



PACIFIC ECONOMIC PAPERS

*SPECIAL EDITION*

**East Asia restored, Korea restored**

H. E. Byong Hyon Kwon  
Ambassador of the Republic of Korea



AUSTRALIA-JAPAN RESEARCH CENTRE





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DECEMBER 1996

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# East Asia Restored, Korea Restored

*Address to the National Press Club, Canberra, 22 October 1996*

It is an honour to address the National Press Club of Australia today.

## **East Asian ascendancy**

Strategic trends dominating East Asia over the past few decades have shown a distinct divergence with regard to the region's economic and political status. On the economic side, East Asia has already gained the status of the world's largest and most dynamic region in terms of combined GDP and combined share of volume of world trade. However, the political status of the East is still overshadowed by Western strategic dominance.

This imbalance has already given rise to some uncertainties both within and outside the region, the magnitude of which will grow with the passage of time.

The West perceives that the emergence of the East provides a major challenge to its previous dominance, while the East lays claim to the notion of 'East Asia restored'.

Therein lies the source of potential conflict between East and West.

Unless we can find a new paradigm or a new balance of power in East Asia, there is the potential danger of conflict emerging from clashes of either civilisations or strategic interests, or both.

Asia is entering a new era, one in which the relative standing of the great powers is changing. The process of change has accelerated with the demise of the Soviet Union and the perception that the United States now has fewer strategic interests in Asia. Asia's dependence on the United States has been reduced, and US leverage and influence in the region has been correspondingly diminished. At the core of this process of change is the increasing confidence of Japan and China, based on their respective levels of economic might.

At this juncture, a brief historical review of five centuries of relations between East and West may be worthwhile.

According to Professor Paul Kennedy, East-West contact dates back to roughly the year 1500 when China and India were overwhelmingly bigger powers than any of the Western countries. Even in 1750, according to Bairoch's calculations, China and India were the two dominant powers, with most of the European nations — England, Germany, France, Italy, the Habsburg Empire — together with Japan ranking only as middle powers.



But then came the ‘European miracle’ driven by developments stemming from the Industrial Revolution, scientific advances and military revolution, Europe began to gain ascendancy over the Eastern nations and consequently the global balance shifted dramatically in favour of the Western world.

The West’s dominance of the East, as we are all well aware, has lasted for two centuries.

In East Asia, China’s long-held dominance was first challenged when Japan invaded Korea in the late 16th century. Under its shogunate, a unified Japan started to accumulate national wealth by introducing advanced Eastern culture mainly from China through Korea, and advanced technology from the West, while China and Korea stubbornly refused to introduce Western culture and technology. From the second part of the 19th century onwards, Japan’s ascendancy coupled with the simultaneous decline of China and Korea’s comparative power *vis-à-vis* Japan and the Western powers saw the disintegration of the long-cherished balance of peace in the ‘Middle Kingdom’ and relations in East Asia.

The so-called ‘East Asian miracle’ denotes a process which commenced more than two centuries after the emergence of the ‘European miracle’. This process started with Japan in the 1950s, followed in the 1960s by four other Asian economies — Korea, Taiwan, Hong Kong and Singapore. These countries were joined in the 1970s by Malaysia, Thailand, China and Indonesia.

In the 1980s alone, Asia increased its share of world output from 17 per cent to 22 per cent. On the basis of actual production and consumption (purchasing power parity), Asia makes the greatest contribution to the world economy; the IMF calculates that Asia’s share of world economic output in 1990 amounted to 25 per cent, compared with that of North America and Western Europe, whose combined share was 46 per cent.

In the 1990s Asia continues to maintain its current strong momentum. The IMF estimates that, taken as a whole, Asia’s share of world economic output will be close to 30 per cent, even in nominal dollar terms, and more than that in purchasing power parity terms.

The World Bank predicts that Asia as a whole will account for half the growth in world trade in the 1990s.

The East Asian miracle has been accomplished in less than half a century following on from the absorption of the West’s experience of industrial revolution, scientific innovation and democratic enlightenment. East Asia could also have gone a long way towards shifting the balance of world economic power.



Some experts talk of the clash of civilisations. Other scholars speak in terms of ‘the rise and fall of great powers’.

Ancient Chinese philosophers subscribed to belief in ‘Tao’ — a process of continual flow and change between polar opposites, the Yin and the Yang. The Yang, having reached its climax, retreats in favour of the Yin; the Yin, having reached its climax, retreats in favour of the Yang — all in a harmonious fashion.

Arnold Toynbee views the rise and fall of civilisations as a pattern of interaction of ‘challenge and response’.

East and West and each of the large powers are therefore left to grapple with the age-old dilemma of ‘the rise and fall of civilisations’ and new challenges and responses.

Faced with the new phenomenon of a re-emerging East, the West as well as the East has to map out a new paradigm. It must avoid short-sightedness in doing so and also pessimistic assumptions about ‘the clash of civilisations’ or ‘the challenge to Western dominance’. Rather, the West needs to adopt a long historical perspective, perceiving the ‘East Asian miracle’ as a product of the transfusion of Western civilisation into Eastern civilisation.

Thus, the East needs to accept the reality of the ‘established West’, while the West needs to accept the new reality of the ‘restored East’ — that is, ‘East Asia restored’.

‘East Asia restored’, together with Europe and the Americas, can provide the three pillars of the globe, divided by the Atlantic and Pacific, earnestly striving for harmonious global order, with peaceful coexistence and cooperation to advance humanity serving as the norm for the global community.

But many challenges and opportunities lie ahead.

First, how can China constructively engage with the world as a partner and contribute to world order without becoming over-assertive?

Second, will Japan find a new role and attain a status commensurate with its economic achievements without posing any threat to its neighbours, and in the meantime come to terms with its recent history?

Third, how can the United States continue to maintain proper engagement with the region while its alliance network re-adjusts to more complex and perhaps more flexible security frameworks?

Fourth, how can an artificially divided Korea be reunited without disrupting the existing order and balance among the surrounding powers, thus removing a fundamental seed of conflict?



Fifth, how will Australia and other partners engage with East Asia, and how will that engagement be accepted by Asian countries?

Finally, the most crucial challenge, as well as the greatest opportunity, is: can the nations situated across the Pacific resolve the divergent cultures of East and West into a new 'Pacific civilisation', thus paving the way for a 'Pacific community' in what should be the 'Pacific Era' of the 21st century?

History teaches us that in a meeting between heterogenous civilisations, it is only after a painful process of conflict and accommodation that a harmonious new order becomes possible and that this process at times gives birth to a new hybrid advanced civilisation.

At the moment, neither pessimism nor optimism is warranted.

### **Peace and the unification of Korea: its implications for the security of East Asia and beyond**

In terms of the security of East Asia, the two most conspicuous flashpoints since the end of the Second World War continue to be the Korean Peninsula and the Taiwan Strait.

I had first-hand experience of these two issues when I was in charge of the negotiation of the normalisation of relations between the People's Republic of China and the Republic of Korea in 1992.

Soon after the negotiation process started, it became obvious to me that the central Chinese concern was the Taiwan issue, the so-called 'one-China policy'.

For me, China's unequivocal support for the peaceful reunification of Korea, as a *quid pro quo* for the 'one-China policy', was a central prerequisite.

In the final normalisation document, signed by the two foreign ministers on 24 August 1992 in Beijing, reciprocal support for the 'one-China policy' and for the early attainment of peaceful reunification were clearly stipulated, back to back.

The Korean Peninsula remains the only region in the world where the Cold War conflict continues.

There are four main areas of tension which threaten peace and security on the Korean Peninsula, and beyond.

First is the artificially imposed division of a purely homogenous nation into North and South sharing several thousand years of history, language and culture, and which lived under unified rule ever since the 7th century. Despite the promise of the leaders of the Grand Alliance





in the 1943 Cairo Declaration that Korea would become free and independent in due course, the Korean Peninsula was divided by two occupation forces at the start of the Cold War in August 1945.

Second is the Korean War, which was started by the North Korean invasion of the South in 1950 and has been in a state of armistice since 1953.

The Armistice Agreement needs replacement with a durable peace structure either through direct negotiation between the two Koreas as prescribed in the South–North Basic Agreement signed in 1991 or by a new agreement of the parties concerned.

Third is the North Korean regime’s engagement in a mass destruction weapons development program and its stockpiling of huge quantities of chemical and biological weapons. It has also indulged in the development of multi-range missiles and there is rumour of international blackmarket dealings in such awful weapons.

The last and most fundamental problem derives from the nature of the North Korean regime itself. The government is not a normal one, nor an ordinary communist state organisation; it is regime grown fanatic under Kim Il Sung’s ‘Ju Che’ ideology, and one that is morally and financially bankrupt, indulging such crimes as state terrorism, drug trafficking and smuggling.

The regime almost totally fails also in terms of standards of ‘good governance’, with the people of North Korea suffering almost every kind of indignity, including a recent famine, and collective human rights violations.

What has recently been tried in relation to the question of North Korea?

The South–North Basic Agreement of 1991 was the first comprehensive coverage of basic principles of South–North relations, dealing with exchanges of separated families, economic cooperation, the reduction of tension and other confidence-building measures.

The Basic Agreement reaffirmed the principles of unification as declared in the South–North Joint Communiqué of 1972; that is, unification through independent Korean efforts, and by peaceful means.

Despite the detailed provisions of this agreement, implementation has been hampered by the North’s intransigence and the fact that it has no intention of honouring the agreement. Since 1993 the South–North dialogue itself has been totally suspended.

The North Korean nuclear issue is not simply important militarily for Korea alone but also should be addressed as part of the global non-proliferation process.

In October 1994 a US–North Korea Agreed Framework was reached. The framework is basically comprised of three elements: resolution of the nuclear issue and provision of two light



water reactors; resumption of inter-Korean dialogue; and improvement of relations between North Korea and the United States.

The Korean Peninsula Energy Development Organisation (KEDO) was established by the United States, South Korea and Japan to implement the Agreed Framework.

A proposal for a four-party meeting comprising both Koreas, the United States and China was made jointly by Presidents Kim and Clinton in April 1996 on Cheju Island, Korea. The fundamental framework assures that the two parties directly concerned, South and North Korea, will lead the meeting while the United States and China would be there to support and reinforce the negotiation process between the two Koreas.

What is included in the background to the proposal is the termination of the state of armistice and the forging of a peace agreement; therefore, the inclusion of all parties to the Korean War — the United States, China and the two Koreas — is logical. North Korea has yet to make its position clear, but we are encouraged by China's support for the proposal.

### ***North Korean submarine armed guerilla infiltration into South Korea***

Recent violation of the Armistice Agreement clearly demonstrates, however, that North Korea will seek Korean re-unification by any means, including the use of force.

On 18 September North Korea despatched a military submarine to infiltrate armed agents in the South. The submarine was found stranded off-shore, some 60 miles south of the demilitarised zone.

The findings to date suggest a strong possibility that the attempted infiltration is part of a larger operation.

We see the situation as dangerous because the North is now facing a serious difficulty in its regime. Thus we can never afford to underestimate the danger posed by the North nor misunderstand its intentions.

Accordingly, President Kim announced a review of all government policies towards North Korea on 1 October, emphasising ways to counter North Korea's strategy to communise the South by force. He also made it clear that unless North Korea fundamentally changes its attitude, the South would reconsider all assistance, including charity aid, to the North.



### *The problem of Korean security and its remedy*

The key security problem for East Asia and beyond lies in North Korea itself.

The core of the North Korean problem is its morally bankrupt regime. As long as its present ideology, policy and behaviour remain unchanged, the North Korean regime is doomed, not merely because the fate of communism is already a foregone conclusion but also because the North Korean regime is the only communist government which stubbornly refuses to adjust and respond to changes.

The crux of the problem for the international community in its dealings with the Korean problem is that it treats the corrupt North Korean regime like a normal civilised government and maintains expectations of normal behaviour and traditional diplomacy.

The North Korean regime is not to be treated by the norms of traditional diplomacy, however, for the conflict we are facing with the North Korean regime is not caused by a clash of national interests — which by definition might be negotiated — but by moral shortcomings in the regime itself.

So long as the North Korean regime maintains its present ideology and behaviour, negotiations will go nowhere. It is only with a change of heart in North Korea that a settlement would become feasible. Until then, spelling out the terms of settlement in advance is futile, and only inhibits our freedom of action.

History tells us that ‘containment’ was the key strategy underlying the Cold War struggle against communism, as was made clear in the so-called Truman doctrine announced in 1947. The Truman doctrine marked a watershed because, once America had thrown down the moral gauntlet, the conflict could only be settled by a change in Soviet purpose, by the collapse of the Soviet system, or both.

We are now dealing with a much smaller communist group, a die-hard and no less evil one.

Our principles, our capacity for strategic thought and, most of all, our will to face and stand firmly against that evil are being put to the test. But despite the exhaustion this entails, it is vital that we persevere in maintaining a consistent strategy towards North Korea and continue to present it with two clear options.

The first is change — change of heart which leads its leaders to abandon their ambition to acquire nuclear missiles and other weapons of mass destruction; change in their intention to



communise Korea by any means including the use of force; and change to their system in order to meet reasonable standards of ‘good governance’. We have to differentiate the North Korean regime from its people, who are helpless hostages of the failed regime. Neither should we accede to the North’s use of armed threat, of mass-killings, of the taking of hostage from within Korea and neighbouring regions.

The second is containment. Containment is basically a benign policy; however, its essential strategy is based on consistency, morality and ongoing resistance to evil until it undergoes a change. Containment is the game of waiting, patiently.

North Korea is already showing signs of internal strife and decline. In the early 1960s, when South and North Korea started to compete economically, they were on a par with each other. Since then, the North’s economic power has declined rapidly as measured against that of the South—to one-fifth in the 1970s; to one-tenth as of the 1980s; to one-fifteenth come the early 1990s; and currently to about one-twentieth.

The North Korean regime is also ‘bleeding’ as a consequence of its military spending. Compared with the South, which spends only about 3 per cent of its GNP on its military; the North spends more than 30 per cent of its national wealth on military needs.

In accordance with our guiding strategy and principles, the South should endeavour to honour the US–Korea Agreed Framework of 1994; pursue compliance by the North with the proposals of the Four-Party Meeting; and pursue implementation of the revision of the Basic Agreement signed in 1991, sticking to the principles for unification through independent Korean efforts, and by peaceful means strive for national unity.

In the final analysis, the ultimate source of conflict lies in the division of Korea itself; the remedy for the security problems of Korea and beyond is reunification of Korea.

Ever since the tragic seeds of conflict were sown by the division of the totally homogenous Korean people into two nations, all parties, small and large, have suffered misfortune, whether directly or indirectly. And no one has benefited. In retrospect, the act of division itself was an accident of history, a mistake, inadvertent or not.

Some blame imperialistic forces of colonialism; others the super powers engaged in the Cold War. Either way, the tragic legacies of colonialism and the Cold War linger on the Korean Peninsula, affecting not only the ‘sinners’ but also the innocent.

It is time to undo what has been wrongly done.

In the new dynamic East Asia, where peaceful restoration of relations is the norm, everyone must ponder how best to dissolve the agony deriving from this artificial division of a



purely homogenous nation, and also how best to embrace the opportunities that peaceful unification of Korea can offer.

Throughout its thousands of years of history, Korea has never invaded a neighbouring country. It has long been a middle power, loving peace and cherishing its own culture, and sharing in a civilised way with its neighbours. When Korea is restored, then peace will be restored. Thank you.





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