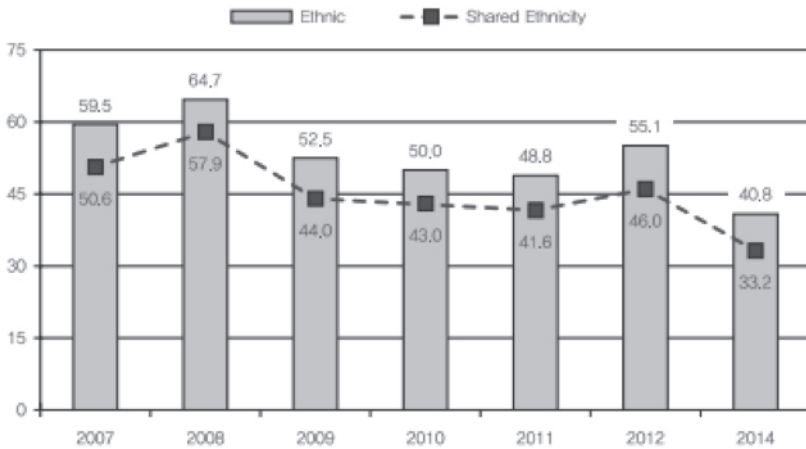
23 Ibid., 42.

24 Ibid., 42–43.

25 Jiyeon Kim et al., “South Korean Attitudes,” 16.

26 Ibid., 34.



**Figure 3: Decline in Importance of Ethnicity in Reunification among South Koreans**

Source: Jiyeon Kim et al.

The history of antagonistic Korean identities and these trends are critical in understanding how the resolution of deep-seated conflict and sentiments within the two populations can occur. A greater focus needs to be placed on individual relations between South Koreans and North Koreans, rather than solely at the political regime level. As the ASAN report concludes, “The interest, sympathy, and ethnic bond with the North Korean people are rapidly fading. Therefore, communication and exchanges on a civil level should be sustained.”<sup>27</sup>

## VI. RENT EXPERIENCE OF NORTH KOREAN REFUGEES<sup>28</sup> IN SOUTH KOREAN SOCIETY

As Ronald Bleiker, an expert on a divided Korea, notes:

Differences between the two Koreas are simply too deeply rooted to be merged into one common form of identity, at least in the near future. One of the most symbolic manifestations of these diverging identities is the extreme difficulty that most North Korean defectors encounter, despite being offered generous financial aid, job training, and other assistance in the South, in adapting to life in an

<sup>27</sup> Ibid., 38.

<sup>28</sup> In terms of North Koreans who have escaped to South Korea, I will interchangeably use the terms “defectors” and “refugees.” I do not intend to make any political statement with this choice, as I understand there is debate within the international community surrounding this group of individuals and the proper nomenclature for their status.

environment that espouses values very different from those of their youth.<sup>29</sup> In order to move beyond the theoretical and toward practical solutions, a powerful litmus test for reconciliation tactics within a reunified Korean peninsula is the current experience of North Korean refugees,<sup>30</sup> specifically within South Korean society.

### *a. Hanawon*

The Hanawon resettlement center is a facility south of Seoul where North Korean defectors spend a few of the first months of their time in South Korea. In July 1997, the Act on Protection and Settlement Support of Residents Escaping from North Korea was passed, establishing the means for the creation of Hanawon.<sup>31</sup> According to the Ministry of Unification: “The Purpose of this Act is to provide for such matters relating to protection and support as are necessary to help North Korean residents escaping from the area north of the Military Demarcation Line and desiring protection from the Republic of Korea, as swiftly as possible to adapt themselves to, and settle in, all sphere of their lives, including political, economic, social and cultural spheres.”<sup>32</sup>

Thereafter, the first Hanawon resettlement center was created in July 1999, and could house around 150 individuals. It later expanded in October 2003 and again in December 2008, and can now house 600 individuals. A second Hanawon center was subsequently built to accommodate the increase in North Korean refugees, which can support up to 500 people.<sup>33</sup>

In general, the steps for resettlement of North Korean refugees are as follows: asylum, investigation for around two months to conclude that defectors are not North Korean spies, settlement support at Hanawon for twelve weeks, and, finally, integration into South Korean society. During the twelve weeks at the Hanawon center, defectors are given a social orientation program focused on emotional stability, career counseling, and socioeconomic education; resettlement support; and medical support. The ultimate goal of Hanawon, and these programs, is to help North Koreans adapt to South Korean society as smoothly as possible.<sup>34</sup>

<sup>29</sup> Bleiker, *Divided Korea*, xliii.

<sup>30</sup> It is important to make mention that these refugees might not be a perfect representation of the North Korean population in general, as the individuals who choose to flee are different from those who remain in North Korea. However, it is difficult to gain information on North Korean society given the closed nature of the country. In addition, the difficulties and issues that they face in South Korean society will likely prove to be very similar.

<sup>31</sup> “ROK Laws and Regulations,” *Ministry of Unification*, accessed April 26, 2016, <http://eng.unikorea.go.kr/content.do?cmsid=1823>.

<sup>32</sup> *Ibid.*

<sup>33</sup> Ahlam Lee, *North Korean Defectors in a New and Competitive Society: Issues and Challenges in Resettlement, Adjustment, and the Learning Process* (London: Lexington Books, 2016), 51.

<sup>34</sup> “Introduction and Tour of Hanawon,” lecture, Hanawon Settlement Support Center for North Korean Refugees, Anseong, March 17, 2016.

Some individuals knowledgeable on this issue have described North Korean refugees as “first-unifiers.”<sup>35</sup> Essentially, the notion is that if the thirty thousand North Korean refugees currently residing in South Korea can be successfully integrated into South Korean society, then the post-unification situation on the Korean Peninsula will be much stronger.

It is equally important to note the perceptions of South Koreans toward North Korean refugees, as this will be an important factor in naturally integrating North Korean refugees into South Korean society. In order to improve the South Korean perception of North Korean refugees, these defectors must receive an adequate education at Hanawon so that their behavior and conduct is well-received by their South Korean counterparts. On the other side, South Korean citizens must establish a sense of camaraderie with North Koreans and treat them as part of their community. This two-way exchange and education is critical.

### ***b. The Reality of North Korean Defectors***

Despite the well-organized education that North Korean refugees receive at the Hanawon center, “the defectors face new challenges, as they realize that their knowledge of South Korea’s culture, society, and economic system are deficient. Thus, they experience ‘cultural shock.’”<sup>36</sup>

In a close and detailed look at *North Korean Defectors in a New and Competitive Society*, Ahlam Lee thoroughly researches the lives of North Korean refugees who have become a part of South Korean society. In order to understand how these two populations can truly reconcile in a reunified Korea, it is necessary to appreciate the root issues that North Koreans face in adjusting to a society completely different from their own.

First of all, there is a large discrepancy in the education levels of South Koreans and their North Korean counterparts. This is true both inside the classroom and out.

While there are a variety of reasons for difference in education levels, Lee notes that in North Korea, “the school system has been ruined because of the famine in the 1990s.”<sup>37</sup> Teachers were unable to attend to their classrooms due to starvation, young students were forced to pickpocket or beg for food, and defectors who were able to make it out of this environment were focused on survival and safety rather than attaining an education.<sup>38</sup> In addition, the textbooks that are used in

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35 The word for this in Korean is 먼저 온 통일. There was a bit of back and forth regarding the translation of this word from Korean to English, as there is not a way to translate this word in order to keep its full meaning from the original language.

36 Lee, *North Korean Defectors*, 55–56.

37 *Ibid.*, 119.

38 *Ibid.*

North Korea are published by the government, which allows for the politicization of certain subjects.<sup>39</sup> This is because “a major goal of education in North Korea is to stabilize the North Korean regime through fostering the young generation’s loyalty to the ruling Kim dynasty and glorification of the *Juche* ideology. ... Humanities and social sciences (e.g., history) subjects do not provide the truth about the outside world to North Korean students.”<sup>40</sup>

“Aligned with such substantial learning gaps, youth defectors struggle in the highly competitive education system in South Korea. In general, youth defectors initially attended regular public schools, but many are unable to overcome the substantial educational and cultural differences between the North and the South.”<sup>41</sup> South Korea carries international prestige in the quality of its education system, creating an extremely high standard for North Korean defectors who are not accustomed to this environment.

There is also a wide gap in the understanding of certain subjects outside of the classroom. While the Hanawon reeducation program attempts to bridge this cultural and societal education gap, it is oftentimes not enough. “The *Hanawon* curriculum focuses on the theoretical contexts about the structure of South Korean society rather than on practical issues and challenges that newcomers like defectors would face.”<sup>42</sup> This program teaches defectors such tasks as how to use an ATM, open a bank account, and ride the subway but does not teach them how to handle the negative aspects of a capitalist society, such as how to deal with financial fraud or responsibly manage debt. While defectors are certainly much better off with this three-month training on the structure and system of South Korean society, there are many lessons lacking that defectors must learn on their own upon entrance into society. One study suggests that “generally, it takes three years or more for North Korean refugees to learn about common knowledge and common sense in South Korean society. Some still remain alien even though they have lived in the South for decades.”<sup>43</sup>

These gaps in education and cultural understanding put them at a disadvantage when compared to their South Korean colleagues. As a study by the ASAN Institute explains, the difficulties that North Korean refugees encounter have

39 Bleiker and Hoang, “On the Use and Abuse of Korea’s Past,” 256. Bleiker and Hoang point out that this has been true in both North Korea and South Korea, especially within historical texts. However, this difference in educational material, especially the presence of anticapitalist sentiment in North Korean history books, certainly plays a great role as defectors attempt to adjust to South Korean society.

40 Lee, *North Korean Defectors*, 74.

41 *Ibid.*, 120.

42 *Ibid.*, 54.

43 Kim Hee Jin and Yoo Ho Yeol, “National Identity as a Mediator of the Relationship between Perceived Discrimination and Social Adaptation among North Korean Refugees,” *Korean Journal of Defense Analysis* 26, no. 4 (December 2014): 447–69, 462, EBSCOhost: *International Security and Counter Terrorism Reference Center*, accessed April 25, 2016, [https://www.researchgate.net/publication/279036585\\_National\\_Identity\\_as\\_a\\_Mediator\\_of\\_the\\_Relationship\\_between\\_Perceived\\_Discrimination\\_and\\_Social\\_Adaptation\\_among\\_North\\_Korean\\_Refugees](https://www.researchgate.net/publication/279036585_National_Identity_as_a_Mediator_of_the_Relationship_between_Perceived_Discrimination_and_Social_Adaptation_among_North_Korean_Refugees).

led to relatively higher school dropout rates and greater issues in attaining and sustaining employment.<sup>44</sup>

In addition, “these defectors suffer from severe mental and physical problems because of poor diets in the North as well as abuse and maltreatment during their escape.”<sup>45</sup> These physical and mental problems both are extremely important in understanding the issues that North Korean defectors face in their attempts to peacefully integrate into South Korean society.

In a study conducted on North Korean refugee boys and girls, there was a glaring difference in the median heights and weights between the North Korean children and those children from South Korea, due to the food and nutrition shortages experienced in North Korea.<sup>46</sup> The smaller statures of North Korean youth can lead to increased bullying, decreased popularity among contemporaries, and decreased levels of self-esteem.<sup>47</sup> Upon resettlement in South Korea, this poor nutrition continued within the young adult population due to a lack of present caregivers and sustained economic difficulties, a trend that further decreased chances for successful resettlement and integration.<sup>48</sup>

One of the greatest challenges that North Korean refugees experience in their transition to South Korean society is the severe level of stress and trauma they incur, especially posttraumatic stress disorder (PTSD). Different studies have found varying rates of PTSD levels reported by North Korean defectors in South Korea, ranging from 29.5 percent to 34.7 percent.<sup>49</sup> “In addition to PTSD, many of them are suffering from other psychological disorders, such as anxiety and fear about their uncertain future, feeling guilty about leaving their family in North Korea, and experiencing an identity crisis.”<sup>50</sup>

Within the Yeo-Myung School in Seoul, the first alternative school for North Korean youth defectors that is academically accredited by the Ministry of Education, these issues are readily apparent. Part of the mission of the Yeo-Myung School is to help the students heal from mental and physical wounds and overcome specific challenges in adapting to South Korean society. Many of the students at this school speak about art or music programs that they are a part of, with the ultimate goal of decreasing stress and anxiety levels that surfaced during their defector journey to South Korea.

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44 Myong-Hyun Go and Jiyoung Sung, *Resettling in South Korea: Challenges for Young North Korean Refugees*, issue brief no. 2014-24, ASAN Institute for Policy Studies, August 8, 2014.

45 Lee, *North Korean Defectors*, 119.

46 Go and Sung, *Resettling in South Korea*.

47 Ibid.

48 Ibid.

49 M. A., Kim, J. S. Hong, M. Ra, and K. Kim, “Understanding Social Exclusion and Psychosocial Adjustment of North Korean Adolescents and Young Adult Refugees in South Korea through Photovoice,” *Qualitative Social Work* 14, no. 6 (2015): 820–41, 822, doi:10.1177/1473325015572940. 822.

50 Lee, *North Korean Defectors*, 68.

### *Nexus between Resettlement Issues and Reconciliation*

The case of Korean reunification will likely prove to be an interesting one in how to deal with issues stemming from the past. This is not a case of one nation dominating or conquering another. Rather, it is the case of a divergence in the development of identities, a divergence from a shared history that has created such a rift it has generated two conflicting societies and nations.

In a recent study conducted on discrimination against North Korean refugees and their subsequent adaptation to South Korean society, researchers concluded that poor sociocultural adaptation and perception of discrimination were associated with increased levels of depressive symptoms. Perception of discrimination attenuated the association between better adaptation and fewer depressive symptoms, when compared to no perception of discrimination. These findings highlight the need to improve NK refugees' adaptation and integration as well as their psychological well-being in a culturally sensitive and comprehensive manner. They also underscore the importance of educating South Koreans to become accepting hosts who value diversity, yet in a homogeneous society.<sup>51</sup>

Another study on North Korean refugees in South Korea produced similar findings, concluding that the perceived discrimination among North Korean refugees negatively impacted their social adaptation and had a negative influence on their sense of national identity.<sup>52</sup> It further concludes, "To reduce perceived discrimination, South Korean society should adopt a receptive, friendly attitude toward them, above all. This cannot be done on a short-term basis. Instead, prolonged efforts should be made to change the attitudes of South Korean society."<sup>53</sup>

Only with the aforementioned reunification scenario, conflict resolution framework, and litmus test of current North Korean defectors in South Korea in mind can one begin to approach a reconciliation framework for all citizens of the Korean peninsula.

51 Mee Young Um, Iris Chi, Hee Jin Kim, Lawrence A. Palinkas, and Jae Yop Kim, "Correlates of Depressive Symptoms among North Korean Refugees Adapting to South Korean Society: The Moderating Role of Perceived Discrimination." *Social Science & Medicine* 131 (February 26, 2015): 107–13, doi:10.1016/j.socscimed.2015.02.039.

52 Hee Jin Kim and Ho Yeol Yoo, "National Identity as a Mediator," 462.

53 *Ibid.*, 462–63.

## VII. RECOMMENDATIONS

In understanding the issues that North Korean defectors have faced in their pursuit of integration into South Korean society, issues that are a byproduct of a divided Korea, one is much better equipped to consider ways toward reconciling this divide. There have certainly been attempts at this reconciliation throughout South Korean society, at all three levels of leadership. At Level 1, South Korea instituted the Sunshine Policy, or “the Policy of Reconciliation and Cooperation toward North Korea,” in the late 1990s and early 2000s under the presidential leadership of the Kim Dae Jung administration, focused on peaceful coexistence. However, this policy was very political and focused more on security and the economy rather than individual citizens. At Level 2, there have been religious policies and groups aimed at reconciling specific communities of Koreans. At Level 3, grassroots organizations and NGOs have worked to better integrate North Korean defectors into South Korean society.

However, as exhibited in the aforementioned issues that the North Korean defectors are continuing to face, there is greater work that needs to be done. Working off Ramsbotham, Miall, and Woodhouse’s four stages of reconciliation, one can prescribe different responsibilities across all Levels of Leadership that are focused on a peaceful reconciliation.

### *a. “Political Closure and Acceptance”*

In this stage, it is absolutely critical that individuals within Level 1 Leadership stress the importance of the necessity of reconciliation among the populations, that is, the peaceful coexistence between North Korean and South Korean societies. Through a peaceful and diplomatic reunification of North Korea and South Korea, both governments must ensure that there is a comprehensive policy focused on reconciling the divergent pasts of these two nations. While reconciliation can be easier after a conclusive defeat of one party,<sup>54</sup> if the political regimes of both parties are able to come to a mutually accepted reunification policy that expels all potential threats from either side, the reunified political leadership can instill a greater sense of reconciliation.<sup>55</sup>

The varying accounts of histories and antagonistic national identities must be explicitly addressed and merged in a way that reunifies those on the Korean peninsula as Koreans. South Korean President Park Geun Hye echoed these sentiments in a famous speech given in Dresden, Germany, in March 2014, calling for “the kind of interaction and cooperation that enables ordinary South

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<sup>54</sup> Ramsbotham, Miall, and Woodhouse, *Contemporary Conflict Resolution*, 258.

<sup>55</sup> As previously suggested, the explanation of how this will happen is subject for much longer discussions on the process Korean reunification.

Koreans and North Koreans to recover a sense of common identity as they help each other out.”<sup>56</sup>

This will include establishing a two-way overarching education system that focuses on the differences and similarities of how North Koreans and South Koreans have developed in parallel cultures, politics, and societies. Conflict management theory assumes that this level can help to provide a “trickle-down” approach through its transition efforts toward peace.<sup>57</sup> This political closure and acceptance should be the ultimate goal, and thus, byproduct of a reunified Korean peninsula. It is at this stage the process of reconciliation begins.

### ***b. “Overcoming Polarization and Reconciling Accounts”***

Once North Koreans and South Koreans are able to realize each other as comrades rather than enemies, it is necessary to seek truth and to understand the polarization that has developed over the last seventy years. The dehumanizing images of antagonistic identities must be eliminated. In the case of Korean reunification, the scorn toward anticapitalism and anticommunism as aspects of the individual rather than the state must be eliminated and not projected onto North Korean and South Korean citizens themselves.

The top levels of leadership are critical within this stage. Level 1 Leadership must maintain diplomatic negotiations that are focused on a unified Korea, rather than bringing negative attention to the aspects of society that have previously divided them, especially since this is the ultimate mission of Korean reunification. These high-level leaders must provide a positive example for the other levels to follow. Within Level 2, these individuals are typically political elites and individuals who form public opinion; thus it is critical that they provide strong examples for the greater populations of individuals at the bottom. There is likely not a strong contingency of Level 2 individuals within North Korea, but the South has a robust academic community and many NGOs that operate at this level. One of the greatest tools that Level 2 Leadership can use is that of education. In a study on the role of education in understanding the divergent Korean identities, researchers found that “a route from conflict to reconciliation can open up through a willingness to recognize and deal with the fact that over the last half century the two divided parts of Korea have developed different and incompatible understandings of the Korean War.”<sup>58</sup> This study also acknowledged that local administrators were willing to use education surrounding a reconciled account of the Korean War as a tool to build a more conciliatory relationship.<sup>59</sup> If

56 Geun-Hye Park, “To Unify Korea, Peacefully,” *Vital Speeches of the Day* 80, no. 5 (May 2014): 167–70, 169, EBSCOhost: *Academic Search Complete*, accessed April 25, 2016, <http://connection.ebscohost.com/c/speeches/95923109/unify-korea-peacefully>.

57 Lederach, *Building Peace*, 45.

58 Bleiker and Hoang, “On the Use and Abuse of Korea’s Past,” 269.

59 *Ibid.*, 270.



Level 2 leaders are committed to this ultimate goal, then both North Koreans and South Koreans will be in a better position to understand the formerly polarized other.

**c. “Managing Contradiction and Reconciling Conflicting Demands”**

Individuals and groups at Level 2 are best positioned to manage reconciliation at this level. As Lederach explains, middle-range leaders offer a “middle-out” approach that “is based on the idea that the middle range contains a set of leaders with a determinant *location* in the conflict who, if integrated properly, might provide the key to creating an *infrastructure* for achieving and sustaining peace.”<sup>60</sup> Within this third stage, there is the need to solidify structures within political and economic rearrangements that address the needs of Korean peninsula constituents but also have the validity and political will of the greatest leaders. As Lederach explains, this can be done through problem-solving workshops, conflict resolution training, and peace commissions.<sup>61</sup>

For the case of reconciling differences between North Koreans and South Koreans, problem-solving workshops at the community level can be especially powerful. These settings “provide a venue for persons who unofficially represent the parties to a conflict to interact in a process of ‘collaborative analysis’ of the problems that separate them.”<sup>62</sup> A problem-solving workshop can address the psychological issues that North Koreans face, by both teaching South Koreans about their plight and working together on such things as creating music and art to act toward overcoming these issues. It could also entail community leaders congregating individuals to discuss the perceived issues within a community and possible remedies, such as constructing a community garden focused on better health or creating sports teams for children to play together, rather than concentrating on perceived differences. These workshops will need the support of Level 1 Leadership, as the gathering of private citizens for such purposes is typically a function of an open society, an attribute currently not promoted within North Korean government.

It is important to note that local ideological leaders can also undertake this middle-level process. For example, this has been previously assessed through the role of the church. Despite the notion that religion is discouraged in North Korea, a study on the role of churches in reconciliation has described an instance in which both North Korean and South Koreans jointly took part in a worship service, a project initiated by Korean churches.<sup>63</sup>

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60 Lederach, *Building Peace*, 46.

61 *Ibid.*, 46–51.

62 *Ibid.*, 46.

63 Joanna Udal, “Reconciliation among Nations: The Role of the Church,” *The Ecumenical Review* 49, no. 1 (January 1997): 61–77, 2, EBSCOhost: *ATLA Religion Database with ATLASerials*, accessed April 25, 2016. [http://onlinelibrary.wiley.com/journal/10.1111/\(ISSN\)1758-6623](http://onlinelibrary.wiley.com/journal/10.1111/(ISSN)1758-6623)

#### *d. “Celebrating Difference and Reconciling Former Enemies”*

This last stage is done primarily, and perhaps best, at the grassroots and individual level, or Level 3. As Bleiker notes, “Face-to-face contacts between average Korean people offer perhaps the best way to dismantle the antagonisms that continue to fuel the Korean conflict.”<sup>64</sup> Within this stage, local communities can come together through cultural peacebuilding efforts that are focused on shared histories and cultures rather than past differences. For example, “As North Korean refugees usually have strong aspirations for community service, it will be meaningful for South Korean People and North Korean refugees to serve their local communities together.”<sup>65</sup>

A positive example of this in the international context has been in the case of Rwanda in the past several years. While inherent issues remain in any post-genocide society, there are a variety of stories that highlight Rwandan Hutus and Tutsis transcending difference not just to coexist, but to work side by side in rebuilding their formerly divided nation for a common future. In the case of the Korean peninsula, North Koreans and South Koreans must live side by side in the same communities, work in the same offices, send their children to the same schools, shop at the same stores, and, in general, walk the same paths of life.

### **VIII. CONCLUSION**

Korean reunification will be no easy process. It is a daunting task in many ways, and there are a lot of uncertainties. One thing that is clear, however, is that the reconciliation between North Korean and South Korean societies must be a top priority. As the current situation of North Korean refugees within South Korea has exhibited, there are a variety of inherent issues and differences between these two groups. In order to overcome these divergent identities, everyone in Korea must be involved. Reconciliation will need to happen at all levels of society and leadership. One of the most difficult issues will be to understand how best to initiate this process in a way that is meaningful, given the closed nature of North Korean society. However, as reunification policy moves toward reality, the shared historical Korean identity should prove to be a starting place to bring these two nations together. With the peaceful reconciliation of North Korean and South Korean peoples in a reunified Korean peninsula, future divided societies can look to Korea as a constructive example.

<sup>64</sup> Bleiker, *Divided Korea*, xli.

<sup>65</sup> Kim Hee Jin and Yoo Ho Yeol, “National Identity as a Mediator,” 463.



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