The Korean summit: no recipe for peace and prosperity

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The inter-Korea summit held in Pyongyang on June 14-15 marked a key shift in the Cold War relations that have dominated the divided peninsula for more than 50 years. Leaders of North and South Korea—countries still technically at war—met for the first time and signed a five-point accord aimed at the restoration of economic and political ties and the eventual reunification of Korea.

The summit was greeted by many Koreans with a genuine euphoria. Fear of military hostilities has dominated life in both countries since the end of the Korean War in 1953. After the death of over a million people, the two Koreas were left as heavily armed camps, with a Demilitarised Zone between them patrolled by two of the world's largest armies, as well as a permanent garrison of 37,000 US troops in South Korea.

Millions of people were left separated on either side of a permanently sealed border with no means of communicating or visiting their families and friends. In South Korea alone, an estimated 1.2 million families have not seen their next-of-kin in the North for 50 years.

But the accord signed between South Korean President Kim Dae Jung and North Korean leader Kim Jong Il is not aimed at meeting the hopes and aspirations of ordinary Koreans. It is primarily a framework for the development of capitalist relations in North Korea and opening up the insular Stalinist state to economic exploitation by South Korean and international corporations.

At the beginning of the 1990s, the restoration of capitalism in Eastern Europe and the Soviet Union was hailed by the Western media as the dawn of democracy and prosperity. A decade later, after a catastrophic decline in social conditions of the majority of people in the former Stalinist states, there is not even a pretence that capitalism is going to bring democratic rights or better living standards for North Koreans.

Potential corporate investors, especially the South Korean conglomerates, are eager to get access to North Korea precisely because the wages are among the lowest in Asia and workers are disciplined by a police-state apparatus. The “reunification” envisaged is a type of confederation. Two distinct governments will be maintained, with control over their own borders, military, laws and political system—similar to China's “one country, two systems” arrangement with Hong Kong. In exchange for policing the labour force, the North Korean Stalinist elite hopes to cream off a share of the profits—as their counterparts in China have already done.

North Korea's choice of economic models is illustrative. Cho Sung-Ryoul from South Korea's Institute for National Security Policy told the *New York Times*: “The North Koreans seem to have studied Park Chung-hee's economic plan very carefully. The core of his leadership was to introduce a market-based economy while maintaining authoritarian rule”. Park presided over a brutal South Korean military dictatorship from 1961, when he seized power, until he was assassinated in 1979.

The impact in South Korea is likely to be considerable. Analysts expect thousands of South Korean workers to be laid off as companies transfer labour-intensive production to joint-venture industrial parks in North Korea, set up along the lines of China's Special Economic Zones. Hyundai is currently seeking permission to establish the first zone in Haeju, a port city just north of the border, capable of supporting dozens of factories and 200,000 workers. Other zones are projected in the region where the borders of Korea, China and Russia meet.

For more than a decade, North Korea has been painted as a “rogue state,” one of the last bastions of Cold War Communism intent on military aggression against South Korea, Japan and even the United States. Its economic and social decline has been blamed on the failure of socialism and its opening up to capitalist investment as a fresh victory for the free market.

The first point that needs to be made is that the North Korean regime had nothing to do with socialism or communism. Rather it is a Stalinist police state installed and supported economically and politically by the Soviet bureaucracy for more than four decades. The nationalist ideology of self-reliance espoused by founding North Korean leader Kim Il-sung amounted to little more than keeping the country on a war footing, subordinating agriculture, industry and society as a whole to the maintenance of a huge standing army.

The North Korean economy began to unravel following the collapse of the former Soviet Union on which Pyongyang was dependent for trade, subsidies and economic aid. North Korea particularly needed oil and spare parts for its industry and largely mechanised forms of agriculture. Confronting economic collapse, the regime rapidly began to make concessions to the West. In 1991, the country joined the United Nations and signed a non-aggression pact with South Korea.

There has not been any credible North Korean threat to South Korea in the 1990s, let alone to Japan or the US. The ludicrous campaign to present it as a “rogue state”, through provocation

after provocation, has been motivated in large part by US strategic considerations. It has been used to justify the ongoing presence of its troops on the Korean peninsula—a key strategic area of north-east Asia—and the larger US military force stationed in Japan, as well as to force the North to accept the terms of the major powers in any settlement.

Without any substantive evidence, the US declared that North Korean nuclear power plants and even excavations on the side of mountains were evidence of attempts to develop nuclear weapons. In 1994, the Clinton administration was on the verge of launching military strikes against the country's nuclear facilities. After North Korea backed down and closed its nuclear reactors, fresh accusations followed of involvement in international terrorism and drug trafficking.

Most recently, accusations that North Korea was building a missile capable of hitting North America's west coast by 2005 have been used to justify the US National Missile Defence system. The program costs $US60 billion or some five times North Korea's entire Gross Domestic Product.

As well as its none-too-subtle diplomatic and military pressure, the US contributed directly to North Korea's economic crisis by enforcing trade and investment sanctions first imposed in 1950. The economic isolation has had devastating consequences for the country. Industry has effectively shut down and a series of natural disasters since 1995 have crippled energy production, transport systems and slashed agricultural production. The cumulative impact has been to cause the economy to shrink by 70 percent. Anywhere between 200,000 to several million people have died from starvation. Tens of thousands of North Koreans have fled across the border to China in search of food and assistance.

On the brink of social disintegration and possible political upheaval, the North Korean regime has sought to open up diplomatic relations with a number of countries over the past ten months. The willingness to reach an accommodation with the US is underscored by the fact that during the summit North Korea effectively dropped its longstanding demand for the removal of US troops from the peninsula. The accord makes no mention of the US military. One South Korean report quoted Kim Jong-Il describing the US military presence as “not necessarily bad”.

The international media hailed the summit as a step towards ending the Cold War on the Korean peninsula and ushering in a new period of peace. However, elsewhere in the world, the end of the Cold War has only intensified the conflicts and rivalries between the major powers. Korea, which is strategically placed between China, Russia and Japan, is unlikely to be an exception. Already there are signs that the changing relationship between the two Koreas is likely to heighten rather than alleviate tensions.

The US has broadly supported the framework established at the Pyongyang summit. But there has been a marked sense of frustration in American ruling circles that the US may not necessarily emerge as the major beneficiary.

Determined that US companies will not be left out in any business opportunities in the North, the Clinton administration dropped the bulk of its trade and investment sanctions. But others are moving in. As well as South Korean corporations, Italy, the first major power to restore diplomatic relations with North Korea, dispatched a business delegation to Pyongyang this month.

The US is concerned that one of the main beneficiaries of the agreement will be China. Immediately before the summit, Kim Jong-Il made an official state visit to Beijing and there is little doubt that his acceptance of the accord with South Korea, like last year's suspension of the North's missile program, was made under Chinese advice.

While US troops may remain in South Korea in the short-term, the rapprochement between the two Koreas effectively undermines the stated rationale for the maintenance of a long-term military presence on the peninsula. Washington fears that in the changing climate, particularly with the growth of anti-American sentiment following the Asian economic crisis, there will be increasing demands for the removal of US military bases from both Korea and Japan.

Articulating US concerns, Arthur Waldron of the University of Pennsylvania testified to the Armed Forces Committee of the House of Representatives on June 21: “At present China is working very hard to cut our alliance ties in Asia. The recent Korean diplomacy, in which China played the major role, prepares the way for a campaign to end South Korea's close alliance status with the US. This is turn will bring the Japanese alliance into doubt”.

A comment in the *Washington Post* on June 21 noted: “An ironic result [of the summit]... could be a sharper view of China as the main security threat in Asia”. In recent statements, US Defence Secretary Cohen has begun to shift the rationale for the National Missile Defence perceptively toward the threat of “Chinese missile technology” being transferred to countries such as Pakistan and “Middle East countries and Iran specifically”.

Similar issues are being raised in Japan, where development of a missile defence system, costing up to $US10 billion and under Japanese control, was initiated to meet the ostensible military threat from North Korea. Masashi Nishihara of Japan's National Defence Academy bluntly told the July 13 issue of the *Far Eastern Economic Review*: “Even if the North Korean threat subsides, we need to be wary of China. It is easy for the government to point the finger at North Korea's missile development, but China has more missiles deployed”.

Concerned at the rapid changes in its far east, Russia is seeking to strengthen its hand in the region and its ties with China. On July 18, after talks with Chinese leaders, Vladimir Putin became the first-ever Soviet or Russian head of state to visit North Korea.

Far from the Korean peninsula entering an era of peace, all the signs point to it becoming a new arena for major power rivalry and contention.