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# RSIS COMMENTARIES

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## **Korean Reunification: Time to Revisit the Debate**

By Euan Graham

### **Synopsis**

*As South Koreans will soon elect a new president it is timely to re-visit the re-unification issue. While the challenges are daunting, reunification would bring tangible benefits, including solutions to some of South Korea's most intractable problems.*

### **Commentary**

AGAINST THE backdrop of North Korea's latest and apparently successful long-range rocket test, South Koreans go to the polls on 19 December 2012 to elect their next president. Whoever wins between the two main candidates Park Geun-hye and Moon Jae-in, inter-Korean engagement will come back on the agenda in some form, since both candidates have indicated their desire to improve North-South relations from the political deep-freeze brought about by the North's twin military attacks of 2010.

Moon, as the progressive opposition candidate, is likely to follow the approach of the late President Roh Moo-hyun, whom he served as chief of staff, based on large-scale assistance with limited conditionality. Park, as the conservative ruling-party candidate, is likely to adopt a more cautious approach, but her camp also appears willing to explore inter-Korean dialogue as a way out of the prevailing policy of de facto containment.

### **Pressing agenda**

Reunification by force of arms is no longer a serious policy option for North or South Korea. The confederation option, first mooted in the 1960s by Kim Il Sung, also faded away with North Korea's economic decline. The implosion of North Korea's command economy in the 1990s, resulting in famine, did most to transform South Korean attitudes. Compounded by South Korea's sharp economic contraction in 1997-1998, reunification was subsequently perceived through the lens of a contingent fiscal, economic and social liability. Although South Korea's economy rebounded rapidly this negative perception has become fixed, augmented by anguished comparisons with the German re-unification experience.

The inter-Korean engagement policies of Presidents Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008) had humanitarian underpinnings, but aimed primarily at stabilising North-South relations, by offering Pyongyang incentives for a "soft landing". Reunification as an emotional or moral imperative is still present in South Korean discourse. But the passage of time and demographic change has lessened the impact of family

divisions and compatriot sentiments across the Peninsula. Young South Koreans are likely to feel little if any cultural affinity towards North Koreans.

While there is scant appetite in South Korea for pursuing reunification soon, it could force its way back on to the agenda during the next presidential term, due to events spiralling out of the control of the new and still unproven regime in Pyongyang. Seoul therefore needs to re-focus on precipitous reunification as a short to medium-term contingency. While some planning should be done privately to avoid provoking Pyongyang, it is also necessary to open a public debate on reunification issues, ahead of any crisis, since even the most orderly and staggered scenarios would have far-reaching implications for ordinary South Koreans. Without their consent, policymakers' options will be far more constrained.

### **Long-term gains**

The obvious advantage of reunification is the termination of military tension between the two Korean states on the Peninsula, including the long-standing conventional threat against Seoul. South Korea pays a hefty premium in defence spending, equivalent to around 2.7 per cent of GDP and operates a system of universal male conscription in order to maintain the world's longest fixed defences south of the Demilitarised Zone. Reunification would probably generate extra spending in the short-run to maintain security north of the 38th Parallel.

Long-term, securing the expanded territory and maritime boundaries of a reunified Korea would require adjustment to a more mobile defence posture. Yet this could probably be met within existing budgets, and conscription could be dispensed with, releasing skilled manpower to the civilian economy. More fundamentally, a unified Korea would regain control over its strategic choices.

Reunification also promises to redress South Korea's pressing demographic deficit, with one of the lowest fertility rates, at 1.21 per woman. Adding North Korea's population of 24 million would boost the combined Korean population to 72 million. Social integration is a thornier challenge, in spite of shared language and ethnicity, as evidenced by the assimilation problems widely reported among the 20,000 North Koreans already resettled in South Korea. However, reunification need not involve wholesale population transfers, and the under-35 age bracket is likely to adapt faster.

### **Economic advantage**

The most commonly advanced drawbacks to re-unification are associated with costs, though estimates vary wildly. This has tended to obscure the potential economic advantages, such as access to the North's mineral resources (including substantial rare-earth metal deposits, according to South Korean estimates), cheap labour costs and the trade and energy supply benefits of re-established overland communications with the Eurasian continent, promising to end South Korea's artificial isolation as a virtual island. Such benefits would entail wholesale reinvestment in infrastructure. However, "delaying" reunification also has opportunity costs, particularly as large-scale Chinese investments in resource extraction are realised. South Korea, moreover, has the capacity for this largely in place, given its strengths in construction and heavy industry.

Reunification outlays would therefore be productively channelled to domestic firms, creating opportunities for struggling smaller enterprises, as well as jobs for the large numbers of demobilised military personnel. Seoul's proven credit-worthiness would ensure access to international finance on an appropriate scale, and there is potential for foreign inward investment. There would also be a large reserve of international goodwill for the Korean government to draw upon. The "Korea discount", which allegedly undervalues South Korean equities because of political risk from North Korea, would also be banished with re-unification.

### **International potential**

Finally, although South Korea has improved its under-representation in international organisations and international peace support in recent years, the ever-present distraction of North Korea inevitably takes its toll on Seoul's capacity to engage on a global or even regional agenda. Hence, re-unification is a necessary precondition to fulfilling the country's international potential.

Ultimately, Korean reunification will require an immense leap of faith on the part of ordinary Koreans, North and South. But beyond the non-tangible drivers, there are significant material and strategic benefits. The Korean saying "beyond the mountain is another mountain" is an apt metaphor for the marathon challenges involved. Nevertheless, reframing reunification as a practical and achievable destiny would be a positive step forward for South Korea's next president.

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