

The Northern Policy of the Republic of Korea

— How to Approach the Soviet Union and East European Countries —

CHOI, CHONG-KI

Professor, Graduate School of Public Administration, Seoul National University

Abstract

Of the Sixth Republic's many policies, the northern policy is most successful. The term, "northern policy" includes all the diplomatic activities and policies to improve relations with the communist countries—the Soviet Union, China, and other East European countries.

There are some backgrounds in implementing this policy. In domestic dimension, weak legitimacy of the Sixth Republic and nationalistic desire for reunification of divided nation became a significant background. Economic difficulty—especially the stagnation of exports can not be overlooked as well. From international perspective, Gorbachev's new thinking and change of American Foreign policies are a significant background.

As everyone knows, northern policy gives rise to noteworthy achievement in many fields. But there are also various obstacles to implementation of northern policy. South Korea has legal obstacles, such as a security law and various political obstacles. Political and economic situation in socialist countries raises serious problems. International political situation is more or less helpful to implementing northern policy.

Drawing upon the above-mentioned obstacles, I would like to suggest how South Korea should approach socialist countries. First, the existing alliance system in Northeast Asia should be taken into account. Second, due attention should be paid to the national interest of all countries concerned. Third, South Korea should not seek isolation of North Korea by pushing northern policy. There are other ways to approach socialist countries, but I emphasize non-governmental contacts.

Northern Policy opened a new horizon in South Korean diplomacy and it will contribute to bring peace and prosperity in Korean peninsula and normalize in-

ter-Korean relationship.

I. Introduction

Since the opening of the Sixth Republic, a new foreign policy, "the northern policy", was promulgated in South Korea. The term "northern policy" includes all the diplomatic activities and policies to improve relations with the communist countries—the Soviet Union, China and other East European countries.

At the beginning, this policy was established by the Korean authority to reduce tensions and create peace on the Korean peninsula. But nowadays this policy has significant meanings for the politics and economy of South Korea as well as the new orders of Northeast Asia and the Pacific community. For last two years, northern policy has obtained the anticipated results. South Korea has already entered into full diplomatic relations with Hungary, Poland, Yugoslavia, Czechoslovakia, Bulgaria, Mongolia and Rumania. South Korea has also achieved great development in political and economic relation with the Soviet Union. On June 5, 1990, President Roh Tae Woo of South Korea and Mikhail Gorbachev of the Soviet Union had summit meeting in San Francisco, U. S. A. One after another, on Sept. 30, 1990. South Korean foreign minister, Choi Ho Joong and the Soviet foreign minister, Eduard A. Shevardnadze met at UN headquarters to sign documents on setting up embassies in Seoul and Moscow on Jan. 1, 1991. Absolutely this pact, ending decades of hostility between two states, will be a turning point in the relationship between Korea and the Soviet Union.

Gorbachev's Perestroika and the democratic changes in East Europe had important roles to play in this success of South Korea's northern policy. But these changes in the international political situation made South Korea promote the northern policy more carefully, and what is more, to alter the direction of the northern policy.

Considering this new situation, this paper considers how to approach the Soviet Union and East European countries. For this purpose, it examines the background of and obstacles to northern policy and the changes in the international political situation and in socialist countries.

II. A New Stage of Korean Foreign Policy —Northern Policy—

1. Background

(a) Domestic Factors

After June 29 Declaration by President Roh Tae-woo in 1987, a more or less democratic regime was born in 1988. But the Roh regime faced serious political

and economic problems at the beginning.

Considering in political situation, because of its rather weak legitimacy, the Roh regime faced an urgent need for adopting a new policy which could ensure broad support among the people. As the opposition parties—the Reunification Democratic Party(RDP), the Party for Peace and Democracy (PPD) and the New Democratic Republic Party(NDRP)—occupied the majority in the National Assembly, the party in power—the Democratic Justice Party(DJP)—had a clear limitation on pushing policies of its own. In reality, the first two years of the Roh administration were spent on burying the past misfortunes of the Fifth Republic. Moreover, all the Koreans got involved in the revolution of rising expectations. Loud voices were heard from two circles. One was a nationalistic desire for reunification of the divided nation among progressive students and non-government politicians. This naive but ardent wish in some cases became the even harsher sentiment of anti-Americanism, which was rarely heard in the 1970s. Whether they like it or not, Korean politicians had to assume the burden of integrating progressive students and non-government politicians' ardent wishes into the institutionalized political sphere, for Korean people has really longed for reunification for half a century. The second voice that was heard at the same time was a more existential one. The working class, who had been relatively alienated from sharing the fruits of economic growth, raised its voice for an equal share and for more human life. They did not hesitate to use radical and violent means such as massive demonstrations, strikes, and collective petition for rights. The Roh administration had a hard time dealing with the vocal working class. This movement put Korean economic situation into peril.

From an economic perspective, the Roh regime has faced very serious difficulty—the stagnation of exports. Though the balance of trade has stayed in the black for three years(1987-1989), the prospects for exports have not been very good. The exchange rate on the American(U. S. dollar) has increased consistently, and the rise of protective tendencies in advanced countries has become stronger. Moreover the rising of wages and slow development of technology have made exports more difficult. Because South Korea is short of natural resources and markets, export takes a very important position in the South Korean economy.

In this difficult situation, the Roh regime must seek to obtain legitimacy and to overcome the stagnation of economic development. Northern policy appears to be a proper scheme for both purposes. This northern policy is different from previous diplomatic declarations. It considers the changes in the international situation—the new democratic trend in the USSR and East European countries, reduction of tensions in Northeast Asia, and the new international political and economic order in the Asian-Pacific region.

Now, this paper will examine the international background of northern policy.

(b) International Factors

Changes in the international scene, especially surrounding the Korean Peninsula, have been dramatic. No one will doubt that the Soviet leader, Mikhail Gorbachev, initiated the recent international changes. In order to bring economic vitality to the Soviet Union, Gorbachev has been vigorously pushing Perestroika (restructuring) and Glasnost (opening) and a new foreign policy based on New Thinking. Both the deteriorating Soviet economy and the shared consciousness of the vanity of military confrontation among superpower leaders urged the policy shift. Owing to the competitive development of nuclear weapons, nuclear power has become balanced, making the feasibility of conflict resolution by military means ineffective. A Soviet scholar made this point of view clear when he wrote;

“With the recent profound transformation—domestic and international—there is a growing understanding in the Soviet Union that a healthy national economy and economic cooperation with the world are more important to security than military might was in the cold war”¹⁾

While the cold war consciousness based on the confrontation and competition for assuring strategic superiority is losing power, a new era of cooperation and interdependence has come to the fore, the core spirit of which is coexistence. Richard Rosecrance points out this change as the rise of the trading state.²⁾ International relations are moving from military-political concerns for maintaining territorial sovereignty to concerns for trade and for attaining reciprocal international exchange. In the Vladivostok speech on July, 1986, Gorbachev expressed his earnest desire to participate in the Pacific region, and he declared his wish for economic cooperation with Pacific economies, especially with South Korea at Krasnoyarsk on Sep. 15, 1988. Soviet foreign minister E. Shevardnadze also referred to the Korean question, expressing a wish for tension reduction on the Korean peninsula.³⁾ Gorbachev has already announced an unilateral decision to cut Soviet forces stationed in the Far Eastern area by 200,000.⁴⁾ Recently Gorbachev met President Roh, and wanted economic ties with South Korea. These multi-lateral approaches to East Asia are producing a new mood for peace.

American foreign policy toward East Asia is also changing. The U. S. is losing her hegemonic status in the economic sphere and is in trouble with the so called twin deficit. (See Table 1) Reflecting this economic depression, the U. S. is trying to overcome the economic and security challenge of the Asian countries.⁵⁾

Regarding the economic dimension of its Asia-Pacific policy, the United States has two basic objectives; 1) maintaining an environment conducive to economic growth among nations in the region, and 2) strengthening its competitiveness in the Pacific and remaining a powerful economic player. It certainly has been successful in fulfilling the first objective by keeping its markets open to foreign

Table 1. U. S. Deficit in Trade and Finance

Unit: mil. U. S.\$

	Trade Deficit	Financial Deficit
1970	546	-11,380
1975	2,232	-53,930
1980	-36,194	-76,180
1985	-133,649	-212,100
1987	-169,960	-147,500
1988	-137,970	-149,600
1989	-127,410	-141,900

Source: IMF

goods and by making its technology available to competitors. But Japan's emergence as a formidable competitor and the rise of the NIEs (Newly Industrializing Economies) has caused the United States to become more concerned about the second objective.⁶ Therefore the trade policy of the U. S. has turned to protectionism, including taking retaliative measures.

Regarding the security dimension since the Korean War, America's security policy in the Pacific has revolved around a network of bilateral alliances and the forward deployment of military forces. Its basic objectives have been to deter attacks against allies, to defend them if deterrence fails, and to maintain regional stability.⁷ Especially, regarding the Korean peninsula, the U. S. has built the southern triangle of relations among South Korea, Japan and the U. S. against the northern triangle of relations among North Korea, China and the Soviet Union. But economic growth, the rise of nationalism in the Asian countries, and the undeniable shift in the Soviet Union's foreign policy has made the U. S. change her security policy. Of course, the U. S. hasn't given up her military and political hegemony in the Northeast Asia, but she wants Northeast Asian countries to share the responsibility of security.

Japan, having experienced great success in economic development, still wants to ensure the security of Northeast Asia and at the same time wants to increase her influence in world politics by mediating between South and North Korea, and helping to build a new order in the Asia-Pacific Region. Japan has no reason to reject the reduction of tension in Northeast Asia.

China has had great potential influence on the political situation in Northeast Asia, however China has not done its best to get involved in foreign affairs because of her domestic political and economic problems. But China also wants the reduction of tension in Northeast Asia in order for her economic policies.

In sum, the international political situation around the Korean peninsula is good for South Korea's northern policy. The Roh regime can kill two birds with one stone. The one stone is northern policy, and one bird is political legitimacy, and the other is the national task of reunification and economic development.

2. Distinctive Character

(a) Bold Initiative and Goals of Northern Policy

Roh Tae-woo's Special Declaration on National Confidence, Unification and Prosperity on July 7, 1988 marked a turning point in Korean diplomatic history. The declaration consisted of six principles.⁸⁾

(1) We will actively expedite the exchange of visits between the people of South and North Korea in various fields, including politicians, businessmen, journalists, religious leaders, cultural leaders, artists, academics, sportsmen and students; and permit Korean residents abroad to visit freely South and North Korea.

(2) Out of humanitarian concern, we will promote and assist separated families in their endeavours to find out whether their family members in the other half of Korea are still alive and where they live. We will also promote the inter-communication and visits of separated families, even before the conclusion of the North-South Red Cross talks.

(3) We will regard trade between South and North Korea as internal trade within a state. The policy also opens the trade door to North Korea.

(4) We hope to achieve the balanced development of the national economy in the South and North Korea in order to enhance the quality of life for all Korean people, and we will not oppose nations friendly with us trading with North Korea provided that such trade does not involve goods for military purposes.

(5) We hope to bring an end to the counter-productive diplomacy characterized by competition and confrontation between the South and North and to cooperate in ensuring that North Korea makes a positive contribution to the international community. We also hope that the representatives of South and North Korea will contact each other freely in international forums and will cooperate to pursue the common interest of the whole Korean nation.

(6) In order to create an atmosphere conducive to durable peace on the Korean peninsula, we are ready to cooperate with North Korea in its efforts to improve relations with countries friendly to us including the United States and Japan; and in parallel with this, we will continue to seek improved relations with the Soviet Union, China and other socialist countries.

According to the spirit of this declaration, Korea vigorously launched a northern policy in various ways. Different definitions exist for northern policy. I will define northern policy as one aimed at peace and stability on the Korean peninsula—ultimately the improvement of the South and North Korean relationship—by

establishing new diplomatic ties with the U. S. S. R., P. R. C., and East European countries.⁹⁾ But the concept of northern policy should not be construed solely as a geographical one as the term seems to indicate. Though the primary target of northern policy is northern countries, China and East European countries are not located in the North in the strict sense. Rather, northern policy carries political and ideological meaning, and includes socialist countries on April 11, 1989, Foreign minister Ho Choong Choi said:

“The concept of northern policy is based rather on ideology and political system than on a geographical meaning. In a narrow sense, it is a policy toward the Soviet Union, China and East European countries, and in a broader sense, it includes policy toward North Korea in the sense that the policy is closely interconnected with inter-Korean relationship.”¹⁰⁾

Furthermore, Foreign minister Choi presented two goals of northern policy: First, establishment of peace on the Korean peninsula and producing a favorable atmosphere for peaceful unification of Korea. Second, the policy has the goal of pursuing economic interests such as broadening markets and securing ready supplies of resources.¹¹⁾ At a lecture, Minister Chul-Un Park touched upon the goals of northern policy more precisely: First, easing tensions on the Korean peninsula and achievement of peaceful unification; second, contribution to peace and prosperity of mankind through all-encompassing diplomacy based on national pride and independence; third, exploring new partners for economic cooperation.¹²⁾

Taking the above statements into account, it is evident that northern policy has three distinct goals, which are closely interconnected.

Northern policy is an attempt to restructure the security environment on the Korean peninsula. It is an effort to turn the Korean peninsula from the lonely island of cold war into the melting pot of cooperation by improving relations with socialist countries including the U. S. S. R., P. R. C., and Eastern European countries.

Northern policy also has an economic face. In other words, economic prosperity is another goal of the policy. Korea is a trade dependent country, as you can see the high ratio of trade to GNP. (see Table 2) Stillmore, the trade structure of Korea shows great concentration on the U. S. and Japanese market. (See Table 3) Given this trade structure and the rising trend toward protectionism in the advanced countries, Korea has begun to turn its eyes to so far untouched areas, such as socialist markets.

Peaceful unification of Korea is the ultimate goal of the northern policy. Though forty five years have passed since the division of the Korean peninsula, Koreans are still in the midst of harsh confrontation and competition. We still can not rule out the possibility of another war breaking out on the peninsula unless

Table 2. Ratio of Trade to GNP

Unit: %

	U. S. A.	Japan	England	Taiwan	Korea
1969	7.9	17.9	34.8	46.3	37.0
1975	13.4	22.8	41.7	73.6	59.4
1980	17.5	25.7	39.8	97.0	65.8
1985	14.6	16.0	42.1	90.6	68.7

*Note: Value of Exports & Imports/GNP

*Source: Economic Planning Board of Korea,
*Major Statistics 1989***Table 3.** Composition of Export Market by Region

Unit: %

Region	1985	1986	1987	1988	1989
Asia	28.7	28.0	29.9	34.0	37.5
(Japan)	(15.0)	(15.6)	(17.8)	(19.8)	(21.6)
U. S. A.	35.5	40.0	38.7	35.3	33.1
Canada	3.1	3.6	3.1	2.8	3.0
Europe	14.4	15.1	16.8	16.1	14.3
(EC)	(10.7)	(12.4)	(14.0)	(13.4)	(11.9)
Mid-East	6.5	5.2	4.4	4.3	3.3
South Ame.	3.6	2.6	2.6	2.6	2.8
Oceania	1.4	1.9	1.7	1.8	2.1
Africa	2.1	1.2	1.0	1.2	1.5

*Source: *Dong-A Ilbo*, Feb. 14, 1990.

both Koreans change radically. In this regard, northern policy is a bold initiative to reduce hostility, and sterile competition between South and North Korea and to set up a friendly relationship through bilateral and multilateral negotiation. It goes without saying that these goals of northern policy are consistent with the new tasks of Korean diplomacy.

(b) The Second Wave with different Tenets

Not so surprisingly, the northern policy of the Roh Tae-woo government is not the first wave. We can trace the origin of the northern policy back to Park Chung Hee's June 23, 1973 Declaration entitled "special declaration on peaceful unification of Korea", in which he made it clear that Korea will open its door to every nation in the world along the principle of reciprocity and equality.¹³⁾

However, the 1987 declaration has different tenets from the 1973 declaration.

First, while the June 23, 1973 declaration was negative in character, the July 7, 1988 declaration was affirmative in character. The primary concern of the former was security in the fragile environment following the Nixon doctrine, that is, to deter North Korea's threat of attack by improving relations with countries favoring North Korea.¹⁴⁾ But the 1988 declaration seeks not only to ensure the security of Korea but also to enhance the level of economic cooperation with socialist nations and to achieve peaceful unification through all-encompassing diplomacy.

Second, the 1973 declaration was an exclusive one in that it ultimately strove to promote South Korea's predominance in the competition with North Korea and to isolate North Korea in the international settings. But in the 1988 declaration a remarkable change occurred: the Roh government did not hesitate to incorporate North Korea as a member of the national community. The very aim of the declaration was to induce North Korea to step toward the discussion table and to open its door to the international circle. North Korea was no longer perceived as a contestant in the international scene. Compared with 1973 declaration, that of 1988 is inclusive in its nature.

Third, the 1973 declaration was a passive reaction of the South Korean leader to abrupt world change. The Korean government reacted against external pressure stemming from the emerging new detente mood. But in 1988 the policy turn was actively initiated by Korean political leaders. It was an earnest declaration of the desire to improve relations with Northern countries.

Remarkable differences can be found in the concrete policy measures promulgated by these declarations. After the 1973 declaration, no visible actions followed. Despite the declaration, transactions with socialist countries were strictly prohibited under the National Security Law and Emergency Decree, banning Koreans from contacting socialist people. Conversely, concrete measures followed the 1988 declaration. Special laws were enacted and an organization for promoting the northern policy was set up.¹⁵⁾

3. Achievements

Noteworthy achievements have resulted from northern policy in diplomatic, economic and cultural realm.

As for the diplomatic relationships, the Sept. 14, 1988 agreement with Hungary to establish a resident Representative in Korea was both a breakthrough and a starting point.¹⁶⁾ Diplomatic relations with Hungary were upgraded to Ambassadorial level the following year, on Feb. 1, 1989. The Korean government succeeded in establishing full diplomatic relationship with Poland and Yugoslavia on Nov. 1, 1989 and Dec. 27, 1989 respectively. On Sept. 30, 1990 Korea and the Soviet Union agreed to establish diplomatic relations. Moreover, it was reported

Table 4. Agreements of Full Diplomatic Relationship

State	Date
Hungary	February 1, 1989
Poland	November 1, 1989
Yugoslavia	December 28, 1989
Algery	January 16, 1990
Czechoslovakia	March 22, 1990
Bulgaria	March 23, 1990
Mongolia	March 26, 1990
Rumania	March 30, 1990
The U. S. S. R.	Sept. 30, 1990

Source: *Kyunghyang Shinmun*, March 30, 1990, p. 3

that Korea and China agreed to set up a Consulate Mission at a Trade Representative office.¹⁷⁾ Table 4 illustrates the rapid development of diplomatic relationships between Korea and socialist countries.(See Table 4)

In the economic sphere, trade with socialist countries in 1989 was valued at about US\$ 4 billion, which is double that of 1987.(See Table 5) China became Korea's fourth largest trade partner, following the United States, Japan and West Germany. Investment in Northern countries is vigorously going on.(See Table 6) Many branch offices of Korean leading companies have been set up on socialist soil (see Table 7). The most significant development in the growing ties between Korea and the Soviet Union is the opening of air links between Seoul and Moscow. The Soviet Union air line Aerofloat started regular flights to Korea from March 31, 1990.¹⁸⁾ Also on May 9, 1990, Korea signed a contract to import 390 tons of enriched uranium from the Soviet Union during the decade to fuel its nuclear power plants.¹⁹⁾ This marks another turning point in the increasing economic and trade links with the leading Communist nation and with most members of the East bloc.²⁰⁾

Due attention should also be paid to cultural exchange. Increase in personnel exchange is remarkable indeed. As of 1989, 33,122 persons visited Korea and socialist nations.(See Table 8) Compared with the numbers of 1987, this is almost a fourteen-fold increase. It is noteworthy that a number of high ranking Russians have visited Korea, and influential Koreans including Mr. Kim Young Sam have visited the U. S. S. R. in 1989. The summit in San-Francisco was a highlight of personal exchange.(See Table 9) Not a few Korean Universities and Institutes have active exchanges with socialist counterparts. Seoul National University recently concluded an exchange agreement with Budapest University, Hungary.

Table 5. Trade Volume with Communist Countries in 1989

Unit: US\$ 1,000

Year	1989			1988		
	Country	Export	Import	Total	Export	Import
USSR	207,746	391,700	599,446	181,725	213,388	395,113
Albania	318	16	334	-273	16	-257
Bulgaria	17,848	11,104	28,952	12,305	7,483	19,788
Czecho.	79,483	23,896	103,379	56,116	12,719	68,835
DDR	20,940	6,888	27,828	-7,925	-736	-8,661
Hungary	48,986	19,098	68,084	28,294	7,670	35,964
Poland	56,126	17,969	74,095	29,005	2,722	31,727
Romania	342	18,681	19,023	-2,421	-4,208	-6,629
Yugo.	46,652	20,126	66,778	30,021	2,805	32,826
China	1,437,355	1,704,540	3,141,895	-160,527	317,847	157,320
Vietnam	44,891	41,897	86,788	-16,990	28,046	11,056
Total	1,960,687	2,255,915	4,216,602	149,326	587,742	737,068

Source: *The Korean Economic Journal*, March 26, 1990.**Table 6.** Investment in Northern Countries

As of Jan., 1990; Unit: mil. US\$

	P. R. C.		S. U. & E. E.		Others		Total	
	Case	Amount	Case	Amount	Case	Amount	Case	Amount
On Operation	10	11					10	11
Permitted	15	15	4	97			19	112
Applying	16	35					16	35
Preview	3	27	2	12	1	3	6	42
Total	44	88	6	109	1	3	51	200

Yonsei University concluded an agreement with Moscow University. Hankook University of Foreign Studies is cooperating with Warsaw Univ. in teaching each other's language. Hanyang University has active exchange with Institute of Far Eastern Studies, U. S. S. R. The Korean Institute of International Studies concluded academic exchange agreement not only with the Institute of World Economy and International Relations(IMEMO), the Institute of Far Eastern Stu-

Table 7. Branch Offices in Northern Countries (AS of 1989)

State	City	Company
U. S. S.R.	Moscow	Daewoo, KOTRA, Samsung, Hyundai, Jindo
“	Nahodka	Hyundai
Hungary	Budapest	Lucky-Goldstar, Daewoo, KOTRA, Samsung
D. D. R	East Berlin	Daewoo, Samsung
Yugoslavia	Zagreb	Samsung
“	Ljubljana	KOTRA
Bulgaria	Sophia	KOTRA
Czechoslovakia	Prague	Daewoo
Poland	Warsaw	KOTRA

Source: *Dong-A Ilbo*, Feb. 20, 1990.**Table 8.** Personnel Exchange with Socialist Countries (Unit: persons)

State	1985		1986		1987		1988		1989	
	Out	In	Out	In	Out	In	Out	In	Out	In
P. R. C.	267	564	427	1,426	785	953	5,750	3,610	1,737	9,338
S. U.	35	109	92	61	80	313	356	1,879	336	1,995
Poland	20	72	66	98	76	77	146	1,352	23	1,611
Hungary	110	84	137	159	212	266	575	1,041	264	1,037
D. D. R.	133	55	118	68	60	70	163	764	6	189
Yugo.	65	127	62	121	366	145	229	729	51	590
Czecho.	38	23	40	24	128	47	119	449	20	301
Bulga.	56	37	67	14	59	142	50	481	50	58
Alban.	0	0	0	0	0	0	0	0	0	0
Total	747	1,082	1,017	1,980	1,987	2,021	7,406	10,510	2,494	15,118

Source: Ministry of Justice

Table 9. Visits of High-ranking Persons

U. S. S. R.	To	Mr. Young-Sam Kim, President, RDP Rep. Hyun-Uk Kim, Chairman of the Foreign Affairs Committee, National Assembly Mr. Sei-Kee Lee, Former Minister of NUB Mr. Ju-Yung Chung, Honorable Chairman of Hyundai Construction Co., Ltd. Mr. Myung-In Bae, Former Director of KCIA Mr. Hyon-hwak Shin, Chairman of Samsung Co. Ltd.(Former Prime Minister)
	From	Academician Malkevich, President of Soviet Chamber of Commerce and Industry Academician M. S. Kapitza, Director of Institute of Oriental Studies Academician G. A. Arbatov, Director of Institute of the USA and Canada Academician V. A. Martynov, Director of IMEMO Academician M. L. Titarenko, Director of Institute of Far Eastern Studies Academician A. Aganbegyan, Rector of the Soviet Academy of National Economy and Economic Advisor to President Academician Z. I. Alpenov, Deputy Director, Academy of Science of the U. S. S. R. Mr. V. Golanov, Vice President, Soviet Chamber of Commerce and Industry Mr. A. F. Dobrynin, Advisor to President
P. R. C.	To	Mr. Kyu-Sung Lee, Finance Minister Rep. Chu-Whan Son, DJP Rep. Dong-Young Kim, RDP
	From	Prof. Mun-Il Park, President, Yeon-Byun Univ. Mr. Hong-Eop Chung & Delegation, Promotion Committee on China Int'l Trade

dies(IFES), and the Institute of Oriental Studies(IOS) under the Academy of Sciences of the U. S. S. R., but also with the Institute for International Politics and Economics of East Germany and the Polish Institute of International Affairs of Poland.

III. Obstacles to the Implementation of Northern Policy

1. Domestic Obstacles

The domestic situation in Korea is good for implementing the northern policy. Some people who had to part from their family for about half a century support northern policy and others who have no separated family support it because they anticipate it will bring economic benefit and security to South Korea. But there are a few obstacles to the implementation of the northern policy.

First, there are legal obstacles. As South and North Korea have confronted each other for forty years, there is a strict anti-communist law, a security law. In fact, as this law restricts contacts with socialist countries, the government's own policies and non-governmental or private interaction with the people and groups in socialist countries may violate the security law. Nowadays, because of the ardent wish of the whole society, trifle violations of the law are overlooked. But amendment or abolition of the law is needed to make non-governmental interactions more common and more vitally productive.

Second, there are political obstacles. Recently influential politicians debate the results of visiting the Soviet Union. The Soviet Union, East Europe, and China want to keep certain aspects of their interaction with Korea a secret. Dr. V. K. Nazarov, Director, Representation of the USSR, CCI(Council of Commerce and Industry) in the ROK, said the following in an interview with a Korean Newspaper on May 4, 1990;

"In diplomatic contacts, some facts can be published while others should be concealed. In South Korea this rule is not observed. Especially in international relationships, mutual synchronization is absolutely necessary(essential)."²¹⁾

But, it is impossible for the South Korean government to keep the results of foreign policy meetings and agreements perfectly secret. People want to know what is going on with the nation's foreign policy, especially the northern policy that can change the fate of their country, and mass media has the duty to inform people of the news and to check the activities of the government.

The third obstacle is related to the purposes of northern policy, security and reunification. If the South Korean government implements its northern policy without considering the position and reaction of North Korea, the policy will not accomplish the anticipated result. Therefore while South Korea tries to make

other socialist countries influence North Korea's domestic and foreign policies, South Korea also tries to persuade North Korea to take a peaceful attitude by itself.

These three obstacles are not inevitable ones but the results of the hasty progress. As the South Korean government is trying to eliminate these obstacles, the domestic situation for northern policy will improve.

2. Political and Economic Situation in Socialist Countries

In the implementation of northern policy, the political and economic situations in socialist countries pose some obstacles. In the case of the East Europe, there are few obstacles to exchange: the political and economic situation in these countries has been good for international relations. But there are still some 'economic' problems. East Europe has potential power as a market and partner of economic development, but institutionalization of economic interaction has not occurred. For this reason, Korean enterprises are experiencing difficulties in setting themselves up in these countries.

The political and economic situation in the Soviet Union raises more or less serious obstacles. Considering the political dimension, there are two obstacles: 1) relations between the USSR and North Korea; and 2) conservatism.

The Soviet Union and North Korea have had a very tight and friendly relationship for half a century, and North Korea has been a very important partner of the USSR in keeping the balance of power in Northeast Asia. The Soviet Union is afraid that North Korean contacts with China will weaken the influence of the USSR on Northeast Asia, or even break the stability of the region, by pursuing ties with South Korea. Therefore the Soviet Union hopes that its own economic interchange with South Korea precedes a political relationship. Even after signing the documents to establish diplomatic relations, Mr. Shevardnadze, Soviet foreign minister, said that the new relationship with Seoul would not alter Soviet ties with North Korea, which would continue to develop on the basis of good neighborliness and friendship.²²⁾ In this regard, more attention should be paid to the relations between the Soviet Union and North Korea.

The second political obstacle is conservatism. As the Soviet Union has had socialist experience for seventy years since the Bolshevik revolution, its deep-rooted conservatism has spread not only in the bureaucracy, and military but also among the people. The leader of the conservative group, Y. Rigachev, warned that there is some possibility of deviation from socialism in implementing the reformation,²³⁾ and the Soviet Union's people are afraid of radical changes.

In the economic dimension, there are two obstacles. The first obstacle is the delay of economic reformation in the Soviet Union. I think that the obstacles to reformation are not the non-economic facts, such as resistance of bureaucracy and

indifference of people but the economic factors. In fact, the key to the Soviet Union's economic reformation is to establish a market economy system, and to establish a market economy system depends on price liberalization. Gorbachev also insisted that the revitalization of the economy of the Soviet Union depends on the development of a market economy system.

But the recent economic situation of the Soviet Union does not encourage economic reformation. Of the many economic problems that need to be solved, the most important problem is economic unbalance. The recent economic policy, economy stabilization policy, shows that there is serious economic unbalance in the Soviet Union. The causes of economic unbalance can be analyzed in two ways²⁴⁾;

(1) As the enterprises themselves can decide the level of wage without the intervention of government, the wage of labor increases abruptly. However, there has been no increase in production of consumer goods. According to the first deputy premier, of 276 necessities for living, 243 necessities are lacking. Therefore the total amount of wages exceed that of goods-product, and unsatisfied demand is stored up as compulsory deposit.²⁵⁾ After all, the pressure of inflation become stronger.

(2) There has been a serious financial unbalance. The amount of financial deficit is 100 billion Rubles, which is 15% of GNP. Of course, it fundamentally resulted from mistakes of the Soviet government, such as the attack on Afganistan. But the earthquake of Armenia and the explosion of the Chernoville atomic power plant were further inevitable stimuli. In addition, the liquor tax, which resulted from a temperance movement, contributed to the financial deficit.

In sum, the financial deficit and unsatisfied demand have increased the pressure of inflation (Table 10), and the pressure of inflation restricts economic reformation.

Table 10. The Informal Estimate of Inflation in the USSR

Unit: %

	81-85	86	87	88	(89)
Inflation	5.7	6.2	7.3	8.4	(10-15)
The Rise of Prices	1.6	3.0	3.1	4.1	
Potential Part	4.1	3.2	4.2	4.3	

Source: A. Shmarov and N. Kirichenko, "Inflyatsionnyi vsplesk: masshtaby i prichny," *Ekonomicheskaya gazeta*, No. 13(1989), p. 12

Though the Soviet Union's political leaders emphasize the continuity of reformation, economic reformation will be postponed and economic interaction between South Korea and the Soviet Union will face various obstacles until 1992 when the economy stabilization policy is established.

The second economic obstacle is more practical, which occurs in the process of economic interchanges. In South Korea, the market of the Soviet Union is called "hot potato", which means that it is very delicious but difficult to eat. In fact, though the Soviet people has great potential demands, they have no money(dollar) to satisfy their demands—because Ruble is not convertible, it is like waste paper.

Besides, there is no investment protection, no prevention of double taxation, and poor bases for entrepreneurial activity such as lack of offices, high rents, poor communication services, bureaucratic traditions, and lack of will to work. These small obstacles have made investment of South Korea's enterprises more difficult. It is predicted that agreements on investment protection and prevention of double taxation will be concluded in the coming future, as two states agreed to establish the diplomatic relations on Sept. 30, 1990.

In spite of these obstacles, it can be said that the future of relations between the Soviet Union and South Korea is not so pessimistic. Once Abel G. Aganbegyan, Rector of the Soviet Academy of National Economy and Economic Advisor to President Gorbachev, predicted as follows;

"The Soviet Union desperately needs Korea's support for its on-going economic development project, but finds it enormously difficult to get it in the absence of diplomatic relations. When the diplomatic ties are established....., such difficulties will disappear."²⁶⁾

3. International Political Situation

Now, I will examine the viewpoints of the three powerful countries—the U. S., Japan and China.

(1) The United States

the U. S. welcomes the democratic changes in East Europe and the Soviet Union fundamentally, but still doubts that the Soviet Union has given up its intention to enlarge/expand its influence over all the world. The testimony of Paul Wolfowitz, Assistant Deputy-Minister of Pentagon at the Committee on Military Affairs of U. S. congress, shows this fact clearly.²⁷⁾

"Though the Soviet Union does not use direct means such as support to Nagibulla of Afganistan nowadays, it still pursues the long term purposes of the third

world policy. Most of what the Soviet Union pursues is contrary to the interests of America."

"Though we are less threatened by military activities of the Soviet Union nowadays than a few years ago, the Soviet Union may have ability to threaten our security interests."

Therefore, the U. S.'s viewpoint of South Korea's northern policy is very ambivalent. Outwardly she supports northern policy, but inwardly she supports it very passively or even opposes it. The proof is that the United States forces in South Korea have observed rules of COCOM and obstructed the visit of the Federation of Korean Industries(FKI) to the Soviet Union in 1989. But the United States does not oppose "northern policy" itself. The United States only has different opinions about the speed and direction of northern policy. It is the U. S.'s opinion that South Korea approach the Soviet Union after the triangle military relation among South Korea, the U. S. and Japan is established, because the U. S. cannot relax its position toward the Soviet Union. The U. S. thinks that the rapid approach of South Korea to the Soviet Union can disturb the base of the U. S.'s policy toward South Korea and the order of Northeast Asia. What is more, the U. S. regards the approach of the Soviet Union to South Korea as an attempt to remove South Korea from the U. S.'s influence.

But the U. S. also has no need to oppose the peaceful relation between South Korea and the Soviet Union which represents the changes in Northeast Asia's international order and the new detente. Therefore the U. S. tolerates the mutual approach of South Korea and the Soviet Union.

(2) Japan

Japan thinks that the conflict between the U. S. and Japan and the Soviet Union still exists, though Perestroika has brought about new detente. She has criticized South Korea's diplomatic activities disregarding the U. S. and Japan. However, the viewpoints of relations among South Korea, the Soviet Union, China and East Europe are not simple. The points of view can be categorized in two ways: 1) cautious perspective; 2) cooperative perspective.²⁴⁾

Cautious perspective consists of the belief that increasing relation among South Korea, the Soviet Union, China and East Europe can never benefit Japan. In political area, cautious perspective is represented by the Liberal Democratic Party(LDP) and government. Because of northern territory return problem, Japan has been in conflict with the Soviet Union for a long time. Therefore Japan will not participate in the development project of the Soviet Union's Far East region until the Soviet Union concedes northern territories to her and the Ministry of Foreign Affairs of Japan wants South Korea and the U. S. to follow Japan's policy toward the Soviet Union. Japan thinks that South Korea's northern policy may obstruct the Japan's policy.

In economic area, the cautious perspective is represented by the Federation of Japanese Economic Groups. They think that Japan has had privileges in relation with China and the Soviet Union, but South Korea can infringe upon her privileges.

The cooperative perspective is based on criteria: 1) balanced relationism; 2) band wagonism; 3) cooperationism of five countries around the Japanese Ocean—Japan, China, the Soviet Union, North Korea and South Korea.

(3) China

China welcomes that South Korea's economic participation in the development project of Far East Asia and Siberia, but dislikes its military participation. Having promoted the economic cooperation of South Korea, Japan and the Soviet Union with herself, China hopes that South Korea's advancing into Far East Asia and Siberia will be helpful to her economic policy. When South Korea participates in the development project of Far East Asia and Siberia, China will take initiative in promoting the project by supplying labour powers.

However, China thinks that the economic cooperation between South Korea and the Soviet Union has limits, because of the relation between North Korea and the Soviet Union, the long termed economic depression of the Soviet Union, and so on. And China worries that after the development of Far East Asia, the Soviet Union will have great military power. Therefore, China's view of South Korea's approach to the Soviet Union is negative.

IV. How To Approach the Soviet Union and East European Countries

Drawing upon the above-mentioned obstacles, I would like to suggest how Korea should approach socialist countries.

First, the existing alliance system in Northeast Asia should be taken into account. The United States has a long-standing strategic interest in Northeast Asia, especially in South Korea. Also the Soviet Union has maintained a close relationship with North Korea for more than four decades. When we take these strategic interests into account, we can see that a careful approach is needed. We should note that the developing relationship between the Soviet Union and South Korea is not a substitution for a military alliance between North Korea and the Soviet Union. Nor does the approach of South Korea and the Soviet Union mean abdication of the deep-rooted U. S.-Korean relationship, as you well know. In this regard, new logic should be developed as an alternative for the cold war concept.

Second, due attention should be paid to the national interest of all countries concerned. In order to avoid ideological conflict, we should focus on remedying economic problems. In this respect, Korea has great potential to become an

economic partner with socialist countries. South Korea is able to and willing to cooperate with socialist countries in the economic sphere to enhance the quality of life of the socialist people. Possible areas of joint venture include consumer goods, hotel construction, timber industry, fishery, processing and etc. In these areas, both parties can complement each other.

Third, South Korea should not seek isolation of North Korea by pushing the northern policy. As the ultimate goals of the northern policy are to reduce tension on the Korean peninsula, to reunify South and North Korea, and to establish new order in Northeast Asia, South Korea should not incite North Korea to choose radical alternatives. South Korea should encourage North Korea to participate in international society as a responsible actor. Also, North Korea can not ignore dramatic changes in socialist countries. Recently North Korea has shown changes in her diplomatic attitudes and activities. North Korea has agreed to return remains of the five American soldiers killed during the Korean War(1950-53) to the U. S. Therefore, South Korea should offer North Korea economic and political aid to reform and open her system. It is good for the South Korean government to help North Korea promote her relations with capitalist states. South Korean enterprises can also offer North Korea various economic aid to develop her economy.²⁹

Fourth, South Korea needs to set up new diplomatic programs to deal with the Soviet Union and East Europe separately. As Soviet influence lessens in East Europe, the original significance of East Europe in implementing northern policy will decrease. Therefore, in developing relations with East Europe, South Korea should consider the future changes of Europe, such as unification of the EC and the rise of central Europe power resulting from the reunification of the two Germanies.

Fifth, South Korea should not overlook China in implementing northern policy. Since the Chinese leaders have become stubborn and conservative after the Tiananmen accident, the promotion of relation between South Korea and China has been relatively delayed. But, China has powerful influence in Northeast Asia. For the purpose of the northern policy, South Korea should balance her relations with China and Soviet Union. In this respect, it is desirable that Korea and China agreed to set up a Trade Representative Office in Seoul and Beijing.

Finally, South Korea should broaden contacts with socialist states on a non-governmental base. This can give stimulate better relationships. Persons in private circles like scholars and businessmen do need to gain tangible accomplishments in a short time. Moreover, they are less susceptible to the press than politicians or officials.

V. Conclusion

Northern policy opened a new horizon in Korean diplomacy. As outlined above, the prime motive for pushing northern policy is to bring peace and prosperity in the Korean peninsula and to normalize inter-Korean relationship. The changing international currents, especially the rise of the cooperative mood between super powers and the transformation of Northeast Asian political economy contributed to the success of the northern policy.

But the prospect of northern policy is not good in every aspects. Even though Korea and the Soviet Union agreed to establish the diplomatic relationship, the Soviet Union is still cautious because of North Korea, and its economic situation does not seem to recover soon. China has shown slowly-advanced attitude toward South Korea. Moreover military tension in Northeast Asia still exists. We need to pay attention to Japan's pursuit of hegemony in Northeast Asia. Besides its economic power, Japan's military expenses rank the third in the world. Above all North Korea has never chosen new foreign policies and new domestic policies.

But we can not deny that, now, the northern policy is in its second stage, which aims at establishing full diplomatic relationship with China. On Sept. 30, 1990 Korea and the Soviet Union have already signed documents on setting up embassies in Seoul and Moscow on Jan. 1, 1991 and it is reported that President Roh Tae-woo will visit the Soviet Union in this year. Now our urgent task is to establish the full diplomatic relationship between Korea and China. That Korea and China agreed to set up a Trade Representative Office in Seoul and Beijing suggests hopeful prediction about the relation between two states. The summit meeting of South Korea and Japan on May 25, 1990 will also attribute to eliminate Asian countries' old antagonism against Japan. If these efforts bear fruit, we can enter the third stage which aims at the reunification of two Koreas. Fortunately, North Korea shows new attitude to reopen dialogue between South and North Korea, and suggests armament reduction. On July 12, 1990 two Koreas agreed to have prime ministers meeting in September. Seeing the reunification of two Germanies, all Korean people hope that two Koreas have sincere attitude in dialogue between South and North Korea. In fact, South and North Korea have no practical results for forty years. It is partially true that two Koreas have utilized reunification policy to achieve legitimacy of regime. But nowadays, it becomes urgent problem that two Koreas establish peace and stability in the Korean peninsula. Northern policy and Perestroika have brought peaceful mood in Northeast Asia, but the tension in the Korean peninsula still exists and never reduces. As the reunification of two Germanies has brought concret peace and prosperity, the reunification of two Koreas will bring ultimate peace and prosper-

ity in Northeast Asia. If two Koreas reopen dialogue and discuss armament reduction sincerely, they will obtain excellent results. They will be able to use military expenses to develop their economy. They will be more important actor in world politics and economy. Moreover, to bring peace on the Korean peninsula beyond the cold war structure will be of interest to all the Northeast Asian countries. Considering this fact, two Koreas should have sincere attitude in inter-relation. South Korea should not isolate North Korea with its economic and diplomatic power. North Korea should give up attacking South Korea with its military power. I would believe this hopeful change will take place in the near future.

Lastly, I will refer to the domestic problem of Northern policy. Surely, the northern policy is the merit of the Sixth Republic of Korea. But it must go hand in hand with domestic democratization and equal distribution. The future development of the northern policy will be highly susceptible to the changing domestic political situation. Without executing policies which give benefit to the ordinary mass, northern policy may meet difficulties.

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 - 26) *International Affairs*, April 1990, pp. 95-97.
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 - 28) For example, Hyundai business group, the South Korea's largest automobile and construction equipment maker, offers automobiles and construction equipments and South Korean government does not prevent North Korea's influential politicians from visiting the U. S.