

Pathways of National Reunification in Germany, Yemen and Korea

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Korean reunification could be achieved by a confederation agreement between the South Korean government and the North Korean regime that preserves the existing North Korean elite or by a unilateral absorption of the North in which the North's population and territory would be directly incorporated into the South Korean political system. Which of these is a more plausible path to Korean unity? Two regimes confederate when one regime offers a bargain and the other accepts it; the confederation agreement itself then shapes future bargaining between the regimes. Absorption, in contrast, ends one of the regimes and so precludes future negotiations. The confederation path to reunification is more likely when the regimes can confederate in a way that preserves the balance of bargaining leverage between them, which will be when the weaker regime can claim unique competence at governing its territory and when both regimes can maintain their security via a combination of internal resources and external ties. When these factors are not present, absorption is the more likely path to reunification. We illustrate the theory by the reunification of Yemen via a confederation and the reunification of Germany via absorption and apply its logic to the unresolved case of Korea. We conclude that a confederation agreement between North and South Korea is unlikely in the foreseeable future.

Key words: *reunification, confederation, absorption, Germany, Yemen, Korea.*

Introduction

The goal of reunifying the Korean Peninsula is sacrosanct in South Korea; it is backed by a large public consensus, enshrined in the national constitution, and the South's relations with North Korea are overseen by the Ministry of Unification rather than the Ministry of Foreign Affairs. How might reunification be achieved? Reunification can take one of two paths: a *confederation* agreement between the two regimes in which the elites of each are preserved and share power, and a

unilateral *absorption* in which the weaker side's population and territory are directly incorporated into the political system of the stronger side. We analyze problems of national reunification from a bargaining theory perspective, in which the two regimes in a divided state have divergent interests but also share one explicit objective of eventual reunification. We seek to explain the path of reunification; our dependent variable is neither reunification itself nor the political system resulting from reunification, but rather the form of the political process that could, in principle, achieve it. When divided states pursue reunification, do they approach it through confederation or absorption?

We investigate, analytically, the kinds of agreement that regimes in a divided state would be willing to offer and accept. We conclude that a confederation agreement is only likely when it can be made in such a way that the leaders of both regimes are convinced that the agreement itself will not diminish their bargaining leverage with the other regime, relative to what it would be without the agreement. Leaders' perceptions of the consequences for future bargaining will be influenced by a combination of two factors: the ability of each regime to govern effectively, and each regime's defensive ability as given by its internal capabilities and outside ties.

Our analysis proceeds in two parts. First, we explain our theoretical propositions based on the bargaining theory perspective. Second, we illustrate the theory by two cases of reunification, Yemen and Germany, and apply the logic to the Korean case. We conclude with general observations about the future of Korean reunification.

Strategies of Reunification

A divided state can reunify through a confederation agreement, in which the regimes decide together to share power within a new state, or through absorption, in which one of the regimes (presumably the weaker of the two) ceases to exist and the other regime (the stronger) incorporates the combined population and territory into its political system. Thus, while absorption is defined by the elimination of the weaker regime, confederation is defined by the survival of the two regimes and the incorporation of both of them into a state with some sort of shared sovereignty. Confederation may be relatively equal, with the two sides holding roughly similar levels of authority within the new government, or unequal, with one side holding more authority but pledged to respect certain prerogatives of the other.¹

It should be noted that confederation and absorption are not the types of political systems, but two different paths toward reunification. Absorption is not a synonym of unitary states. The absorption path leads to a reunified state under the political system of the stronger side, whether a federal or a unitary one: for example, West Germany absorbed the East under its federal system. The political system resulting

1. Alfred C. Stepan, "Federalism and Democracy: Beyond the US Model," *Journal of Democracy*, 10-2 (October 1999), pp. 19-34.

from the confederal path can also be a federal or a unitary one, depending on the continued bargaining between the two regimes after a confederal agreement. It is also worth noting that in the federalism literature, federalism and federation are distinct concepts: while federalism is a political system, federation is a description of the merger of states and refers to the process of merging.² Our conception of confederation is thus equivalent to the process-oriented notion of federation.

In a democratic country like South Korea, the regime is essentially the enfranchised population of the country as a whole, since national decisions must be ratified by the electorate, even if only indirectly via elections for political representatives. In an authoritarian country, such as North Korea, the regime is the inner circle of party and military leaders whose consent must be maintained for continued rule.³ In either case, the key decision-makers continue to exist, and continue to have interests, even after the states they govern cease to exist. A country's leaders therefore still have strong preferences over what happens to the regime after reunification.

Bargaining power, of course, only matters for some kinds of approaches to reunification. Unilateral uses of force, such as North Vietnam's conquest of the South in 1975, do not involve negotiation. For the sake of argument, we assume a situation in which a unilateral act of force is either impossible or undesirable.⁴ Other, less drastic absorptionist approaches require some initial negotiation but, past a point, bargaining power is irrelevant since the agreement itself eliminates the independent existence of one of the regimes, leaving no one left with whom to bargain.

Regimes in a divided state will have some interests in common, but they will also have at least some core interests opposed to each other, whether material, symbolic, or ideological. In compromising over these differing interests, the regimes will have a range of possible decisions they can make that are consistent with preserving their ongoing relationship. The boundaries of this range are determined by how well each regime would fare if they were to break off ties and pursue an outside option, so that regimes will continue to cooperate as long as they are each, individually, at least as well-off by staying as by walking away. As a result, the actual division of resources – the policy decisions that the two states make – depends on the outside option that each regime has.⁵ If a regime's outside option improves over time, it will be in a position to extract a better bargain from its partner.

2. Chad Rector, *Federations: The Political Dynamics of Cooperation* (New York: Cornell University Press, 2009), pp. 3–6.

3. Patrick McEachern, *Inside the Red Box: North Korea's Post-totalitarian Politics* (New York: Columbia University Press, 2010).

4. Unilateral conquest was not a realistic option in the cases of Germany and Yemen. In the Korean case as well, the North's unconventional military capabilities deter unilateral action by the South.

5. Jenna Bednar, "Valuing Exit Options," *Publius: The Journal of Federalism*, 37-2 (2007), pp. 190–208.

Confederation may be especially prone to this dynamic effect, since in the course of implementing an agreement, one side may lose some of the sources of leverage it once had – for example if North Korea were to end its investments in building unconventional weapons as part of a confederation agreement with the South, the implementation of the agreement would lead directly to a loss of a key part of the North's bargaining power. Because bargaining continues after confederation and agreements may be renegotiated, there is nothing magical that keeps confederation agreements in place after they have been implemented. If one side loses bargaining leverage after confederating, the other side will have an incentive to renegotiate the terms of the agreement; as a result, the side losing leverage as a consequence of reunification may end up receiving a worse share of benefits over time, and in the extreme case it might even end up being absorbed by the other regime, losing its own existence.

Following prior studies of political unification, we posit that confederal agreements are bargains offered by a stronger state that are either accepted or rejected by their potential partners.⁶ How does thinking in terms of continued bargaining, where bargaining power is shaped by outside options, help us to understand the conditions in which states will negotiate a confederation agreement rather than pursue absorption? We consider two factors. First, in the following subsection, we discuss competence in governance. Second, in the subsequent subsection, we describe the role of military security through internal resources and external ties.

Effective Governance

Given a choice between confederation, in which the regimes share power, and absorption, in which one regime governs the population and territory directly of both and the other regime ceases to exist, why would a regime capable of absorbing a partner instead choose to confederate with it? One answer is that the stronger regime would prefer to share power with a weaker regime if the weaker regime can govern its own territory and population more efficiently than the stronger regime can. In his study of federal origins, Daniel Ziblatt shows that Prussian leaders during the period of German unification beginning in the 1860s actually preferred confederation to absorption, since Prussia could rely on local rulers to maintain effective control of their regions and promote economic development while at the same time contributing resources – in the form of soldiers and money – to the new German state. Although Prussia could in principle have directly absorbed the smaller German-speaking states in Central Europe (Saxony, Bavaria, etc.), it instead chose to let their governing regimes stay in power locally and negotiate a confederal system by which Prussia shared power with them. Prussia therefore

6. The classic study establishing this premise is: William Riker, "Federalism," in Fred I. Greenstein and Nelson W. Polsby, eds., *Handbook of Political Science Vol. 3* (Boston: Addison Wesley, 1975), pp. 93–172.

avoided the costs of having to govern new territory directly. In contrast, Italian unification proceeded as an absorption by Piedmont, since the other Italian city-states were ineffective at governance and locally precarious, despite the clear preference of Piedmontese leaders to unify via a confederation if possible.⁷

So, if a weaker regime appears to be able to govern as effectively as the stronger state could, the stronger regime will be more inclined, all else equal, to attempt a negotiated unification via a confederal union. Effective governance by the weaker side, in turn, depends on at least two factors that are critical in our study: the weaker side's political stability and the ability of the stronger side to implant its administrative apparatus in the weaker side's territory.

A regime on the brink of collapse due to internal revolt would be ineffective at governing its territory and population, for obvious reasons. Unstable regimes are therefore unlikely to join in confederation with their stronger neighbors unless the act of confederation bolstered the stability of the regime. This is not entirely implausible, since confederation may bring an unstable regime more economic or military resources that it could use to stave off revolt; this was the situation in Yemen, as we describe below. In contrast, however, under some conditions confederation may actually undermine the stability of the weaker regime, as when confederation makes it easier for citizens of the weaker regime to relocate to the territory of the stronger regime and thereby erode the coercive abilities of the weaker regime as well as undermine its economic foundations.

The other dimension to effective governance is the ability of the stronger regime to transplant its administrative apparatus into the territory of the weaker regime.⁸ If it can do this effectively, because of a similarity of basic social, political, and economic culture, then the stronger state will be more inclined to prefer imposing its own regime directly by absorbing the weaker regime. If it cannot put its administrative apparatus in place effectively, either because the basis of its authority does not translate easily into the conditions in the new territory or because of questions of scale, confederation becomes the more likely path.

In summary, absorption is a more likely path to reunification if the weaker regime is politically instable and would not be bolstered by confederation, or when confederation would undermine the basis of the regime, and when the stronger regime has a governance capacity that can be easily extended into the territory of the weaker regime. Confederation is the more likely path when the weaker regime is either fairly stable or would be reinforced by the pooled resources of confederation, and when the stronger regime faces barriers to transplanting its administrative apparatus into the weaker regime's territory.

7. Daniel Ziblatt, *Structuring the State: The Formation of Italy and Germany and the Puzzle of Federalism* (Princeton: Princeton University Press, 2006), pp. 121–127.

8. For the difficulties of transplanting political institutions in newly unified states, see Jai Kwan Jung, "Power-sharing and Democracy Promotion in Post-civil War Peace-building," *Democratization*, 19-3 (June 2012), pp. 486–506.

Military Security

The path to potential reunification – whether by confederation or absorption – will also be influenced by the balance of the regimes’ abilities to defend themselves. At the most basic level, regimes that have more military capabilities and more powerful allies will be in a better position to resist absorption, so, all else equal, a more even military balance means that if reunification happens it will be through confederation rather than absorption.⁹

However, there are some dynamic effects as well. Some kinds of confederation agreements may, because of their influence on the ability of a regime to provide for its own security, create shifts in the balance of military power between the two regimes. If the regimes anticipate a big enough shift, this expected consequence of confederation may prevent the two sides from reaching an agreement in the first place. Two factors combine to influence this dynamic effect of security: the weaker regime’s capacity to maintain an independent security capability after reunification, and the extent to which the weaker regime has allies with an intrinsic interest in the regime’s security.

When contemplating reunification, each side will think about what its military capabilities would be under a reunified system compared with what they would be without reunification. Reunification would not, by itself, necessarily imply a loss of military capabilities, since many states have merged into federal systems while retaining state-level control of military force. Examples include the United States, 19th Century Switzerland, Germany in 1871, and Yemen in 1990 as we discuss below.¹⁰ When reunification permits a regime to retain its military and foreign policy apparatus intact, it will then have little independent effect on the balance of military capabilities, and a stronger regime’s promise to respect a weaker regime if they confederate is just as credible as it is if they remain independent.

Conversely, confederation is less likely if it might be expected to diminish one side’s independent military capabilities more than the other side’s. This might be the case if confederation triggers legal or economic changes that undermine one side’s ability to conscript or recruit soldiers, or if confederation leads to social or political changes that preclude some kinds of military tactics, such as those that involve targeting civilians through strategic or paramilitary means.

A second dynamic effect involves outside allies. A weaker regime will resist reunification more if the act of reunifying will independently cause it to lose extensive external links, since external links can cushion its outside option. Not all

9. Even extreme inequality can be consistent with confederation, however, with other conditions in place. Tanganyika had over 30 times the population of Zanzibar when their 1964 merger gave Zanzibari elites substantial representation in the new federal government: Issa G. Shivji, *The Legal Foundations of the Union in Tanzania’s Union and Zanzibar Constitutions* (Dar es Salaam: Dar es Salaam University Press, 1990).

10. Frederick K. Lister, *The Later Security Confederations: The American, “New” Swiss, and German Unions* (Westport: Praeger, 2001).

outside allies would be lost in the event of reunification. The best case for the regime would be if it had, as an ally, a powerful third country with an intrinsic interest in the regime's well-being, whether due to historical ties or core strategic interests, so that the alliance would persist even after confederation. If the outside state is an ally to the weaker regime because it is a rival to the stronger regime, the outside state will have an added interest in maintaining the weaker regime's security and preventing its absorption. At the very least, absorption would eliminate a buffer, but the losses could be worse for it in terms of the balance of power.¹¹ Balance-of-power calculations do not end once two regimes confederate.¹²

Some kinds of external security ties, however, would be lost in the course of a reunification agreement. In a situation in which the external ally commits to the defense of a regime in a divided state because it has an interest in preserving its reputation or its regional supremacy, the ally might use reunification as a rationale to escape its security commitment. This gives the insecure regime even more to lose from confederation than it otherwise would.

In short, a weaker regime will be more likely to seriously entertain proposals for confederation if it can expect military security whether or not it joins confederation, where security comes from some combination of internal military capabilities and powerful outside allies with intrinsic interests. When it cannot expect that kind of security, confederation proposals will be non-starters and the more plausible path to reunification will be through absorption.

Summary

From the discussions above, we conclude with two propositions. These describe a situation in which a country is divided into two regimes contemplating reunification. The process of reunification is more likely to follow a path of confederation, instead of absorption, when:

- 1 The weaker regime can claim more competence at governing its territory, even after a potential confederation agreement, and the stronger regime's administrative apparatus is less easily transplanted into the weaker regime's territory.
- 2 The weaker regime can maintain more security independently of the stronger, via a combination of internal resources and external ties.

11. Tanisha M. Fazal, "State Death in the International System," *International Organization*, 58-2 (2004), pp. 311-344.

12. Interventions in large empires or multiethnic states to preserve or defend a balance of power have been common. The French actions to support American colonists against the British Empire are the ideal type here. Britain, for similar reasons, seriously considered intervening in the American Civil War on the side of the South. Although formally prohibited from forming outside alliance, Swiss cantons have a long history of securing their internal position in the federation by allying with outside states that, in turn, support them following the same logic of balancing that drives their international behavior (see Frederick K. Lister, *op. cit.*).

Paths of Reunification in Yemen, Germany and Korea

In this section we illustrate the implications of our argument on two cases, Yemen and Germany, and apply the logic to the case of Korea. In each of these instances, two regimes in a divided country sought reunification but they had a decision to make about what form moves to reunification would take. Germany and Yemen, like Korea, remained divided during the Cold War, and in both cases popular sentiment supported reunification. These cases have also been used as comparisons for Korea in the past, and may influence elite understandings of the logic of as well.¹³ Since our dependent variable is the path to reunification, rather than the eventual outcome, we focus on the politics of reunification within each of the regimes as well as the political process between them.

These three cases each show how internal stability and external security contribute to decisions by national leaders not just about *whether* to reunify, but *how*. The divided state of Yemen reunified through a confederation agreement when North Yemen pursued a confederal strategy with the South, despite the weakness of the Southern regime, because South Yemen had a much greater local administrative capacity and the South had credible access to outside security and economic partners. In Germany, by contrast, the East had more to lose from integration given the relative bankruptcy of its system, but before early 1990 it still had some expectation of Soviet support. These factors led to negotiations proceeded on a confederal path. By March 1990, however, the collapse of East German governance and the end of Soviet coercive power shifted the reunification path to absorption. In Korea, tacit negotiations and public statements by leaders of both regimes since the 1970s assumed that any potential reunification would proceed by a negotiated confederation. Yet an erosion of the permanence of North Korea's governance capacity and independent security options shifted that path, and absorption seems more logical in recent years.

Yemen

In the years leading up to the Yemeni unification agreement of 1990, the weaker regime's outside options were eroding as its economy stagnated and its external ties eroded, but particular geographic and regional political features gave the two sides the ability to devise relatively low-cost mechanisms to credibly ensure the

13. Recent examples include: Sukyong Choi, "Divided States: Reunifying without Conquest," in I. William Zartman, ed., *Preventive Negotiation: Avoiding Conflict Escalation* (Lanham: Rowman & Littlefield, 2001), pp. 91–112; Ki-Joon Hong, "Path Emergence on the Korean Peninsula: From Division to Unification," *Pacific Focus*, 27-1 (2012), pp. 86–110; Robert Kelly, "The German-Korean Unification Parallel," *The Korean Journal of Defense Analysis*, 23-4 (2011), pp. 457–472; Stefan Niederhafner, "The Challenges of Reunification: Why South Korea Cannot Follow Germany's Strategy," *Korea Observer*, 44-2 (2013), pp. 249–287.

vulnerable regime's leverage. As a consequence, the secure regime – the Yemen Arab Republic (YAR), or North Yemen – used a confederal strategy to effect a merger with the vulnerable regime – the People's Democratic Republic of Yemen (PDRY), or South Yemen – despite the fact that the South Yemeni political economy may have been on the verge of collapse and an absorptionist approach might in principle have succeeded.

Although North and South Yemen shared a common culture and dialect, the states had not been politically unified in the modern era prior to 1990. North Yemen achieved independence from the Ottoman Empire after World War I, while South Yemen became independent from the British Empire in 1967 and aligned with the Communist bloc. North Yemen tended to align more with the West, and in general maintained close ties with Egypt. Although they officially pursued different foreign policies, a joint statement in 1972 affirmed a mutual desire for eventual unification. Despite this common aspiration, however, their economies remained nearly closed to each other and there were frequent border disputes through the late 1980s.¹⁴

In January 1986 an internal leadership struggle in the Communist South led to a civil war as factions within the ruling elite mobilized ever-larger mass movements, competitively reaching outside the narrow socialist governing party for support.¹⁵ Most of the regime collapsed and was replaced with a more radicalized Marxist government. Although the new regime's foreign ties and domestic agenda were largely unchanged from the prior government's, it was in a more precarious position internally and the regime's Soviet and East German patrons advised the new leaders to stabilize their rule by expanding both domestic and regional ties. This perestroika-era Soviet advice was designed to preserve the Socialist party's rule by reducing the influence of the military and tying the regime directly to society, reducing the prospects for future instability.¹⁶

The South until that time had made substantial investments in education and health infrastructure, but domestic production was stagnant, and the agriculture and fishing sectors were much weaker compared with the North and neighboring states. Oil and gas exploration had been limited by a lack of foreign investment and political uncertainty. Remittances from workers abroad made up a substantial share of both Yemeni states' national accounts. In 1986 and 1987, however, oil fields were discovered in both regions, raising the incentives for stability. Thus the border was settled in 1987 and demilitarized in 1988, and in 1989 a joint North–South oil pipeline and exploration projects were underway.¹⁷ Still, a lack of investment

14. Siobhan Hall, *Yemen: The Politics of Unity* (London: Gulf Centre for Strategic Studies, 1991).

15. Fred Halliday, "Catastrophe in South Yemen: A Preliminary Assessment," *MERIP Middle East Report*, 139 (1986), pp. 37–39.

16. Norman Cigar, "Soviet-South Yemeni Relations: The Gorbachev Years," *Journal of South Asian and Middle Eastern Studies*, 12-4 (1989), pp. 3–38.

17. Klaus Enders, ed., *Yemen in the 1990s: From Unification to Economic Reform* (Washington, D.C.: International Monetary Fund, 2002); Joseph Kostiner, *Yemen: The Tortuous Quest for Unity, 1990–94* (London: Pinter Pub Ltd, 1996).

hindered full development in the South, and despite attention from the regime, the new Shabwah oil field was producing poorly. In 1988 the “Supreme Yemeni Council” was revived (technically in place since a 1982 agreement, it had been dormant since then), and at the end of that year the two regimes agreed to produce a draft constitution for a unified state in 6 months, to be voted on in a joint referendum 6 months after that.¹⁸ The final impetus to union was the 1989 Soviet and East German withdrawal from military and secret police facilities, leading to the decision in 1990 to accelerate the implementation of the new constitution.

The union of the two regimes was not one of equals. At the time of unification, the North had roughly five times the population and economy of the South, and the North was more stable and domestically secure, governing with a minimum of force through a network of personal contacts with tribal leaders.¹⁹ The internal challenges facing the South were far greater, especially after 1986 when the new government faced opposition from outside the new regime. Although the new government was only weakly consolidated, it had several lifelines.²⁰ One was that it had successfully implemented the series of reforms prompted by the general thawing of the Cold War and had, by July 1989, conducted reasonably free and fair elections that increased support for the government. The South Yemeni regime had been Communist in name and by official doctrine and ideology, but it had in fact been a mixed economy that left latitude for private commercial enterprise.²¹ Furthermore, although Soviet support was evaporating, the expansion of regional ties after 1986 left the PDRY less isolated than before and yielded more foreign aid and opportunities for guest workers.

As with Korea, a cultural connection between peoples coexisted with extremely antagonistic relations between the regimes, making unification seem unrealistic before the late 1980s – in 1978 a South Yemeni agent posing as a peace envoy assassinated the North Yemeni President Ahmad al-Gashmi with a briefcase bomb.²² Through 1990, North Yemen harbored Ali Nasr Muhammad, the President of South Yemen deposed in the 1986 coup, along with 40,000 of his supporters, threatening the post-1986 regime.²³

18. Robert D. Burrowes, “Prelude to Unification: The Yemen Arab Republic, 1962–1990,” *International Journal of Middle East Studies*, 23-4 (1991), pp. 483–506.

19. Joseph Kostiner, *op. cit.*

20. Most authors cited here conclude that the regime was probably sustainable on its own, although Burrowes concludes that it was on the verge of collapse. See: Robert D. Burrowes, “The Republic of Yemen: The Politics of Unification and Civil War, 1989–1995,” in Michael C. Hudson, ed., *Regional Integration in the Arab World: Problems of Political and Economic Fragmentation* (New York: Columbia University Press, 1999), pp. 187–213.

21. Sheila Carapico, “The Economic Dimension of Yemeni Unity,” *Middle East Report*, 23 (1993), pp. 9–14.

22. Michael C. Hudson, “Bipolarity, Rational Calculation, and War in Yemen,” *The Arab Studies Journal*, 3-1 (1995), pp. 9–19.

23. Joseph Kostiner, *op. cit.*

In studies of Yemeni unification, scholars have identified three principal motives. First, there was a general interest in both states on the grounds of cultural similarity and the belief that the border had been artificially imposed by the British and Ottomans, despite the fact that Yemen had rarely been united previously. Second, both sides perceived economic gains, from a common market that would have benefited the North's commercial sector and from the potential joint gains from oil and gas development along the common border and shipment via the Southern port of Aden. Third, unification was a potential solution to political instability, since both regimes could have benefited from pooling their resources against domestic sources of opposition, and the South would especially have gains.

Unification between the North and South could have, in principle, involved absorption, a complete takeover of the South. Since 1972, stated policy in the North was that unification would only take the form of the incorporation of Southern regions into the YAR as new provinces, without any separate formal representation of the PDRY government in the unified state. In contrast, the constitutional arrangement the regimes reached in their 1988–1989 negotiations, implemented in 1990, included a number of very specific provisions that protected the interests of the existing leaders of the PDRY, keeping the Southern elite a separate and distinct power-center in the politics of the new country.²⁴ The regimes still competed with each other, but their expectation now was that their competition would take place within an institutional state setting rather than as international neighbors.²⁵ In the agreement, Haider Abu Bakr al-Attas, the President of South Yemen, became the Prime Minister of the new Republic of Yemen, with Ali Salim al-Beidh, the leader of the Socialist Party in the PDRY, becoming the Vice President. Cabinet positions were divided equally between the main Northern and Southern parties, each side's military was kept separate and accountable to regional leaders, and positions in the civil service were allocated equally between North and South.²⁶

Other concessions to the South were designed to maintain the South's external ties and economic independence. The Southern port of Aden was made an autonomous free-trade zone and commercial capital, with specific protections written into the constitution.²⁷ To the extent that these guarantees were credible, they meant that the port city would be able to develop commercial ties outside of Yemen and that these ties would not be subject to the threat of disruption by changes in, for example, trade policy at the national level. Control of the military was kept at the regional level, so renegotiating the terms of the agreement would have been difficult in practice anyway. Since the North could have resorted to force in any

24. Michael C. Hudson, *op. cit.*

25. Rafiq Latta, *Yemen: Unification and Modernisation* (London: Gulf Centre for Strategic Studies, 1994).

26. Michael Collins Dunn, "The Wrong Place, the Wrong Time: Why Yemeni Unity Failed," *Middle East Policy*, 3-2 (1994), pp. 148–156.

27. Anna Hestler and Jo-Ann Spilling, *Yemen* (London: Marshall Cavendish, 2010).

case, even without a constitution, the concessions on Aden's status served as a mechanism to keep the South's outside options no worse than they would have been without an agreement.²⁸

Why did the states unify by confederation? Our theory points to two factors; the first is the administrative capacities of the two regimes. In Yemen, the Southern regime was precarious but the biggest set of challengers to the Southern regime came from the North itself, and in particular the rebels given sanctuary in Northern territory. A general political settlement as part of confederation was expected to shore up the internal capacity and legitimacy of the South, making it a more valuable partner. Furthermore, the Northern regime, based on personal networks between the center and tribal leaders would have faced high barriers to scaling up to exert control over the South.

The second factor has to do with military security. The robustness of the South's external ties created a situation in which the South would not expect confederation to uniquely erode its military capabilities or alliance partners, in comparison with the North. After the general Soviet retrenchment from the Third World in the early Gorbachev era, there was little left to the outside superpower commitment in any case. To the extent that other regional powers had any interests in the South, they were intrinsic, given the effective Southern control of the port in Aden; the port also gave the South direct access to other regional powers. If anything, regional powers with an economic interest in Aden would be expected to be more credible post-confederation allies than the Soviets since their interests were based on local balance of power considerations and specific economic assets, rather than on global balances.

The fact that the two regimes agreed to a confederal arrangement despite the potential opportunity for unilateral absorption by the North – the potential realized in the 1994 civil war when, after the economic collapse in the early 1990s, the Northern regime quickly conquered the South²⁹ – shows rather dramatically that

28. Unification proceeded with aid packages from the United States and Saudi Arabia to assist with both the transition and long-term stabilization, creating a general confidence that the unification project would be both sustainable and consistent with the new government's capacity. Robert D. Burrowes, "The Yemen Arab Republic's Legacy and Yemeni Unification," *Arab Studies Quarterly*, 14-4 (1992), pp. 41–68; Charles Dunbar, "The Unification of Yemen: Process, Politics, and Prospects," *Middle East Journal*, 46-3 (1992), pp. 456–476.

29. The 1994 civil war, resulting in a revision to the 1990 constitution, has sometimes been taken as evidence that the strategy of unification the two regimes followed was flawed (see, for example, Michael Collins Dunn, *op. cit.*). This reading, that confederation was a mistake by myopic leaders rather than the product of structural forces, is almost certainly unfair as the crises that tore apart the new Republic of Yemen in 1990 were unforeseeable and would have challenged any state. Following a longstanding alliance, Yemen sided with Iraq in the 1991 Gulf War. This led to the immediate suspension of aid from the United States, Saudi Arabia, and most other major donors, which had been the lynchpin of the unified regime. Jonathan Addleton, "Economic Prospects in a United Yemen," *Journal of South Asian and Middle Eastern Studies*, 14-4 (1991), pp. 2–14. The split with Saudi Arabia led to the expulsion of 850,000 Yemeni guest workers, cutting off one of the single largest sources of Yemen's financing and creating a large population of refugees among the returnees during

the opportunity to absorb even an insecure state is not, by itself, enough to lead a state to make that choice. Here, a confederal agreement was credible, and the two sides took it.

Germany

Unlike in Yemen, by the time that reunification was settled by the summer of 1990, West Germany had made no meaningful promises to share power with the former rulers of the East, and the Eastern government ceased to exist as the regions making up East Germany joined the Western political system under the same terms as the existing Lander (sub-national units) of West Germany. This was despite the fact that as late as spring 1990 there was a consensus within Germany that unilateral absorption of the East would be implausible and that a confederal agreement would be the mostly likely path to reunification. A series of developments that were surprising at the time, however, led to an agreement for absorption by the summer.

Two often-overlooked historical points are worth noting. First, as the Eastern regime began to collapse in 1989, eventually leading to the ousting of Erich Honecker as the leader of the country in October, reunification was not high on the agenda for activists or regime leaders in the East or for Western leaders. The umbrella organizations coordinating the reform movements in the East worked mainly through churches and trade unions and advocated political reforms to the East German state using slogans that referred to changes to “our country.” They were indeed suspicious of Western influence, which they saw as overly capitalistic and unlikely to support the kinds of political reforms that were consistent with preserving socialism.³⁰ The emphasis was maintaining the economic system of East Germany while solving the political abuses of the state.³¹

In West Germany as well there was little movement for reunification throughout most of 1989. Beginning in the summer of 1989 the US State Department initiated a series of meetings with West German diplomats to discuss a strategy for reunification, but was rebuffed as the West German Foreign Minister showed little interest even in developing a contingency plan.³² The government of Helmut Kohl was drawn from the center-right of the West German political spectrum, and Kohl seemed to share the conventional view among members of his party that because

what was already an unusually severe drought. It also created new security problems for Yemen and ended further regional economic integration; see Manfred W. Wenner, “National Integration and National Security: The Case of Yemen,” in Bahgat Korany, Paul Noble, Rex Brynen, eds., *The Many Faces of National Security in the Arab World* (London: Macmillan, 1993), pp. 169–184.

30. Ernest D. Plock, *East German-West German Relations and the Fall of the GDR* (Boulder: Westview Press, 1993), pp. 170–173.

31. Helmut Walser Smith, “Socialism and Nationalism in the East German Revolution, 1989–1990,” *East European Politics & Societies*, 5-2 (1991), pp. 234–246.

32. Richard Leiby, *The Unification of Germany, 1989–1990* (Westport: Greenwood Press, 1999), p. 57.

Eastern voters were ideologically socialist, a reunified Germany would be inhospitable to Kohl's right-wing Christian Democrats.³³

Second, Kohl's dramatic reversal on 28 November 1989, in which he began to advocate a plan for reunification, was actually centered on a modest plan for incremental confederation.³⁴ He presented to the Bundestag a Ten-Point Plan for German Unity that described "confederative structures" as an end-point. After series of meetings with Kohl, Hans Modrow, who had become the effective leader of East Germany in November 1989, described their common vision for a "community of treaties" between the two states on a variety of technical matters.³⁵ At this time, there were still few international forces compelling a rapid move by either party; the Soviet Union was weakening its presence in Eastern Europe, but was still fundamentally intact. It was not until later, after the summer of 1990 when rumors of internal challenges to Mikhail Gorbachev's reformist government began to surface, that Western leaders began accelerating plans for a rapid absorption of the East.³⁶

The assumption underlying the confederation strategy, which lasted from roughly the end of November 1989 until mid-February 1990, was that East Germany would undergo a gradual period of political reforms that would make it a reliable partner for cooperation on social, economic, and environmental issues.³⁷ Not only did this approach reflect the common assumption at the time that the East German regime was fundamentally stable, it was also rooted in the core foreign policy strategy Kohl had adopted as West German Chancellor. Although the strategy of *Ostpolitik* – diplomatic and economic engagement with the East – had originally been devised as an alternative to the more traditionally hard-line Christian Democratic approach to the Communist East, by the 1980s *Ostpolitik* was seen in Germany as having been a success, and Kohl himself had been instrumental in extending the policy in the early 1980s by negotiating a loan to East Germany and by hosting Honecker on a formal visit to Bonn in 1987. At that visit, Kohl's senior foreign policy advisor told journalists that Kohl's project was to achieve effective

33. Stephen Szabo, *The Diplomacy of German Unification* (London: St. Martin's Press, 1992), p. 20.

34. Kohl was apparently trying to outmaneuver his Foreign Minister, Hans-Dietrich Genscher, the head of the junior coalition partner Free Democratic Party who was staking out a position to Kohl's left prior to upcoming elections. Kohl informed neither American and Soviet leaders, nor even his own Foreign Minister, before making the November 28 proposal, suggesting that it may have been intended as much for domestic as international consumption. Within West Germany there was opposition to reunification not just on the right, for practical reasons, but on the left as well, for ideological ones; see Harold James and Marla Stone, *When the Wall Came Down: Reactions to German Unification* (New York: Routledge, 1992), pp. 57–59, 86–102, and 106–107.

35. Stephen Szabo, *op. cit.*

36. Pekka Kalevi Hämäläinen, *Uniting Germany: Actions and Reactions* (Sudbury: Dartmouth Publishing, 1994), p. 239.

37. Ernest D. Plock, *op. cit.*, p. 175.

functional cooperation and that the aspiration of reunification was “completely beyond reality.”³⁸

Attitudes toward reunification as a practical objective only began to change in February 1990, as the fundamental weakness of both the East German regime and the Soviet bloc generally became apparent. By December 1989 the United States had begun informally discussing the terms of loans or aid to the Soviet Union, and rioting in the Soviet Republic of Moldova entered its second month without drawing a Soviet military response. The apparent dissolution of Soviet coercion in Moldova was widely seen at the time as evidence of a sea change in Soviet policy toward potential uprisings on the periphery, leading to a reexamination of assumptions about Soviet power throughout Eastern Europe.³⁹

Still, West Germany’s approach only shifted gradually as West German Foreign Minister Genscher and Chancellor Kohl explored their options. The January 1990 Genscher plan, a slight extension of Kohl’s approach from November, envisioned limited policy cooperation between governments with a formal reunification to be contemplated only after complete free elections in East Germany, which were expected to be years off. Negotiations over technical issues continued until the parliamentary elections in the East on 18 March 1990, which surprised Western leaders both in how quickly they were organized and also in a stronger-than-expected showing by a pro-reunification coalition.⁴⁰ At that point, West German policy shifted again. With East Germans rejecting the slow process set out in the Genscher Plan, Kohl found willing partners in the remnants of the East German political system and began planning for a rapid reunification. Negotiations accelerated, and with an agreement between West Germany and the Soviet Union that was sealed in July, reunification formally took place in October.⁴¹

Our theory postulates that leaders will choose confederation – preserving both regimes, they can continue bargaining with each other within a new confederal system – when the weaker regime is more politically stable and has an advantage over the stronger regime in governing locally, and when it has the capacity, either through internal resources or external ties that are not conditional on reunification decisions, to provide for its own defense. In the case of German reunification, there are two questions to address: why did East and West Germany begin negotiations in November 1989 based on a shared premise of reunification via confederation? And why did they shift in March to a common policy of reunification through absorption?

38. Clay Clemens, *Reluctant Realists: The Christian Democrats and West German Ostpolitik* (Durham: Duke University Press, 1989), p. 227; A. James McAdams, *Germany Divided: From the Wall to Reunification* (Princeton: Princeton University Press, 1993), p. 191.

39. Mark Beissinger, *Nationalist Mobilization and the Collapse of the Soviet State* (Cambridge: Cambridge University Press, 2002), p. 226.

40. Geoffrey Pridham and Tatu Vanhanen, *Democratization in Eastern Europe* (London: Routledge, 1994), p. 135.

41. Konrad H. Jarausch, *The Rush to German Unity* (Oxford: Oxford University Press, 1994), p. 169.

Our argument begins with governance capacity. In late 1989 leaders on both sides perceived the fundamental political institutions of the East German state to be intact, and that while political reforms in the East were inevitable they would be accomplished through incremental changes within the system, without ending the regime itself. Furthermore, there was still the widespread view that the Soviet presence in Eastern Europe would stabilize the Communist system in the East. In this context, confederation was the preferred approach for both sides. From the perspective of the West, concessions to stabilize the Eastern regime had little downside; Westerners expected the East to persist anyway, and so cooperation would simply improve the quality of relations and improve Western welfare without uniquely preventing (or triggering) an Eastern collapse.

The changes to the basis of the Eastern regime in early 1990, including the then-obvious withdrawal of Soviet military support for Communist regimes throughout Eastern Europe as well as the continued ineffectiveness of the East German state without the instruments of political repression, are associated with a shift to absorption. Furthermore, the generalizability of the West German administrative apparatus meant that Westerners could easily conclude that transplanting their own system into the East would be a more stable solution than relying on existing local authorities.

Our argument about external ties is that leaders in an insecure regime will be unlikely to negotiate a confederation agreement if they believe that confederation itself will reduce the support they receive from a strong outside ally. Conversely, confederation is palatable when the strong external ally has an intrinsic interest in the regime's security, so that it would defend the regime even after a confederation agreement and would not abandon its former ally using the change in status as a pretext. In late 1989, especially prior to the November unrest in Moldova, East Germans could believe that the Soviet Union had an intrinsic interest in maintaining a balance of power in Central Europe and the capacity to act on that interest. This further reinforced the appeal of confederation since even after a confederal agreement the Soviets would have an intrinsic interest in guaranteeing the security of the Eastern regime as a buffer for their own security. By early 1990 as Soviet weakness became clear, it was at best uncertain whether the Soviets would support their allies. Indeed, although the Genscher Plan specified in January that Soviet troops could remain in East Germany for a period of time to be negotiated, and Kohl and Gorbachev had an informal understanding on this point as well, by March leaders began to doubt that Soviet troops would help sustain the regime even if they were physically located there. The unraveling of Soviet credibility meant that a confederal bargain was no longer credible.

Would the democratic character of West Germany, binding its leaders in a system of constitutional procedures and other checks, have itself been enough to make a confederation agreement credible? One common argument made by scholars in international relations is that commitments made by democracies, such as

West Germany in this situation, are intrinsically credible.⁴² However, the credibility advantages sometimes attributed to democracies do not apply in this instance. Democracies are selective about which agreements they enter into. Because of broad domestic accountability and procedural hurdles in the legislative process, they only enter into those agreements they expect they will prefer to uphold in the future. However, in the case of reunification, the credibility problem does not stem from a future preference to leave an agreement, but rather from a future bargaining advantage stemming from the weaker regime's rising vulnerability. Democracies are just as able as non-democracies to behave opportunistically by taking advantage of their partners' negotiating disadvantages, especially given their inability to commit even to core procedures.⁴³

The case of Germany therefore shows that, despite a pre-1990 consensus that reunification would proceed through a confederation of existing regimes and despite the supposed advantages democracies have in making commitments, the confederal path quickly fell apart in early 1990 in the face of rising political instability, the portability of the West German administrative apparatus, and declining security capabilities of East Germany.

Korea

In 1990 North Korea, unlike East Germany, had the political competence and security assets that might have made confederation a plausible path to reunification. However, since the death of Kim Il-sung in 1994, the North's growing instability and diminishing external ties have made the confederation path more and more implausible. This does not imply that absorption is desirable policy-wise – it simply means that if there were to be a reunification, however unlikely, it would be more logical to expect a Southern absorption of the North.

Prior to early 1990s, North Korea could make a reasonable claim to local administrative competence. Per capita, North Korea's economic performance exceeded South Korea's until the mid-1970s, and until the early 1980s the economies of the two states diverged only slowly. Political instability in the South rose through the 1980s and student-led protests against the Chun Doo-hwan regime, which was widely seen as corrupt and authoritarian fueled North Korean propaganda – a situation not reversed until the consolidation of South Korea's democracy.⁴⁴ Even throughout the 1990s, the conventional authoritarian practices, such as the manipulation of nationalism and the judicious use of coercion, easily

42. Charles Lipson, *Reliable Partners: How Democracies Have Made a Separate Peace* (Princeton: Princeton University Press, 2003).

43. Lloyd Gruber, *Ruling the World: Power Politics and the Rise of Supranational Institutions* (Princeton: Princeton University Press, 2000); Melissa Schwartzberg, "Athenian Democracy and Legal Change," *American Political Science Review*, 98-2 (2004), pp. 311–325.

44. Hong Yung Lee, "South Korea in 1992: A Turning Point in Democratization," *Asian Survey*, 33-1 (January 1993), pp. 32–42.

maintained the North Korean regime.⁴⁵ Furthermore, unlike East Germany, North Korea's Communist superpower patron survived the Cold War intact and seemed to maintain its intrinsic security interest in the preservation of the Northern regime.⁴⁶

Therefore, as consistent with the logic of our theoretical propositions, confederation would have been the more likely path to reunification at least until the early 1990s, and the actions of South Korean elites in particular indicate that they accepted confederation as a distinct possibility.⁴⁷ The first serious Southern attempt to lay out a non-military strategy for reunification was Park Jung-hee's 1970 "Declaration on the Means of Peaceful Unification" and 1972 "July 4th Joint Communiqué" with the North; these described a common goal of national unity through peaceful means.⁴⁸ The inter-Korean talks eventually stalled, but as South Korea matched and then surpassed the North's level of economic development and military spending,⁴⁹ the newly democratizing Southern regime raised the issue again. The Roh Tae-woo government in its 1988 "July 7 Declaration" proposed a three-stage approach to reunification: first, a confidence-building stage that would initiate and expand cooperation between the two Koreas; second, a confederation stage in which two separate states and governments would co-exist under the name of one nation; and, third, the establishment of a fully unified government on the Korean Peninsula.⁵⁰ Seeing itself in the confidence-building stage, the administration negotiated a deal whereby North and South Korea finally joined the United Nations simultaneously in 1991 and the two Koreas signed a "Basic Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation" and a "Joint Declaration on the Denuclearization of the Korean Peninsula" in 1992.

The Roh government's reunification policy can be attributed to the South's strengthening bargaining position. From the South's perspective, growing ties with the North did not put its independence at risk, and the assumption underlying the third stage (a fully unified government) was that it would be more Southern in character. The disintegration of the Communist bloc in general – and German reunification in particular – helped usher in Roh's overarching foreign policy of *Nordpolitik*, a plan to normalize relations with the Soviet Union and China while

45. Daniel Byman and Jennifer Lind, "Pyongyang's Survival Strategy: Tools of Authoritarian Control in North Korea," *International Security*, 35-1 (2010), pp. 44–74.

46. Jae Ho Chung and Myung-hae Choi, "Uncertain Allies or Uncomfortable Neighbors? Making Sense of China–North Korea Relations, 1949–2010," *The Pacific Review*, 26-3 (2013), pp. 243–264.

47. For the trajectory of South Korea's reunification policies since the division of the Korean Peninsula, see Jai Kwan Jung and Chad Rector, "South Korea's Reunification Dilemmas," *Asian Politics & Policy*, 4-4 (2012), pp. 487–505.

48. Earlier in Park's regime, reunification was a lower priority, reflecting the view that economic development should precede any attempts at reunification so as to ensure that the South could approach the issue from a position of strength. Yu-hwan Koh, "Unification Policies of Two Koreas and Outlook for Unity," *Korea Focus*, 8-6 (2000), pp. 1–18.

49. Victor D. Cha and David C. Kang, *Nuclear North Korea: A Debate on Engagement Strategies* (New York: Columbia University Press, 2005), pp. 48–50.

50. Yu-hwan Koh, *op. cit.*, p. 5.

refraining from any actions that would isolate Pyongyang. *Nordpolitik* was designed as a tool for pursuing the ultimate goal of reunification by capitalizing on the breakdown of the Cold War structure.⁵¹ The end of Soviet subsidies to North Korea combined with the continued success of the South's development model seemed further to strengthen the South's position.

Progress on inter-Korean relations halted after the nuclear crisis of 1993–1994. More importantly, in 1994 Kim Il-sung died 2 weeks before a scheduled summit to defuse the crisis, and a widespread suspicion whether the North would sustain its regime without Kim Il-sung emerged within the Southern elite. As it happened, however, the Northern regime emerged intact from a famine and the leadership succession to Kim Jong-il without any substantive political reforms, and the economic situation improved slightly with food aid from the South and the United States.⁵² Unlike East Germany, the North Korean regime weathered the storm. It is also worth noting that over the 1990s the North developed a considerable military capacity to deter actions by the South or its allies to change the status quo. With its nuclear arsenal and its ability to attack Seoul pre-emptively using conventional artillery, Kim Jong-il's regime could create the perception that any unilateral move by the South would risk disaster.

In the face of the seeming stability of the Northern regime, the Kim Dae-jung administration formulated its reunification policy based on the assumption that North Korea would be unlikely to collapse soon.⁵³ Kim Dae-jung's "Sunshine Policy" was intended to induce a voluntary opening of the North through unconditional economic engagement, while making it clear that the South would not pursue any plan for reunification by absorption.⁵⁴ The concrete steps included an opening of commercial ties, through tourism at Mt Geumgang and manufacturing at the Gaesung Industrial Complex, and a regulated but growing flow of people across the border. Philosophically, the Kim Dae-jung administration pursued economic cooperation regardless of the level of political tension, separating economics from politics and thereby making the reconciliation process irreversible. As acknowledged in the first summit between the two Koreas in 2000, Kim Dae-jung's formula for reunification also maintained a confederation stage, in which the political systems of the two sides would undergo some sort of merger as a precursor to subsequent negotiations. These engagement policies continued during the Roh Moo-hyun administration, but without any progress on a confederal

51. Hakjoo Kim, "The Republic of Korea's Northern Policy: Origin, Development, and Prospects," *Japan Review of International Affairs*, 5 (1991), pp. 25–51.

52. For the famine in the 1990s, see Stephen Haggard and Marcus Noland, *Famine in North Korea: Markets, Aid, and Reform* (New York: Columbia University Press, 2007).

53. Soon-young Hong, "Thawing Korea's Cold War: The Path to Peace on the Korean Peninsula," *Foreign Affairs*, 78-3 (1999), pp. 8–12; Marcus Noland, "Why North Korea Will Muddle Through," *Foreign Affairs*, 76-4 (1997), pp. 105–118.

54. Chung-in Moon, "The Sunshine Policy and the Korean Summit: Assessments and Prospects," *East Asia Review*, 12-4 (2000), pp. 3–36.

agreement, the reconciliation process halted and even reversed, as the conservative elite took the presidential office in 2007 when the North Korean nuclear problem became more and more irresolvable.

This non-progress on a confederal agreement reflects that conditions on the Korean Peninsula have changed since the mid-1990s, as both of the factors we highlight – administrative competence and the North’s security assets – have shifted in a way that suggests that absorption may be the more plausible path. Although the Northern regime has developed internal measures to secure its rule, it has not demonstrated that it is particularly effective at generating economic growth through the kinds of public investments typically demanded in countries with more representative governments. The South Korean state, conversely, has led to the rise of a professional and competent civil service of comparable quality to bureaucracies found in other advanced democracies,⁵⁵ leaving little question that the North lacks any special comparative advantage in local administration. This does not mean that absorption would be cheap from the South’s perspective; rather, it means that *given a reunification* there would be no particular advantage to using existing Northern cadres over Southern institutions.

After democratization in the South, the systems of governance between the two Koreas could not be more different, with the South governed as a modern open democracy and the North as an inward-looking authoritarian state. Ideological differences run deep; in particular, the kinds of human rights abuses committed by the Northern regime far exceed those of the East German regime, making it unlikely that the Southern regime would permit the continuation of the Northern regime if it were within its power to end it. Furthermore, emigration from the North may already be intrinsically destabilizing to the regime, and confederation might make population movements easier.⁵⁶ Our theory therefore predicts that a Korean confederation would only be credible if the Northern regime had unique assets that would allow it to survive within a reunified system and maintain its bargaining position *vis a vis* the Southern regime.

However, security considerations have also been consistent with the shift in recognition of absorption as the more plausible path to Korean reunification. The security assets in which the North Korean regime has invested since the 1990s, including not just its nuclear arsenal but its conventional artillery that can target Seoul for strategic strikes against the Southern regime and population, are well suited for use in contests of brinkmanship in which the aim is to avoid being coercively absorbed by the South.⁵⁷ These assets are not likely to be particularly

55. M. Jae Moon and Changho Hwang, “The State of Civil Service Systems in the Asia-Pacific Region: A Comparative Perspective,” *Review of Public Personnel Administration*, 33-2 (2013), pp. 121–139.

56. Kyung-Ae Park, “People’s Exit in North Korea: New Threat to Regime Stability?” *Pacific Focus*, 25-2 (2010), pp. 257–275.

57. David C. Kang, “International Relations Theory and the Second Korean War,” *International Studies Quarterly*, 47-3 (2003), pp. 301–324.

useful for helping the Northern regime sustain its position with a confederation, since any plausible confederation agreement will give the Southern regime greater physical access to those Northern military assets that target the South and other regional powers. To the extent that a confederation involves any degree of joint control of the Northern military, or at least an exit option for Northern military officers and a more credible threat of punishment by the South if they cross Southern objectives, the Northern capacity for brinkmanship will be even more severely eroded.

Although China survived and prospered, after the end of the Cold War its interests in North Korea have changed. Prior to the 1990s, China may have had an intrinsic interest in the preservation of a nominally Communist regime in North Korea, giving China an interest in acting as a guarantor, helping to maintain the North Korean regime in place even if it were to join with the South with a confederation. More recent developments, however, make it far less clear that China would be willing to continue to play such a role.⁵⁸ Beijing places a higher value on China's rapidly growing trade with South Korea than on the ideological consistency of supporting the North and shares few goals with the Kim regime in North Korea other than stability.⁵⁹ Furthermore, China's interest in asserting sovereignty over Hong Kong and Taiwan may make it reluctant to interfere in an internal matter within a Korean confederation, as foreign policy discourse within China emphasizes non-intervention in the internal affairs of sovereign states as a core value.⁶⁰

In summary, from the post-Cold War to the present, the North Korean regime lost any unique claim to local administrative competence, it developed security assets that would not be useful in maintaining its position in a confederation, and its primary outside patron became less intrinsically interested in the survival of the Kim regime. Our theory therefore can account for a shift from confederation as a desirable path of reunification in the 1980s and early 1990s to a tacitly growing recognition of absorption as a more expectable path. The North's military investments and the reunification strategies of the recent South Korean administrations suggest that leaders in both regimes also seem aware that, if reunification is to happen at all, it would be through an absorption by the South.

The recent South Korean administrations have, accordingly, enacted policies toward the North that do not pursue a confederal path to reunification. The

58. Jae Ho Chung and Myung-hae Choi, *op. cit.*

59. Dick K. Nanto and Mark E. Manyin, "China-North Korea Relations," *North Korean Review*, 7-2 (2011), pp. 94-101; Jian Zhang, *Vigorous Waves of East Asian Economic Integration and the Sino-South Korea Trade Relationship* (Center for Northeast Asian Policy Studies at the Brookings Institution, 2010).

60. Scott L. Kastner and Chad Rector, "National Unification and Mistrust: Bargaining Power and the Prospects for a PRC/Taiwan Agreement," *Security Studies*, 17-1 (2008), pp. 39-71; Ren Xiao, "The International Relations Theoretical Discourse in China: One World, Different Explanations," *Journal of Chinese Political Science*, 15-1 (2010), pp. 99-116.

continued impasse through Roh Moo-hyun's presidency, along with the rising tensions that culminated in the North's second nuclear test, led to a shift in strategy with the Lee Myung-bak administration. Lee's plan, Vision 3000, was rooted in the suspicion that the South's economic aid has been appropriated by the North to develop nuclear weapons.⁶¹ Even in carrying out economic cooperation projects not directly related to the nuclear issue, such as the Gaesung Industrial Complex, Vision 3000 stipulates that North Korea should first become a credible partner by abandoning its nuclear ambition and agreeing to other confidence-building, arms control measures before further talks on political integration proceed.⁶² Lee's successor, Park Geun-hye, advocates a strategy based on the prior development of trust before further talks, reflecting a consensus in Seoul that North Korean denuclearization must happen before any meaningful progress on reunification.⁶³

In our view, the recent strategies under Lee Myung-bak and Park Geun-hye do not envision the completion of a bargain with the North as a one-time event that would end the need for continued inter-Korean negotiations for reunification. Rather, they envision a course of negotiations that would reduce North Korea's leverage (in particular its leverage for resisting absorption) before any final settlement. So, for example, Southern proposals have included demands for processes that would weaken the Northern regime internally, reduce its ability to rely on external allies, and renounce some of its military assets (just as Northern proposals have called for an end to the US–South Korea military alliance as a precondition for bargains for reunification).

The overall pattern is one in which South Korea has tacitly moved from a posture in which it was willing to negotiate a reunification by confederation to a posture in which it would be necessary to be prepared to reunify the peninsula via absorption, while the North Korean regime has increasingly invested in assets that would be useful in resisting absorption rather than in assets that would allow it to survive within a confederation. As a practical matter, this suggests that leaders in both regimes might implicitly acknowledge that, *if reunification is to happen at all in the near future*, it is likely to be through an absorption by the South. It does not mean, however, that an adsorption of the North should be advocated. The Northern regime will resist absorption vehemently, thereby increasing military tensions on

61. For the limitations of South Korea's unconditional economic engagement policy toward North Korea, see Miles Kahler and Scott L. Kastner, "Strategic Uses of Economic Interdependence: Engagement Policies on the Korean Peninsula and Across the Taiwan Strait," *Journal of Peace Research*, 43-5 (2006), pp. 523-41. For a comparative analysis between the sunshine policy and Vision 3000, see Hong Nack Kim, "The Lee Myung-Bak Government's North Korea Policy and the Prospects for Inter-Korean Relations," *International Journal of Korean Studies*, 12-1 (2008), pp. 1-24.

62. Sung-han Kim, "North Korean Policy of the Lee Myung-bak Government," *KINU Insight*, 4 (2008), pp. 1-4.

63. David C. Kang, "The North Korean Issue, Park Geun-hye's Presidency, and the Possibility of Trust-building on the Korean Peninsula," *International Journal of Korean Unification Studies*, 22-1 (2013), pp. 1-21.

the peninsula, and ordinary citizens in the South would not support it because of the enormous economic costs. The South Korean government, therefore, cannot pursue absorption as its official reunification policy. Logically drawing from the theoretical propositions and the lessons from the cases of German and Yemeni reunification, our view is that, regardless of how appropriate it is normatively and realistically, absorption has become the more likely path, given the North's growing instability and security weakness in the past two decades.

Conclusion

Our question concerns not *whether* regimes in a divided country reunify but *how* they reunify. What strategic considerations influence whether confederation or absorption is the more likely path? We conclude that confederation is the more likely path when the weaker regime has a comparative advantage in governing its region competently and when it has security assets, whether from internal resources or external ties, that would persist within a confederation; otherwise absorption is the more likely path. We illustrate this theoretic logic by Yemen, which reunified via a confederation because the weaker South could govern locally and had external ties with intrinsic interests in the region, and Germany, which reunified via absorption when the Eastern regime became ineffective and outside patrons lacked any intrinsic interest.

This theoretical logic could be applied to the unresolved case of Korea as well. Prior to the mid-1990s, North Korea could maintain a claim to effective governance and its most important ally China had a definable interest in the Northern regime's security, so confederation appeared the most plausible path to reunification. Since the mid-1990s, however, the ability of the Northern regime to demonstrate competent governance has deteriorated and Chinese support has become more conditional. Recent moves by South Korean administrations seem to acknowledge that a Korean confederation is not feasible under any foreseeable development; instead, they seem to have premised that reunification – *if it happens at all* – is likely to be through a Southern absorption. Based on the logic of political reunification we present here, and the prior examples of Yemen and Germany, we conclude that this approach is more logically consistent at present with the internal and external conditions of the two Koreas.

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