

Developments and Future Challenges Regarding Inter-Korean Relations*

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1. Rationale for policy of reconciliation and cooperation toward North Korea

South Korea has been faced with territorial division for six decades, and we have been compelled to take this unique situation into account in formulating our North Korean policy. While South Korea and North Korea remain technically at war, we are still ethically homogeneous and have to figure out ways to coexist for many years to come. In this regard, our North Korean policy is bound to take on different forms and characteristics in comparison with diplomatic policies that deal comprehensively with other countries, and defense policies which focus on national security.

In hindsight of the past half century, in the midst of the Cold War, we had no other choice but to adopt the North Korean policy geared toward maintaining the nation's political regime and accordingly stayed antagonistic against the North until the 1980s. Pyongyang also took advantage of the division of the South and the North as a means to prop up its regime. The fall of communism and the end of the Cold War in the late 1980s and early 90s, however, created an amicable atmosphere where South Korea was finally able to seek progress in inter-Korean relations by proactively pursuing its North Korea policies. Nevertheless fearing possible regime collapse, North Korea stayed out of the transformation of the post-Cold War era and instead chose the path of isolation and reclusion. In addition, the death of its founder Kim Il Sung and recurring drought and flood for 3~4 years from 1995 took a heavy toll on North Korea's economy, rendering it almost irreparable. Amid North Korea's aggravating predicament, we could not expect any significant policy-change from the North; and the improvement of relations between the two Koreas appeared to be remote. It was therefore not until 1998, when North Korea started to overcome its insecurity about its shaky regime and pursue change in its own right, that we implemented policies encouraging reconciliation and cooperation.

Some favored the idea that we should accelerate North Korea's disintegration by applying pressure and adopting a containment policy. Yet, that was not a viable option since Pyongyang, driven into a corner, could resort to military adventurism or so-called "suicidal provocation." North Korea still

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remained politically unified despite its economic hardship and neighboring countries did not favor the sudden downfall of North Korea, either. Accordingly, while bolstering the nation's strong security posture, we could only pursue a policy aimed at inducing North Korea to change its hard-line stance via reconciliation and cooperation with a goal of achieving peace in the process. That was probably the sole option on our part, in the light of our economic circumstances and the reality of our demographic distribution that over half the population, 25 million out of 47 million South Koreans, disproportionately living within 70 miles of the military demarcation line.

What I want to emphasize here is that we should not forget the unique situation on the Korean peninsula. If we work to understand this uniqueness, I believe we can understand why we are trying to solve the North Korean nuclear issue with a policy focusing on dialogue.

Historically, the end of the Cold War dawned in Europe not because of containment and pressure against East European countries and the Soviet Union, but because of active engagement efforts by the United States and Western countries. Our North Korean policy is also based on this historical backdrop, although we must inevitably pursue a two-fold strategy of deterrence/embrace and security/cooperation until Pyongyang relinquishes its strategy to revolutionize the South and military provocation against the South. In other words, we must maintain our current peacekeeping strategy by securing a robust security system to deter military provocation by North Korea, while simultaneously actively supporting a peacemaking policy in parallel.

Negative or passive peace is not sufficient for maintaining peace and security on the Korean peninsula. We must make dual efforts to create trust through a process of exchanges and cooperation, on the one hand, and at the same time establish a substantive cooperative relationship based on that trust to reduce mutual threats. In this regard, we can call our North Korean policy a "positive peace policy," in terms that the nation seeks to boost exchanges and cooperation with North Korea in order to expand the fundamental basis for peace.

2. Outcomes of developments in inter-Korean relations

Establishment of a substantive and cooperative relationship

The implementation of the reconciliation and cooperation policy and the 2000 South-North Korea summit meeting prompted the conversion of the inter-Korean relationship marked by confrontation, a relic of the Cold War era, to one of peace and coexistence. It also served as a milestone in heading South-North relations into a practical phase.

Dialogue with the North steadily increased in frequency: 33 contacts in 2002, 38 times in 2003 (for 106 days), 25 times prior to the suspension of talks in July 2004, and 26 times from April (when

the talks were resumed) until September this year. Not only the increase in the number of contacts, but also in the areas which the dialogue covered, demonstrates that substantive communication took place. Areas include, but are not limited to, fisheries, marine, light industry, development of mineral resources, and agriculture. This suggests that the dialogue between the South and the North is not being used as a forum solely for political propaganda, but also for “substantive negotiations.”

The continuous flow of communication is an indicator that one dialogue leads to another and relations are developing in various areas. During this course Pyongyang gained more trust in Seoul, enabling enhanced exchanges and cooperation between the two Koreas. For instance, there has been a rapid increase in the number of South Koreans visiting the North. From 2002 to August this year 105,000 South Koreans, excluding Mt. Geumgang tourists, have visited the North. Among them, 50,000 visited the North this year alone. This is a 47-fold increase from some 2,200 who visited between 1991 and 1997.

Trade volume also grew to US\$720 million in 2003, positioning South Korea as a major trading partner of the North that imported one-third of North Korea’s exports (as of this August, worth US\$690 million). And massive economic projects involving the two Koreas have appeared, including various construction projects linking the South-North railroads and highway and the development of Gaesung Industrial Complex and Mt. Geumgang Special District. Of them, the construction of Gaesung Industrial Complex that has commenced in earnest is not only a project aimed at economic cooperation but also a symbolic gateway to joint prosperity and peace on the Korean peninsula.

With the improvement in the logistics infrastructure linking the two Koreas and facilitated economic exchanges, I positively believe that peace will eventually dawn on the Peninsula. In particular, inter-Korean military cooperation will be inevitable, although sporadic, as goods and personnel will be exchanged, passing across the demilitarized zone, and a wider geographic area will be affected by such exchanges as a result of the increased points of contact. It is noteworthy that while we’re pursuing economic cooperation across the Korean peninsula, we are thereby increasing the probability of military cooperation and easing tension. It is well-known that Gaesung and Jangjun port are strategic military strongholds for North Korea. Nevertheless, North Korea opened them in order to promote economic cooperation, including the construction of railroad and highways, the development of Gaesung Industrial Complex, and the Mt. Geumgang tour project. In order to ensure a militarily secure economic cooperation across the DMZ, several rounds of working level talks between military working level officers have taken place, and a direct military hotline was set up within 10 years of the initiation of such talks.

Nowadays, the South and the North have passed the stage of fruitless empty talks that did not penalize broken promises. Cooperation on the military front to support economic exchange projects is under way and trust is being built, though still at a low level. It is encouraging to see signs of thawing tensions amid this process of economic cooperation.

Seoul's Participatory Government is making all-out efforts to establish a mechanism to ease tensions and build military trust by elevating the military cooperation to a higher level. As a first step to achieving this, the two Koreas agreed in principle to promptly hold a general level meeting during the 13th ministerial meeting (Feb. 3~6, 2004), followed by two rounds of general level meetings and four rounds of working level meetings in which both parties agreed to prevent accidental military conflicts in the West Sea, halt mutual propaganda denunciation along the demarcation line and remove propaganda signs across the border. I believe that these peacekeeping efforts are supporting peacemaking results and vice versa. In this process, more peace on the Korean peninsula can be ensured.

Changes in North Korea: significant change

In parallel with the substantive turnaround in inter-Korean relations, there are hints of significant internal changes in North Korea. It is natural that we are interested in even minor changes occurring in the North, as our North Korean policy focuses on “support of North Korean changes through inter-Korean exchange”.

In the past, we tended to view those changes from a dichotomous perspective: “strategic change vs. tactical change;” or “symbolic change vs. fundamental shift.” However, this black and white type of interpretation can result in analytic fallacy, as this view considers only the result and not the process in which changes are made in North Korea. Accordingly, I believe, there is a stage we should not neglect in the process of change of inter-Korean relations and internal change within Pyongyang. That is “significant change;” as an intermediate stage from tactical or symbolic change to strategic or fundamental change. In the light of changes occurring in North Korea, there are signs of “significant change” in North Korea's economy.

Recently, for several years, North Korea has been implementing realistic economic policies concerning its foreign exchange rate, wage and price system to overcome its economic predicament, giving more economic leeway to individuals and businesses. In addition, some 40 general markets have been set up in Pyongyang alone and around 350 in major cities across the country since March 2003, providing wider outlets for private economic activities, albeit still limited. Special economic zones also have been designated to serve as a buffer for economic openness, and the North is actively exploring reform and opening-up models by sending delegates specializing in market economy and law to countries like China, Vietnam, and some in Europe. Our assessment is that this move is designed to foster professional working-level personnel to support its reform and opening-up policy in earnest.

The recent move by North Korea to pursue pragmatism is reminiscent of the reform and openness by China and Vietnam in their early days of reforms in the 1990s. Changes in the social and cultural sectors are proceeding apace, along with economic reform. A growing number of North Koreans are opening their eyes toward practical values and the market economy. More North Koreans are adopting capitalistic values, such as earnings and profits, as individuals start to trade in the

marketplace. Their working attitude has become more active and positive with the adoption of incentive systems.

Furthermore, North Koreans are being less distrustful and hostile toward their Southern counterparts. In some parts of the North, South Korean songs and commodities are being sold, with growing preference for South Korean products and heightened interest in the South's popular culture. Sacks of rice labeled "Made in South Korea" and sacks of fertilizer marked with names of South Korean manufacturers are being recycled across North Korea. Changes in North Koreans' attitudes have become possible with facilitated exchanges in goods and personnel between the two Koreas and increased awareness among North Koreans of humanitarian relief from the South.

It is true that there are areas where even symbolic changes are yet to be seen, specifically in politics and the military. However, it would be unfair to say that North Korea has not changed at all, just because changes in those areas have been minimal. In the light of the characteristics of the North Korean regime, these are the sectors where change will be the last to be witnessed. We assess that the ongoing changes taking place in North Korea will eventually affect the political and military sectors as well.

Continuity and change are two sides of the same coin, which is why it is as much important to pay attention to the side where change is not occurring as to focus on the side where change is occurring. Nevertheless, I believe we can achieve joint prosperity and peace by pursuing policies supporting reconciliation and cooperation to induce positive changes in North Korea by keeping tabs on both sides of the coin: continuity and change. In other words, the groundwork for peace and prosperity on the Korean peninsula can be achieved by encouraging changes in North Korea to develop positive inter-Korean relations, rather than applying pressure against the North. In this context, I believe that our North Korea policy, stressing reconciliation and cooperation, was rightfully instituted and it is a commendable decision on the part of the current government to succeed the former government's North Korean policy and advance it to a policy advocating peace and prosperity.

Peaceful resolution of the North Korean nuclear issue

While the previous government's sunshine policy was developed to lure North Korea from the shade to the sun, the current government's policy toward the North is to solidify and develop changes in Pyongyang within the framework of the Northeast Asian region. The current administration's North Korean policy, therefore, stressing peace and prosperity, is to succeed the tone and accomplishments of the sunshine policy and expand its scope and agenda.

If North Korea participates as a member in the Northeast Asian network with the help of other countries in this region, based on improved inter-Korean relations, peace and prosperity in the Northeast Asian region can be secured. To this end, North Korea should strive to revive its economy through reform and openness and cast off its defensive stance and sense of insecurity for fear of regime collapse. North Korea should be a proactive player on the international stage by addressing the threatening WMD

(nuclear and missiles) issue, as inter-Korean cooperation and aid to the North will be limited unless the North addresses the nuclear threat to the international community.

While amidst the escalating nuclear issue it has been agreed in principle that it should be resolved peacefully in the four rounds of six-party talks, the details of resolving several critical issues are still open-ended. Considerable time and effort before the complete resolution of the nuclear program are expected, since North Korea considers the nuclear card as the final resort to prop up its current regime. Nevertheless, North Korea should hear our message loud and clear that its nuclear development plans are unacceptable.

However, it is clear that the nuclear threat cannot be resolved, and will only be aggravated, if North Korea is driven to the brink. North Korea should reduce the level of its requests, while the global community should create the necessary conditions conducive to North Korea's voluntary abandonment of the nuclear development.

Seoul is making concerted diplomatic efforts to resolve the nuclear issue peacefully, while expecting North Korea to change its nuclear stance through improved inter-Korean relations. Since October 2002, when North Korea's uranium development plan was unveiled, Seoul has been seeking dialogue with the North through various communication channels such as ministerial and working-level meetings in order to prevent the crisis from escalating further. Against this backdrop, if inter-Korean relations are frozen altogether, uncertainty regarding North Korea's actions will rise, with South Korea's economy and security being adversely affected by every word and every move of North Korea. Therefore, despite the lingering nuclear issue, we are managing the Korean peninsula situation in a stable manner by committing ourselves to minimizing the effects of the nuclear threat on our economy and security by continuously maintaining amicable relations with the North, so that improved relations in turn can assist the resolution of the nuclear issue. As improved inter-Korean relations in turn facilitate the six-way talks, and the talks address the nuclear threat, we can expect that peace and prosperity on the Korean peninsula will eventually come in the not too distant future.

3. Future challenges

Unification on the Korean peninsula does not only have economic aspects but also security implications, which is why economic and peaceful cooperation should be forged in equilibrium. As such, the current military cooperation, still in its nascent stage, should be elevated to a reduction of military tension, confidence-building, and eventually to arms reduction. Without progress on the military front, relations in economic, social, and cultural areas are bound to be restricted. Sustainable peace will remain a pipedream without defusing inter-Korean military tensions. We must therefore commit ourselves to laying the groundwork for peace, cooperation and trust, through ongoing meetings between military personnel of both sides.

The ramifications of potential Korean unification are certainly not confined to the two Koreas. The stakes are high for the international community as well. Although the North undesirably tends to define unification as a task that should be resolved by both Koreas alone, citing promotion of ethnic homogeneity, it should be achieved in harmony with inter-Korean cooperation bolstered by international support, so that the fruits of peace and prosperity can be reaped.

The basis of international support is inarguably the strength of the alliance between South Korea and the United States. The U.S.-Korea alliance has served as the basis for economic development and security and made significant contributions to our political and economic progress. Today's improved state of inter-Korean relations stemming from peace and stability could not have been possible without the close alliance with the United States. For this very reason, our strong alliance with the United States should be sustained in the future and developed to establish peace in the Northeast Asian region by responding to the changing strategic environment.

Based on this future-oriented alliance with the United States, and by addressing North Korea's nuclear program and improved inter-Korean relations, we must spare no efforts to establish sustainable peace and prosperity on the Korean peninsula and the Northeast Asian region. It should be noted that without peace in this region, peace on the Korean peninsula is unthinkable and vice versa. A positive security environment to promote peace and prosperity in the Northeast Asian region is thus essential. It would also do no harm to learn from the success of the Organization for Security and Cooperation in Europe (OSCE), an organization aimed at promoting security and cooperation in this region. Through this body, potential factors that create tension could be eliminated, by establishing political and military confidence, and joint security could be implemented by controlling military arsenals. To take it one step further, a comprehensive security mechanism that covers the economy, trade, the environment, terrorism and international crime should be developed.

In conclusion, I would like to stress that the South Korean government is committed to strengthening its alliance with the United States in this new era and to developing a Northeast Asian security system to promote peace and stability on the Korean peninsula as well as the entire Northeast Asian region.