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The Kim Dae-jung Government and Inter-Korean Exchanges and Cooperation

Kook Shin Kim

The Kim Dae-jung Administration's Sunshine Policy

Kim Dae-jung was inaugurated as president on February 25, 1998. In his inaugural address, President Kim announced that his administration would seek to improve relations with North Korea based on three principles: deterrence of armed aggression, rejection of unification through absorption, and realization of reconciliation and cooperation. He also called for the Basic Agreement of 1991 between the two Koreas to be activated.¹

Kim Dae-jung's accession as South Korea's new president has brought major changes to Seoul's policy towards North Korea. President Kim emphasizes that South Korea will adopt a comprehensive and flexible approach toward North Korea. He proposes decoupling politics and economics in dealing with the North. His new approach is called the Sunshine Policy, which is a sort of engagement policy.² This involves loosening many of

1 Ministry of Unification, *The North Korea Policy of the Kim Dae-jung Administration*, 1998.

2 The name of President Kim's North Korea policy is taken from an Aesop fable which depicts how sunshine was more successful in getting a stranger to take off his coat than a strong wind.

the ways in which the South Korean government has hitherto stopped its citizens from interacting freely with their northern brethren.

President Kim underlines that his Sunshine Policy toward North Korea does not mean a one-sided pursuit of peace and reconciliation, and that it is different from an appeasement approach. President Kim links his Sunshine Policy to Nixon's détente and Clinton's engagement policy. He once said it was Nixon's détente which encouraged China to adopt the path of openness and pragmatism and led to the crumbling of the Soviet Union and its satellite Eastern European countries.³ He hopes that the Sunshine Policy will ultimately lead to the emergence of dovish pragmatists in the North in the same manner.

Separation of Business from Politics

The previous government had discouraged South Korean *chaebol* (industrial conglomerates) from investing in North Korea. Under the principle of separating politics from economy, however, the new South Korean government promotes South-North economic cooperation.⁴ On April 30, 1998, Unification Minister Kang In-duk announced a comprehensive package of new measures to boost inter-Korean economic cooperation, lifting restrictions on trade and investment and giving a freer hand to businessmen.

First of all, the government lifted restrictions regarding visits to North Korea by top executives of South Korean *chaebol* and leaders of economic organizations to explore opportunities for launching joint ventures. South Korean businessmen are now

3 *Korea Times*, July 1, 1998.

4 Gahb-chol Kim, "The Principle of Separating Economics from Politics, and Prospects for Improvement in North-South Relations," *East Asian Review*, Vol. 10, No. 2, Summer 1998, pp. 18-39.

allowed to make multiple visits to North Korea without applying for authorization on a case-by-case basis.

Previously, the South Korean government had banned investments whose volumes exceeded \$10 million. Seoul decided to lift the ceiling on South Korean firms' investment in North Korea and to give a go-ahead to the transfer of industrial equipment and facilities which are idle due to the South's economic crisis. The government also decided to phase out restrictions on the import of North Korean commodities as long as their impact on South Korean industries is negligible.

The government introduced a negative system concerning prospective sectors for investment. As a result, all kinds of investment will be possible except in strategic sectors such as new materials, electronic equipment, communications equipment and weapon-related sectors.

The government has also relaxed rules governing information about North Korea,⁵ and has encouraged sports and cultural exchanges. President Kim proposed that North and South Korea field a joint team for international sports events such as next year's Winter Asian Games and the 2000 Sydney Olympics. He asked for the International Olympic Committee's full cooperation in realizing the creation of a joint North-South Korean team. Currently, Seoul is pushing to facilitate exchanges of athletic events among North and South Korean workers.

On the basis of separating political negotiations from economic and cultural interaction with the North, civilian organizations should play an active role in promoting inter-Korean exchanges and cooperation. Even if North Korea does drag its heels regarding official contact with the South Korean government, other initiatives are designed to ensure that things will still move forward. Therefore, the overall effect of the new policy will be to make inter-Korean relations more comparable to those

5 South Korea's ban on receiving North Korean radio and television will be eased gradually.

between China and Taiwan, where political and security problems are not allowed to prevent mutually beneficial business deals and civilian contacts.⁶

The Principle of Reciprocity

The North Korean government made an announcement that a severe rain storm, which continued from the end of July to early August 1995, damaged 145 counties in the northwest region. And a United Nations survey team reported that North Korea actually suffered crop damage amounting to approximately 1.01 million to 1.47 million tons, 15 to 20 percent less than the estimated production.⁷ Upon hearing of the North's disaster, the Kim Young Sam government provided 150,000 tons of rice aid free of charge in the fall of 1995. South Korea's delivery of food relief to North Korea, however, was not received by the North as a brotherly gesture. North Korean officials hampered the smooth delivery of the rice. They forced crew members of the South Korean vessel carrying the rice to raise a North Korean flag and detained another vessel on charges of espionage. After suffering such humiliation, the South Korean government has stopped direct donations. *Instead it has been sending food aid through the United Nations and other international agencies: \$3.05 million in 1996 and \$27.37 million in 1997.*

The Kim Dae-jung administration allowed representatives of religious and civilian organizations to visit North Korea for on-site discussion of aid. But it has said that South Korea will demand reciprocity from the North in government-to-govern-

6 Tse-Kang Leng, "Dynamics of Taiwan–Mainland China Economic Relations: The Role of Private Firms," *Asian Survey*, May 1998, pp. 49-509.

7 It is not easy to have a clear picture of the North Korean food situation because various international agencies present different sets of figures based on different estimation methods and assessment standards. Nonetheless, major agencies agree that the North has been in short of 2 million tons of grain on average over the past seven years. Ministry of Unification, *An Analysis of the Food Situation in North Korea*, July 1997.

ment contact. Officials in the new government firmly believe that Seoul's one-sided compliance with North Korean requests would entail rather negative impacts on relations between the two Koreas. The experience of giving rice to the North in 1995 still looms large in their memory.

Under the principle of reciprocity, Seoul has refused to offer government-level assistance of food or fertilizer to North Korea unless the Pyongyang takes reciprocal actions. Seoul's position was vividly demonstrated in a Beijing meeting in April 11, 1998.⁸ At the inter-Korean vice minister-level talks, the North demanded that the South provide 500,000 tons of fertilizer without any strings attached. The South, however, offered to send 200,000 tons if the North promises to set out a concrete timetable for establishing a meeting place and a mail exchange center for families separated between the two Koreas. Thus, Seoul made it clear that the government-level supply of fertilizer to North Korea would be linked to the North's reciprocal steps for the improvement of inter-Korean relations. The talks stalled shortly afterwards largely owing to the South's insistence on linking the aid issue to North Korea's agreement on the reunion of separated family members, which is the only way to win public support.

President Kim is aware that the South Korean people would oppose such unconditional fertilizer aid at a time when the nation is suffering from unprecedented economic difficulty. He maintains that the government cannot offer taxpayers' money without any conditions attached. In fact, the principle of reciprocity in government-to-government negotiations with the North is a necessary element in Seoul's strategy for managing Pyongyang as well as the opposition in the South Korean

8 The first inter-Korean summit in history was scheduled to be held July 25-27, 1994. But it was cancelled due to the unexpected death of North Korean leader Kim Il Sung. Since then, North Korea has continued to reject proposals to resume government level inter-Korean dialogue. After Kim's death, the North put a top policy priority on the improvement of its relations with the US and continues to cling to a hard-line policy toward the South.

National Assembly. Despite the reciprocity-oriented policies, however, the Kim Dae-jung government has offered unconditional assistance to North Korea whenever it received international appeals from the World Food Program.⁹ At any rate, the South's current economic problems would not seriously affect its aid through international organizations as the amount of money the South needs to donate to them is quite small when compared to the amount South Korea needs to handle its economic crisis.

Sunshine Policy and National Security

The regime of former President Kim Young Sam had adopted an engagement policy toward Pyongyang, involving the release of Lee In-mo, a dedicated communist and a long-time prisoner, and the provision of massive food aid. But the North had reacted with threats of war and other hostile actions, including detaining the crew of the ship transporting rice aid to the North. As a result, the previous government reverted to a hard-line policy toward the North and overreacted to some inter-Korean incidents. In September 1996, for example, the Kim Young Sam government had immediately called the North's submarine incursion "a clear armed provocation" and referred the issue to the United Nations.¹⁰ Alternating between dovish and hawkish stances, former President Kim Young Sam had failed to maintain consistency in dealing with North Korean affairs.

The previous government's North Korea policy was rather inconsistent, vacillating and even embarrassing. The Kim Dae-jung administration, by contrast, has consistently carried out its Sunshine Policy of engagement. On June 21, 1998, the South

9 On March 9, 1998, the government announced that it will offer 50,000 tons of corn worth an estimated \$10 million to North Korea via the World Food Program. During the first nine months of 1998, South Korean government aid amounted to \$11 million, including 30,000 tons of corn and 10,000 tons of flour. *Korea Times*, October 10, 1998.

10 Yonhap News Agency, *Korea Annual 1997*, pp. 261-262.

Korean navy captured a disabled 90-ton North Korean submarine which was caught in the net of a fishing boat off Sokcho on the eastern coast. Later, nine bodies with bullet wounds were found inside the mini-submarine. In his visit to a military unit on June 24, 1998, however, President Kim vowed to keep up his Sunshine Policy.

Although a North Korean submarine infiltrated into South Korean territorial waters, the government has not discarded its policy of separating politics from business. In 1995, China and Taiwan were on the verge of firing missiles at each other due to heightened military tension, but the two countries did not suspend trading and business. The Seoul government will adopt a flexible policy toward inter-Korean exchanges following the example of the China-Taiwan relationship.

Lim Dong-won, senior presidential secretary for diplomacy and national security, said the North Korean submarine infiltration was a kind of provocation against the South, but what must be noted is that it was part of Pyongyang's intelligence-gathering activities and that it did not lead to civilian deaths or injuries. In a military provocation, there are several degrees of seriousness, from atomic bombing, full-scale war and attack on specific targets, to limited exchanges of gunfire and information-gathering activities. This time, the North Korean submarine infiltration was at the lower end of the scale as far as the degree of provocation is concerned. Therefore, according to Lim Dong-won, the incident should not lead to a loss of patience or a counter-attack against North Korea.¹¹

On July 12, 1998, the body of a North Korean commando in a diving suit was found on a beach on the South's eastern coast. The incident occurred just 20 days after a North Korean submarine was caught off the east coast. A series of infiltrations put a strain on the Sunshine Policy. Next day, in a meeting with security-related government officials, Lee Jong-chan, director of

11 *Korea Times*, June 30.

the Agency for National Security Planning, said Pyongyang sees President Kim's Sunshine Policy as a plot to topple the Kim Jong-il leadership. Lee noted that Pyongyang is expected to escalate its provocative acts toward the South in order to nullify the Sunshine Policy. President Kim said, however, that the South's northern policy should not be swayed by each and every move by the North, but should maintain the Sunshine Policy on the basis of flawless security preparedness. He also demanded the North to apologize for the recent spy infiltrations.

On August 31, 1998, North Korea test-fired a newly-developed ballistic missile.¹² Despite rising tensions in Northeast Asia, touched off by North Korea's launch of a three-stage rocket, President Kim said that his Sunshine Policy should be maintained and that the government will continue to endorse Hyundai Business Group's plan to provide tours of Mt. Kumgang. He is convinced that the suspension of inter-Korean relations would be detrimental to the efforts to promote peace and security on the Korean peninsula. The government sustains the Sunshine Policy, despite the existence of what some see as obstacles to the strategy, on the assumption that the steady implementation of the engagement policy will work out in the long run. But it has not ruled out the possibility of using flexible tactics, depending on changes in the situation.¹³

12 North Korea says that it had successfully launched a satellite and not a missile. Amid lingering contention over the North Korean firing of a missile or satellite, the US State Department has announced that US analysts have not observed any object orbiting the Earth that correlates with the orbital data provided by Pyongyang in their public statements.

13 The government cannot apply the Sunshine Policy in the face of a very serious security crisis. Unification Minister Kang In-duk once said, "the government has no option but to implement a double-edged policy because the situation on the Korean peninsula is double-faceted." *Korea Times*, July 16, 1998.

Exchange of People and Socio-cultural Cooperation

Except for overseas encounters on a number of occasions between North and South Korean artists and scholars, inter-Korean cultural exchanges have practically ceased since 1985 when the two Koreas exchanged goodwill performance visits by their respective artistic troupes. With the support of the new government, however, South Korean private visits to the North are on the rise. Even while the official inter-Korean dialogue continues to be at a stalemate, the Kim Dae-jung government is firmly committed to the principle of separating politics from economy and encourages private-level exchanges and cooperation on a sustained basis.

Of the various contacts that took place in the first half of 1998, the noteworthy ones are as follows.¹⁴ Chung Buhm-jin, president of Sungkyunkwan University, and three other persons visited the North on April 28 through May 5 for consultation on academic interchange with North Korean scholars. They reached an agreement with officials in Koryo Sungkyunkwan University of North Korea to set up a sisterhood relationship with each other.

The Little Angels, a South Korean art troupe, gave a public performance in Pyongyang on May 2-12. The invitation was made by the North Korean Asia-Pacific Peace Committee, headed by Worker's Party secretary Kim Yong-sun, one of North Korean Leader Kim Jong-il's close associates. The entry of the Little Angels choir for a series of performances in North Korea set an encouraging precedent for art and cultural exchanges on the private level.

Kim Dong Wan, general secretary of KNCC and five others visited North Korea, on May 26 through June 2, for consultation on religious interchange. Meanwhile, it was announced on June

14 Ministry of Unification, *Monthly Report on Intra-Korean Interchange and Cooperation*, Vol. 81 (March 1998) – Vol. 86 (August 1998)

2 that South Korea's Minyechong (National Federation of Artists) and North Korea's Confederation of Literary Men and Artists had reached an agreement for a joint arts festival in Seoul and Pyongyang every year.

Chung Ju-yung, the founder and honorary chairman of Hyundai Business Group, and fourteen others visited the North through the truce village of Panmunjom on June 15. They came back on June 23 through the same route. It marks the first trip by civilians to North Korea via the truce village route. Chung offered 1,000 head of cattle and 50,000 tons of corn to North Korea to realize this unprecedented trip. Chung sent 500 head when crossing the truce village and the remaining half after he returned to the South. While staying in the North, Hyundai Group negotiated with the Asia-Pacific Committee of Pyongyang on plans to develop Mt. Kungang tourism. Chung's cross-border trip to the North for consultation on Mt. Kungang tourism is considered a tangible result of President Kim's Sunshine Policy.

Socio-Cultural Cooperation Projects

On the assumption that diversified exchanges and cooperation would help in confidence building between the two Koreas, the Ministry of Unification has approved "cooperation partnership" status to several private organizations for the right to participate in socio-cultural cooperation projects since the inauguration of the Kim Dae-jung administration.¹⁵

The government approved "cooperation partnership" status to Munwha Broadcasting Corp.(MBC) on March 13, 1998 for the purpose of making TV programs on North Korean natural scenery and ancient sites. This is the first cooperation project in the field of broadcasting. In April, it approved cooperation partnership status to the Korean Welfare Foundation for the

15 *Ibid.*, Vol. 81-86.

purpose of establishing a pharmaceutical factory and operating a hospital. And it has approved cooperation partnership status and cooperation project status simultaneously to Sports Art for the purpose of making TV programs covering historical sites and tourism in North Korea; and to the Society of Korean Photography for the purpose of holding the North-South Photo Exhibition and publishing photo collections.

The South Korean government approved cooperation project status to three organizations on June 5: Yanbian College of Science & Technology Supporter's Association for the purpose of establishing and operating Rajin-Sonbong College of Science & Technology; the Korean Welfare Foundation for the purpose of establishing a medicine factory and operating a hospital; Korean Culture Network Institute for the establishment and operation of a unified cultural database. And, on August 6, Woo In Bang Communication earned cooperation partnership status for the production of documentaries and commercials on mountains and historical sites in the North. With these approvals, a total of eight organizations have earned cooperation partnership status and a total of six organizations have earned cooperation project status since the enactment of the Provision on Intra-Korean Socio-Cultural Cooperation Projects in June 27, 1997.

Inter-Korean Trade and Economic Cooperation

On July 7, 1988, the South Korean government announced the Special Presidential Declaration for National Self-Esteem, Unification and Prosperity. The July 7 Declaration recognized the North not as a hostile enemy but as a member of the national community with whom the South would pursue co-prosperity. Subsequently, the government lifted its economic sanctions against North Korea and enacted the Guidelines for Intra-Korean Exchanges and Cooperation in 1989. With the introduction of these measures, economic exchanges between North and South Korea began to expand. Inter-Korean trade grew steadily from

\$18 million in 1989 to \$287 million in 1995,¹⁶ and South Korea has been the third largest trade partner of North Korea. By the end of 1997, the annual trade volume reached \$308 million. Since mid-1997, however, South Korea's economy has seriously been affected by the Asian financial crises. South Korean business groups now have their own debt crises and domestic problems to resolve.

In 1998, inter-Korean trade has substantially decreased because of the financial crisis in the South. In the first seven months of this year, the trade volume reached \$100 million, a decrease of 45% from \$182 million of the same period of 1997.¹⁷ The South exported \$60 million worth of commodities to the North, while imported \$40 million worth of commodities; exports decreased by 8.9%, and imports by 65.4%. Compared to the large decrease in imports, exports showed a moderate decrease because export items include relief goods, Korean Energy Development Organization's heavy oil and materials for the light-water reactor and other economic cooperation projects shipped to the North.

Inter-Korean trade decreased due to the financial crisis hitting South Korea. Even if the South Korean economy recovers in 1999, however, economic exchanges between the two Koreas are not expected to expand beyond a certain limit. North Korea lacks the capacity to purchase commodities in large quantities due to a shortage of foreign exchange, nor can it afford to export a large amount of goods to the South because of energy shortage in the industrial sector.¹⁸ In 1997, the size of the North Korean economy

16 Ministry of National Unification, *Peace and Cooperation: White Paper on Korean Unification* (Seoul: Ministry of National Unification, 1996), p. 149.

17 Ministry of Unification, *Monthly Report on Intra-Korean Interchange and Cooperation*, Vol. 81 (May 1998) – Vol. 86 (August 1998)

18 North Korean industry has declined steadily since 1991. Eight years of negative growth at an annual rate of over 5 percent have plunged the economy into disarray. It is estimated that the North's production of coal fell from 33.1 million tons in 1990 to 20.6 million tons in 1997, while electric power production dropped from 27.7 kilowatts to 19.3 kilowatts during the same period. Nowadays, most

was only one twenty-fifth that of South Korea in terms of nominal gross national product. A large-scale expansion of North-South economic exchanges can only be envisaged when the North widely opens its economy to foreign investments.

Economic Cooperation and Mt. Kumgang Project.

President Kim is confident that the South can eventually return to strong economic growth by the end of 1999. Based on this bright outlook of the South Korean economy, the government is pushing ahead with inter-Korean economic cooperation. By virtue of the government's prodding, South Korean industrial conglomerates and small businesses are planning to promote various joint venture projects with the North.¹⁹

Daewoo Group, which has been operating light industry manufacturing plants in the North, has plans to expand its business into the area of electric home appliances and hotels. Samsung is considering establishing a communications center in the Rajin-Sonbong area by investing more than \$7 million and setting up a production plant for electronics components. LG Group is making efforts to resume production of color television components, bicycles and processed fishing products jointly with small- and medium-sized companies, which have increasingly been intent on setting up business ties with North Korea. In the so-called IMF era, however, these business groups are hesitating to expand investments to the North where they cannot expect short-term benefit.

At the forefront of South Korean businessmen's search for projects in the North is Chung Ju-yung, the honorary chairman of Hyundai Business Group. Hyundai is promoting various joint

industries are being operated at an average of about one-third of capacity. North Korea, however, is unlikely to face a breakup because its key socialist ally China has offered major assistance to uphold the regime.

19 Taek-ki Hong, "North-South Economic Cooperation: Present Appraisal and Future Suggestions," *East Asian Review*, Vol. 10. No. 1, Spring 1998, pp. 79-99.

venture projects, which include joint development of Mt. Kungang as a tourism zone, joint advance into Siberia in the Far East, construction of a shipyard and the manufacturing of train cars in Wonsan on the eastern coast of North Korea. Chung signed a contract for the details of the Mt. Kungang development project, such as hotel construction, leisure facilities and transportation during his trip to the North on June 15-23. And Paek Hak-lim, director of the North Korean Social Security Department, sent a letter to Seoul in July, pledging to guarantee the safety of South Korean travelers. According to the letter, North Korean authorities cannot arrest or detain South Korean travelers under any circumstances. If visitors violate North Korea's practices or traditions, Hyundai and the Asia-Pacific Peace Committee will settle the problem.²⁰

Hyundai plans to operate a 28,000 ton-class cruise ship capable of carrying more than 1,000 tourists as part of a five-day tour package. The total cost of the tourist program will amount to \$95.8 million and about 2,000 passengers will be ferried to North Korea every week when the envisioned ferry services begin from Tonghae in South Korea to Changjon in North Korea. Participants in the five-day tour of Mt. Kungang will pay \$1,000 a head. Out of the \$1,000 entrance fee that Hyundai plans to charge each Mt. Kungang tourist, \$300 will go to North Korea.²¹ If this project is realized, North Korea is expected to earn an estimated one billion dollars per year. In any case, the Hyundai project is the largest-ever inter-Korean cooperative project.

Originally, the ferry's maiden voyage was due to leave on September 25. Hyundai officials said, however, that North Korea had not yet finished internal consultations on the project, thus delaying the inauguration of the ferry services. The delay occurred mainly because North Korea has been demanding addi-

20 *Korea Times*, July 24, 1998.

21 *Korea Times*, September 7, 1998.

tional payments from Hyundai. North Korea is calling on Hyundai to shoulder the cost of improving the infrastructure of Changjon port and of constructing roads linking the port with Mt. Kungang. Thus, Pyongyang is intentionally delaying the smooth implementation of the Mt. Kungang development and ferry services project. In the meantime, Rev. Moon Sun-Myung's Tongil Group also agreed with the North to operate a 380 ton-class high speed ferry for a one-day tour program traveling between Sokcho, South Korea and Changjon.

Joint Agricultural Project

North Korea's food crisis is a structural problem caused by the vices of the socialist system. Shortages of fertilizer and agricultural equipment, and mismanagement of soil and crops have all combined to erode what limited self-sufficiency once existed in North Korean agriculture. And critical famine situation in certain areas and social strata seems to have resulted from the inefficient distribution system. In that respect, the solution to the food problem in the North requires a fundamental approach rather than sporadic external aid.

South Korea has expressed its willingness to help North Korea solve the food shortage at its roots. The Kim Dae-jung government says that it is ready to provide agricultural assistance to the North, not only fertilizer and seeds but also technological know-how and machinery. It has been publicly mooted the ways to assist North Korea's agricultural development and has permitted the private sector to provide aid to the North. With the encouragement of the Kim Dae-jung government, several teams of South Korean agricultural scientists have visited the North in the past few months.²²

22 Ministry of Unification, *Monthly Report on Intra-Korean Interchange and Cooperation*, Vol. 81 (March 1998) – Vol. 86 (August 1998)

Prof. Kim Soon-kwon of the International Corn Foundation visited the North in January 1998 and again in May. He carried about five tons of high-yielding varieties of seeds, and taught North Korean farmers to grow corn more effectively with a higher yield. Meanwhile, a Christian pastor, Revd. Kim Chin-hong, entered the North on February 26, 1998. He has devoted himself for decades to the collective farm movement, Doorae Community, in the South. During a visit to the Rajin-Sonbong Free Economic and Trade Zone in northeastern North Korea, Revd. Kim signed an agreement to run a joint farm on 10.4 million square meters using a North Korean labor force. And Rajin city officials have allowed up to 20 South Koreans to stay there to impart farming know-how to area residents. Thus a civilian-led joint venture farm in the Rajin-Sonbong district will open by the end of 1998.

As the cooperation efforts in the farming sector begin to take shape, the Ministry of Unification simultaneously approved cooperation partnership and cooperation project status to International Corn Foundation on June 18, 1998 for their corn development. The government also granted cooperation partnership status to Doorae Community on April 8 for their joint plantation project, and cooperation project status on July 27, 1998.²³

Closing Remarks

The Kim Dae-jung government has made a series of proposals toward the North to expand economic cooperation. However, North Korea has not yet shown any significant response to the initiatives, although it has exhibited some signs of policy change. Pyongyang continues to avoid government-level talks and to

²³ As of August 31, a total of 36 firms have earned cooperation partnership status and a total of twelve firms have earned cooperation project status to begin their actual businesses since the enactment of the Measures for Revitalization of Intra-Korean Economic Cooperation of November 1994.

broadcast vindictive propaganda against the South Korean government.

As an example, North Korea proposed on June 10 that Koreans in the South, the North and overseas come together at the border village of Panmunjom to hold a grand festival on August 15. But it demanded that two outlawed groups in the South, Pomminnyon and Hanchongnyon, be allowed to attend the festival. It also demanded that Seoul scrap the National Security Law and the law relating to the Agency for National Security Planning before holding the inter-Korean festival. Of course, the South Korean government could not accept these proposals. In addition, on September 20 Pyongyang Radio reported that 15 of the 500 head of cattle sent by Hyundai tycoon Chung Ju-yung had died. The report alleged that South Korean authorities, such as the Agency for National Security Planning and the Ministry of Unification, forced the cattle to swallow vinyl and other impurities before the delivery in an effort to impede civilian exchanges between the two Koreas.

North Korea will stick to the policy of controlled opening to the extent that it will not undermine the stability of the regime. And it will commit provocative acts in the future regardless of whether the South Korean government takes a soft or hard-line stance. Nevertheless, the Kim Jong-il regime will continue to make use of the Sunshine Policy with the principle of separating politics from economics to obtain the necessary capital to restart its economic development. Certainly, it will give South Korean businessmen special treatment to induce financial investments. Therefore, it seems that inter-Korean cooperation at the nongovernmental level would be substantially increased in the next few years in spite of North Korea's denunciation of South Korean authorities.

The South Korean government has been put into an awkward position owing to the fact that its conciliatory steps toward the North have not received a favorable response but have rather been countered by incessant provocations. And many conserva-

tives are demanding that the government should adopt an eye-for-an-eye strategy toward what they believe to be a recalcitrant and unpredictable communist country. However, the Kim Dae-jung government's Sunshine Policy has the potential to transform inter-Korean relations into something resembling those that have prevailed for the past decade between China and Taiwan. This will not happen overnight; the Sunshine Policy is not a quick fix, designed to win skirmishes. Therefore, we should give the Sunshine Policy a chance. A warm smile, consistently maintained, is more likely to lure the North into positive cooperation.

Good Day, Sunshine? Some Comments on Kim Dae-jung's New Nordpolitik

Aidan Foster-Carter

In a changing world, the intractability of the North Korea question is a constant — or can easily appear so. Yet its salience varies according to who and indeed where you are. For all South Koreans, the North presents itself as a clear and present danger. Seoul is within artillery range: this is a fact of life. For South Korean policy-makers in particular, how to deal with Pyongyang is a vexing practical problem, every day. By contrast, those of us who follow Korean affairs from the other side of the globe, well out of range (so far) of even a Taepodong missile, enjoy the luxury of more abstract contemplation — unless we are policy-makers, and even then the distance is rather reassuring. I think it behooves us to acknowledge what one might call this inequality of impact.

Having become increasingly fascinated by Korea over the past three decades, in recent years I have not been shy to publish my views. This was perhaps unwise. In 1992 I wrote that “Korea will be reunified . . . certainly by 2000; probably by 1995; possibly sooner.”¹ One bonus of this rash prediction, however, was that in 1993 I had the honor to be invited by Kim Dae-jung, who at

1 Aidan Foster-Carter, *Korea's Coming Reunification: Another East Asian Supperpower?* (London: Economist Intelligence Unit), 1992, p. 96.

that stage had retired from politics, to discuss unification issues with him in Cambridge, and even to debate this for Japanese television (NHK). This exciting encounter left me in no doubt that here was a leading South Korean figure who had thought long and hard about the northern question, and how to break the impasse of many decades.

Five years on, Kim Dae-jung (against all the odds) is president of South Korea. Although preoccupied with tackling the domestic economic disaster bequeathed by Kim Young Sam, President Kim has moved boldly to implement a policy towards Pyongyang significantly different from that of his predecessors. Obviously it is early days yet to pass judgment, with almost nine-tenths of his presidential term still to run. Old hostilities will not be overcome in a day: it will take time for new initiatives to bear fruit, if any. Yet, to anticipate my conclusion, I am a strong supporter of the so-called "sunshine" policy, as the best if not the only hope — though by no means guaranteed to succeed — of avoiding either of the two nightmare scenarios: the Armageddon of war, or the (I still believe) more likely apocalypse of some form of regime collapse in North Korea. Since it goes without saying that a "soft landing," if attainable, is infinitely preferable to either of those, the quest to achieve this is of the utmost importance.

The need to seek engagement with North Korea, albeit without illusions, came home to me more sharply through the experience of writing a monthly report on North Korea for an international business audience between 1993 and 1997. In following the alarming tensions over the North Korean nuclear issue and the relief of its resolution, as well as other momentous events such as the death of Kim Il Sung, I gradually came to form a detailed critique of South Korean policy towards the North. This was later summarized, under no fewer than sixteen separate criticisms, in a research report which I wrote for the merchant bank Jardine Flemings in May 1997; by which time, like many others, I was beginning to despair of the Kim Young Sam administration on this as on other fronts.

As this internal report to clients of Jardine Fleming was not a published paper, it seems apt as well as helpful to reproduce that earlier critique; and then use each point in turn as a checklist to assess the new direction of policy under Kim Dae-jung. Hopefully this will both clarify how far Seoul's *nordpolitik* has changed this year, and also offer some basis for a preliminary evaluation of "sunshine."

Sixteen Criticisms of Kim Young Sam's Non-Policy on North Korea

This then is what I wrote in May 1997:

... It is hard to avoid the conclusion that the very state that stands to lose most, if North Korea fails to make a soft landing, has by no means done all that it might to help bring about that end. Here Kim Young Sam's domestic failure to break with the past, or to pursue forward-looking or even consistent policies on the economy, is paralleled by his administration's confusing and negative stance on North Korea. A full critique would include the following:

- **Inconsistency:** Kim's first unification minister in 1993 was a gentle dissident sociologist, Han Wan-sang. Within months he was replaced by Lee Yung-duk, a hardline refugee from the North. Or again, in July 1994 Kim was due to meet Kim Il Sung for the historic summit brokered by former US president Jimmy Carter. But when the Great Leader died, Kim Young Sam responded by calling a security alert. This not only angered Pyongyang but also gave it an excuse to cold-shoulder the South Korean president ever since.
- **Lack of imagination:** Suppose that instead Kim Young Sam had responded by offering to send a delegation to Kim Il Sung's funeral. That would have been bold, but no bolder than Chun Doo Hwan's acceptance of flood aid from Pyongyang in 1984, less than a year after North Korean terrorists had killed 17 of his entourage in Burma. Chun's surprise embrace of what had been a patently propagandist offer paid off: it led to a year of dialogue, including the first and so far the only inter-Korean family

reunions. But such imaginative boldness from Seoul has been all too rare.

- **Discontinuity:** In this as other fields, too frequent Cabinet reshuffles in Seoul give ministers little chance to *master their brief*, let alone develop and sustain policy initiatives. Kwon O-kie, the current unification minister whose background is in newspaper publishing, is Kim Young Sam's sixth in four years. It would have been better to put this portfolio long term in the hands of someone like Lee Hong-koo, who has the rare distinction of holding it under both Kim Young Sam and Roh Tae-woo. It was Lee who, in his first stint, turned the unification ministry from a source of propaganda into a serious policy organization.
- **Reactivity:** Too often, South Korea focuses narrowly on the immediate issue rather than take the longer view. Consider the submarine incident. Clearly, some form of protest was required. But a submarine-borne spy had been caught without fuss a year earlier, while Pyongyang has done far worse before (e.g. the Rangoon bomb). Seoul's reaction last September, as if to some huge invasion rather than a routine activity, was out of all proportion. This way, moreover, the North gets to set the inter-Korean agenda every time and the South is reduced to reacting.
- **Playing politics:** The reason the government made such a meal of the submarine had much to do with partisan advantage in domestic politics. As an ex-dissident who joined a conservative party and jailed its former leaders, his military predecessors Chun Doo Hwan and Roh Tae-woo, Kim Young Sam feels compelled to reassure right-wingers that he is no pushover for Pyongyang. It is this narrow-minded outlook that has largely driven the president's Northern policy, rather than any strategic vision for the future. Such misplaced priorities seem almost criminally short-sighted.
- **Red-baiting:** This tendency extends to ludicrous and despicable McCarthyism. Kim Dae-jung, the veteran opposition leader and lifelong democrat, continues to be accused in some quarters of fellow-travelling. Recently a candidate for the ruling party's presidential nomination cast aspersions on two of his rivals by smearing their fathers as pro-North. Or again, credence is given to claims that the defector Hwang Jang-yop has a list of 50,000

North Korean agents in the South, some in high places. In 1997 this is hysterical rubbish, not serious politics.

- **Student-bashing:** A small but vocal segment of South Korean students have some sympathy for Pyongyang. Last year their annual August rally was suppressed with unusual severity, the police chief even threatening to use live ammunition next time. This too is done to impress hawks at home; in an election year, the fear must be that the iron fist will be used again. Yet the students are no threat. Though wrong-headed, they are good-hearted — a quality which will be needed come unification.
- **Security obsession:** Of course, as the submarine incident showed, constant vigilance and adequate defence against North Korea are vital. But this has become the main theme under Kim Young Sam to the exclusion of all else. Seoul's defence budget has increased markedly; it is now many times larger than the North's. This obsession with security in the purely military sense stifles consideration of whether a wider and more proactive approach might not serve to draw Pyongyang's sting and reduce risk.
- **Zero-sum mentality:** A false dichotomy cripples thought in Seoul. Anyone not patently and publicly hard-line risks being tarred as soft on the North. This narrow zero-sum mentality militates against creative thinking, or any search for win-win outcomes. Equally, it fails to acknowledge other possible permutations: for instance, engagement without illusions or undue hope (our own view).
- **Forbidden fruit:** Although South Korea no longer forbids all contact with the North, as it used to, it retains restrictions which are undemocratic, unenforceable, or plain silly — such as banning inter-Korean phone or fax communications (easily done via callback services). Seoul makes itself look ridiculous by even interdicting the North's idiotic website as a fount of subversion. It is time for South Korea to get North Korea in proportion. This is not accomplished by exaggeration of the Northern threat, or blanket demonization of Pyongyang and all its works.
- **Monopolizing contact:** Moreover, Seoul should stop trying to control contacts with North Korea. The more Northerners are exposed to Southerners, the better for peace and opening, and the sooner a single Korean society can start to be rebuilt. Churches, family reunions, and all kinds of civilian exchanges should get a blanket green light. Of course, Pyongyang will play politics at

- every opportunity, but who cares? It is of no consequence — and no excuse for Seoul to play the same silly game.
- **Banning business:** In particular, South Korea as a matter of urgency should stop halting Southern businesses from going North. There is no consistency here. Trade was allowed throughout the nuclear crisis, but investment is still restricted even though its benefits are many and obvious: from ice-breaking and gaining intelligence, to staving off collapse and spreading the costs of unification. More than eight years since Hyundai's founder Chung Ju-yung first went to the North (where he was born), the grand total of South Korean joint ventures in the North so far is one, a Daewoo export factory in Nampo. It is bizarre that the Korean government responsible for this lost decade of opportunity is no longer the North, which now welcomes the chaebol (or would like to), but the South.
 - **Taiwan does it better:** South Korea's negativity contrasts sharply with the boldness shown by Taiwan. In less than a decade, Taiwanese firms have poured \$20bn and 30,000 projects into China. Yet tiny Taipei has far more to fear from big Beijing than Seoul in 1997 has from Pyongyang. Taiwan's bet is that forging mutual interests and concrete cooperation helps to reduce the risk of war, whereas isolation merely perpetuates mutual mistrust. Besides, there is money to be made too, just as there would be for South Korean firms from the North's cheap, skilled, and disciplined labour.
 - **Copy KEDO:** One might have hoped that the success of KEDO would inspire Seoul to be more imaginative and to be less suspicious of third parties, and in particular to mull consortiums as a more general model for engaging Pyongyang. Why not a KEDO to give food, for example? Yet even though KEDO has led to more sustained practical inter-Korean cooperation than ever seen before, few in South Korea seem to grasp its significance as an exemplar and precedent.
 - **Ready or not?** On another level, South Korea is perilously ill-prepared for what may hit it, whether with regard to facilities or public education. Seoul is just building its first refugee camp, but will one suffice? Or are the militants of the KCTU, who led January's labour unrest, ready for hot competition from millions of North Koreans who will work for a fraction of their wages?

- And are South Koreans as a whole prepared for the tax burdens and other upheavals that putting Korea together again will bring?
- Is it personal? Kim Young Sam's mother was killed by North Korean infiltrators in the 1960s. Perhaps this personal tragedy is one reason why his overall record on the North falls far short, it must be said, of his predecessor Roh Tae-woo's. Though now disgraced and jailed, it was Roh whose *nordpolitik* generated inter-Korean dialogue and the 1991 agreement, not to mention diplomatic relations with Moscow and Beijing. This momentum has been sadly lost under his successor.

It is a long and depressing list. To borrow a term from South Korea's debate on financial reform, unification policy too needs a "big bang": a complete break with the negative, reactive, and purely defensive past — as opposed to a big bang of a more literal kind, which is the risk run by present policy. Yet there is little chance of change now from Kim Young Sam, especially in an election year and with the ruling party in disarray over Hanbogate and economic problems; even though these are mere trifles compared to the challenge of reunification. One can only hope that Kim's successor (who, in office until 2003, will surely find himself willy-nilly cast by history as Korea's equivalent to Germany's Chancellor Helmut Kohl) will prove readier to take a wider, deeper, and longer view. History may leave him little choice.²

What a Difference a Year Makes

Fortunately for Korea (and I mean all of Korea), a new president has indeed had the courage and vision to take the longer view, break with past policy, and try something new. This can be seen if we look in turn at each of the areas picked out as criticisms of his predecessor in the preceding section.

1. So far Kim Dae-jung has proved remarkably consistent. He campaigned on his "sunshine" policy, and in office he has

2 Aidan Foster-Carter, *North Korea: Peace, war or implosion?*, (Seoul: Jardine Fleming Securities Ltd.), June 1997, pp. 25-27.

implemented it — despite provocations from Pyongyang which might have derailed a less resolute leader. Since the point of the sunshine metaphor is that if the sun shines for long enough, North Korea will take off its overcoat, one can only hope that circumstances will not drive Seoul to revert once more to the old chilly winds before sunshine has had time to take effect. As will be seen later, I am not wholly optimistic about this.

Broad strategy is one thing, detailed application another. Inconsistency or at least ambiguity was perhaps seen in April, when at the inter-Korean talks in Beijing, convened to discuss fertilizer aid to the North, Seoul suddenly linked this issue to concessions from Pyongyang over family reunions. These were not forthcoming, and the talks failed. The South's rationale was that official inter-governmental talks must proceed on a basis of reciprocity. While it is of course desirable for the North to learn to give as well as take, one might argue that in this case, the first formal contact of the Kim Dae-jung era, an altruistic gesture of simply donating fertilizer might have been a good way to begin. Certainly one had the impression that this was on the cards, so I was as surprised as the North Koreans were when this linkage to a quite different issue was added.

2. Nonetheless, in general there has been no lack of imaginative boldness from Seoul in recent months. Undoubtedly the high point so far was Chung Ju-yung taking his 500 cattle across the DMZ in July 1998. The way this was presented was very skilful: not as a tycoon scattering largesse to paupers, but as an act of filial restitution to his home village for having run away in his youth with money that his father had earned from selling a cow. This was theatre, but theatre is far from trivial. Inter-Korean relations will only progress if ways like this can be found, both to reframe and so transcend the old quarrels, and also to soothe northern pride by not trumpeting the superiority of the South. (One can only hope that Pyongyang's bizarre and belated claim

that some of the cattle were poisoned will not undo the momentum of goodwill generated by this gift.)

3. On continuity, it is perhaps too early to judge. Kang In-duck was a surprise choice — including to himself, apparently — as unification Minister; and North Korea has huffed and puffed predictably about him being a hardliner. Yet just as Kim Dae-jung has worked effectively with his former foe Kim Jong-pil, so Minister Kang sounds as if he is a genuine convert to Sunshine. Elsewhere, the appointment of Lee Hong-koo to the key post of ambassador in Washington is a welcome use of the talents of one of South Korea's most experienced policy-makers on the North, now serving his third administration in Seoul.

4. Kim Dae-jung already deserves a medal for coolness under fire. The contrast between reactions to the two submarine incidents of 1996 and 1998 could hardly be more glaring. This time Seoul's response was to play the matter down, not up — even when this year's sub was followed by yet another incursion, in the form of a dead frogman. (One sensed that the Ministry of National Defence might have preferred a more robust response; but the MND was weakened by the fact that, yet again, it was civilians rather than the military who in each case actually detected the intruders.)

Again in September, after North Korea's rocket launch, Seoul kept its head while all around — Tokyo and Washington — were losing theirs. True, this new development is no additional threat to South Korea, which was already in range of the North's existing generation of Rodong missiles. Even so, the spectacle of Seoul urging Washington to go easy on Pyongyang — whether in Kim Dae-jung's perhaps mishandled call for US sanctions to be eased, or a forthcoming (as I write) National Assembly delegation to try to persuade Congress not to cut off funding for KEDO — is a startling and welcome reversal of how things stood in the Kim Young Sam era. Indeed, if carefully handled with

Seoul's allies, the idea of South Korea repositioning itself as North Korea's friend and protector in a hostile world could be an extremely promising strategy.

5 and 6. Also encouraging is the way that playing the Pyongyang card seems to have disappeared from politics in Seoul, at least temporarily (but let us hope permanently). The fact that Kim Dae-jung won the election despite smears on an unprecedented scale — in a remarkable if perverse example of inter-Korean cooperation, it seems that the usual suspects in the ANSP actually got together with their Pyongyang equivalents to forge evidence against him — suggests a new maturity in the South Korean electorate, and a willingness to give a new man and new ideas a chance. Notable too was the opposition Grand National Party's inability to use the latest submarine incident as a stick to beat the government and to criticize the Sunshine Policy: their efforts to do this largely fell flat.

Still, it is hard to be sure that this new mood will be permanent. If Pyongyang continues to provoke, as it surely will, and if the Sunshine Policy bears no quick fruit, it is not hard to imagine a resurgence of hard-line sentiment in Seoul, just as we are now seeing in Tokyo and in the US Congress. It would be a noble opposition party not to take advantage of this, for instance in campaigning for the next National Assembly elections in April 2000. And yet *nordpolitik* is far too important, and too risky, to become hostage to domestic political ebbs and flows. Ideally, all South Korean political parties should agree to take a supra-partisan stance towards northern policy, and not use it as a political football. Yet such are the animosities in Seoul that it is hard to imagine this happening.

7. It is a bonus for Kim Dae-jung that the radical student movement appears at long last to have shot its bolt and lost credibility. The leniency shown recently to repentant students returning after unauthorized visits to the North, and some years

of exile in Germany thereafter, is both welcome and appropriate. By the same token, silly priests who say gushing things when visiting Kim Il Sung's bier should be ignored, not prosecuted. It would also do no harm at home, and much good abroad, to release all long-term political prisoners unconditionally. Their continued imprisonment is more of a threat to Seoul's image than freeing a few old men could possibly be.

8. A strong security posture remains vital for South Korea. To mix metaphors, the sun shining at Pyongyang to unbutton its coat is not about to take off its own armour. Yet it is significant that in 1999 Seoul's defence budget will fall slightly, for the first time ever. While this is partly a matter of defence taking its share of general financial cutbacks — maintenance and personnel expenses are set to fall by 1.1%, while force improvements get a modest 1.5% raise — it also reflects a tacit recognition that the overall defence budget of 13.75 trillion *won* (about \$10 billion) is equivalent to more than half of North Korea's total GNP. And while vigilance remains essential — indeed, on the east coast it seems in need of improvement — what is no less important, as Kim Dae-jung grasps, is to make progress on other fronts so as to complement security, and thus reduce insecurity, in the narrowly military sense.

9. At last, the zero-sum mentality which has for so long crippled inter-Korean relations seems to be on the way out in the South, if not yet in the North. This is due not so much to positive appreciation of the possibility of mutual gain and win-win outcomes, but rather to stark awareness of the very real possibility of a lose-lose scenario. Almost a decade ago now, the demise of the former East Germany had already brought home the possibility of a North Korean collapse — and how expensive and risky that would be for the South. *A fortiori*, the current economic crisis makes any such prospect even more of a nightmare. Hence one reason why southern public opinion has become less hawk-

ish about the North is simply that fear of invasion seems less real than fear of collapse. It is thus in Seoul's interests not to bring down the Pyongyang regime, but to prop it up. This is an ironic situation, to put it mildly; yet it offers hope. More hopeful still would be moves towards positive and tangible win-win arrangements, above all in business (see section 12, below).

10. There is also clear and irreversible movement towards what one might call rendering North Korea banal, or at least familiar. The frontiers of censorship have been pushed back, and should be abolished completely. I challenge any hawk to construct a case as to how allowing South Koreans, as democratic principle demands, unrestricted access to North Korean media can possibly do any harm. Given the peculiarities of Pyongyang's mass media, familiarity can only breed a healthy contempt. It should be actively encouraged, not restricted. The same goes for phone and fax calls. The North has far more to fear from these than the South, hence Seoul should be pushing for more openness. I hope Kim Dae-jung will soon feel able to proceed less cautiously here.

11. The most palpable progress under the new administration so far has been in two key planks of the Sunshine Policy: an end to the government's monopoly on North-South relations, and delinking civilian and business contacts from the ups and downs of politics. South Koreans are now much freer than they were to go north or contact North Koreans, and they are using that freedom. Here again it is early days; but I defy anyone to show that harm has come from this easing of the reins. To the contrary, the growing stream of journalists, academics, church groups, and others heading north can only improve mutual understanding. The role of both the Buddhist and Christian churches is especially important: not only tangibly, in giving famine relief, but also ideologically in offering a shared spiritual frame of reference via which North and South can come together.

Particularly exciting is the prospect that southern tourists will soon swell the throng — even though, as of late September, Hyundai's planned boat tours to Mt. Kungang have been postponed. If this project materializes, it will boost both economies as well as help to break down barriers more generally. In this sense, a key aim of the Sunshine Policy must be to create more concrete examples of progress like this (or like KEDO; see section 14, below), not least to balance the negative elements such as rocket tests and submarine incursions.

12. Potentially the most significant single aspect of the Sunshine Policy is the fact that South Korean business at long last has a clear green light from its own government to head north. More is the pity that Seoul did not see the light ten years sooner, such that Chung Ju-yung's first trip north, almost a decade ago, sadly proved a false dawn. There was no rhyme or reason to allow inter-Korean trade and yet to hold back on investment, even though the latter could be hugely advantageous for both sides. Still, better late than never.

In principle, much the same complementarities exist between the two Koreas as between China and Taiwan: natural resources and cheap labour on one side, capital and technology on the other. In practice, the onset of economic crisis in the South — it was already endemic in the North — may make cooperation at once more difficult (southern firms being strapped for cash) yet also more beneficial to both sides. Reports that Hyundai has been asked to invest in a wide range of joint ventures, plus invitations — albeit on-off, so far — to smaller South Korean firms to make use of the Rajin-Sonbong free zone, offer a glimpse of what is possible. For Seoul, inter-Korean business can pay dividends not only in its own right, but in forging mutual interests and even in intelligence terms. Although thus far — as with so much else in inter-Korean ties — the dream outpaces the reality, there does seem a real chance that, whatever else happens, 1999 may at last bring a business breakthrough between the two Koreas.

13. Any sceptics on this score should look south, to Taiwan: a country scorned by Seoul since 1992, yet with many lessons for South Korea. After decades of complete non-contact with China, Taipei in the 1990s has become pragmatic and delinked business from politics. Given the huge difference in size between China and Taiwan, this was a much bolder move than for South Korea to let its businesses go north. While some in Taipei fear becoming too dependent on the Chinese market, in Korea the dependency relationship would work the other way. One may wonder how far Kim Jong-il, even in dire straits, will really let the *chaebol* take over the northern economy; but for the moment he seems to want them, and on every count Seoul should welcome and encourage this.

14. Thankfully, it is now more widely appreciated in Seoul that the Korean Peninsula Energy Development Organization (KEDO) was not only a brilliant piece of — mainly US — diplomacy which prevented a second Korean War, but is also a uniquely valuable first step in practical inter-Korean cooperation, and as such in a very real sense a building-block for eventual reunification. The idea of a consortium approach to Pyongyang in other spheres too has become more widely canvassed of late, especially in agriculture. UNDP's AREP (Agricultural Recovery and Environmental Protection) program for North Korea perhaps owes something to this, although thus far it works through ad hoc international conferences rather than a permanent dedicated organization.

More negatively, it is regrettable that KEDO's original Board members — the US, South Korea, and Japan — have spent so much of the last year squabbling quite so publicly about burden-sharing; thereby giving Pyongyang the opportunity to make mischief. Even more worrying is the fear that KEDO's very existence may be at risk, given the threats by both the Japanese government and the US Congress to cut off funding in the wake

of North Korea's rocket launch. While Tokyo may quietly come back on board, the threat from Congress is serious. To engage a "rogue state" goes against the grain of American foreign policy, and in his present plight President Clinton is in no position to fight his corner on what many in Washington misperceive (dangerously) as a relatively minor issue.

15. The issue of South Korea's wider preparedness (or otherwise) for whatever eventuality in the North is too large to examine at length here. Those of us who worry that Seoul does not look as ready as it should be are often assured that contingency plans do exist — for over 100 different scenarios, I was once told — but that these are necessarily kept under wraps in the Ministry of Unification. Presumably the rationale for secrecy is twofold: not to annoy the northern government, and not to panic the southern people. Against that, one could argue the need for much wider public awareness among South Koreans of just how a collapse in the North would affect them — the rigors of the "IMF era" would be trifling by comparison — and indeed, in a democracy, for the virtues of public debate on such matters. Despite all that it has on its plate already, I hope the government will see the virtues of greater transparency and discussion here.

16. This point is minor by comparison. But since Kim Dae-jung, remarkably, bears no grudge against those in Seoul who at various times tried to kill him, he is presumably equally unfazed by those in Pyongyang who had the same idea at an earlier stage (in 1950). One hopes too that he will brush off the insults from the North Korean media which have begun to come his way, after a few months when it looked at first as if the comrades might at last learn some manners. The signs are that South Korea at last has a leader who "gets" unification and what it entails, just as he "gets" globalization and reform; and who therefore will not sacrifice long-term strategy and principle to short-run expediency or reactions.

Good Day Sunshine, or Darkness at Noon?

As already stated, I welcome and support the Sunshine Policy. This final section poses a different question: What are its chances of success? Sadly, I do not find it easy to be as optimistic as I would wish. This is partly because of the uncertainty and unpredictability (as ever) of Pyongyang's response; but also, in particular, due to the rocket launch of August 31, 1998 and its consequences. These could potentially be very serious, in undermining political support — never strong in the first place — in the US and Japan for engaging with North Korea. One has the strong feeling that for many in Washington and Tokyo, this may be the last straw, and they are no longer prepared to play Pyongyang's game of militant mendicancy. Hence if Kim Jong-il or his generals thought that a bigger rocket would prompt bigger bribes to pay them off, on the precedent of KEDO, then they may have dangerously miscalculated. (Whether this particular test was of a missile or a satellite is immaterial: the military potential is the same either way, and the political damage has already been done.)

Specifically, given President Clinton's extreme political weakness at this point, and whether or not he is impeached, it may prove impossible to persuade the US Congress to reverse its refusal of funding for North Korea, and KEDO in particular. This could put Washington in breach of the October 1994 Geneva Agreed Framework: something which would undoubtedly prompt Pyongyang to engage in brinkmanship of its own. We could thus see a sharp rise in tension, perhaps even to the levels of 1993-1994: a period when, it is now clear, the peninsula and the world came perilously close to a second Korean War. Such rising tension would also act to dissuade South Korean and other business from any thoughts of investing in North Korea (it would of course be equally negative for Seoul's efforts to attract foreign capital).

To avert such a downward spiral requires action on several fronts. As well as lobbying and arguing the case for continuing engagement in the US — and also in Japan, where Pyongyang's rocket has created a new anger and toughness — it is vital to accelerate concrete South-North economic cooperation. Only this can furnish tangible proof that Sunshine works, and so strengthen the hand of those who support peace and engagement — including in Pyongyang, importantly, where reformers so far have had all too little to show for their efforts.

Will this happen? As ever, the signals from North Korea are mixed. Hopes of opening and reform rose in early September, with the promotion of ex-premier Yon Hyong-muk to the National Defence Commission; the appointment of a new cabinet, thought to consist largely of younger technocrats; and small constitutional changes which in theory safeguard rights to private property and inheritance, as well as allowing for profit as a tool of economic management. Against this, however, must be weighed several pieces of bad news later in the same month: the unexplained postponement of Hyundai's pioneering tourist boat-trips to Mt. Kungang; the equally unexplained cancellation of expected invitations to some sixty small South Korean companies to a UNDP-sponsored investment forum in Rajin-Sonbong; and the grim rumour that Kim Jong-u, who had done more than anyone since Kim Dal-hyon to give a business-friendly face to his country, was allegedly shot last year for corruption.

However one interprets these contradictory signals, it is hard to avoid the view that those in Pyongyang who want opening and reform are not in the ascendant; and are fighting for the helm with other forces, mainly military, who think that loosing off big rockets is a better idea. This makes the Sunshine Policy all the more urgent, while at the same time undermining support for it. I desperately wish to be proved wrong (it has happened before); but I am beginning to fear that Sunshine is a great idea whose

time has gone. If only it had been tried ten years earlier. I hope I am wrong.

Kim Dae-jung's Sunshine Policy and the Korean Peace Process

H.C. Stackpole and Jin Song

Challenges on the Korean Peninsula

The Korean peninsula is often referred to as one of the last vestiges of the cold war, a corner of the world in which economic interdependence, globalization, and other modern forces have failed to break the uneasy stalemate almost half a century old. While traditional North Korean allies—China and Russia—have begun the difficult task of adapting their systems to reflect the realities of a new political, economic, and security environment, North Korea remains hesitant at best, and structurally incapable at worst, of joining the rest of the international community.

Faced today with a severe food crisis, chronic energy and hard currency shortages, mass starvation in the hinterlands, and no trusted allies, the isolated regime presently peers into a tunnel with no light at the end of it. Dealing with outside powers from a position of weakness, the DPRK relies primarily on the viability

The views expressed in this article are those of the authors and do not reflect the official policy or position of the US Department of Defense or the US Government.

of its military threats.¹ Despite North Korea's self-assured, often brazenly confident external behavior, its August 31 medium-range missile test over Japan and the discovery of alleged underground nuclear facilities near Yongbyon underscore the regime's own uncertainty about what strategy is best for its survival; after all, the missile tests enraged an important source of humanitarian and economic assistance, Japan, and the underground facilities—if confirmed to be nuclear sites—could strike a potentially fatal blow to the already domestically beleaguered US-DPRK Agreed Framework.

US Domestic Politics on North Korea

Although the Clinton administration is committed to an engagement policy² toward North Korea, questions regarding its sustainability persist as Congressional skepticism grows over whether vital US interests are being served by the Agreed Framework, and by an engagement policy itself. As of this writing, there are serious concerns about the very survival of the Agreed Framework and US North Korea policy more broadly. Incensed over the August missile test and the discovery of alleged underground nuclear facilities near Yongbyon, Congress moved swiftly to demonstrate its disposition through the legislative process. The McCain Amendment, which was approved

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- 1 Gordon Flake, "Process as Product: The Collapse of the Geneva Agreed Framework Between the US and the DPRK?" Paper delivered at the APSA Conference, Boston, September 4, 1998
 - 2 The writers agree with Victor D. Cha's explanation of US policy toward North Korea as "conditional engagement." Cha argues that the juxtaposition of strategies of engagement and containment is a false debate. US engagement policy with North Korea has been, and will remain, "conditional" in the sense that engagement tools "are used in conjunction with—not in lieu of—basic containment strategies." US engagement policy thus, does not rule out deterrent measures. Strong US-Korean deterrence is a critical factor in the success of an engagement policy with the North. Paper presented at the September 1998 Annual Political Science Association Meeting, entitled "Post Cold War Policy Templates and North Korea." Also forthcoming in *Security Dialogue*, December 1998.

by the US Senate, favors restricting the availability of funds for KEDO pending certification that "North Korea is not actively pursuing the acquisition or development of a nuclear capability (other than the light-water reactors)."³ Coupled with the Hutchinson Amendment, which extends certification to cover sales of ballistic missiles or missile technology to terrorist countries, these legislative initiatives signal overwhelming congressional concerns and plummeting Hill support for the Administration's approach to North Korea. House Appropriations Committee Chairman Robert Livingston (R-LA) also introduced an amendment which substantively echoed Senate sentiments. From a congressional perspective, there are several lessons to be drawn from the last four years of deliberating with North Korea: Pyongyang is untrustworthy and is insincere about its commitments under the Agreed Framework, US officials have not been negotiating with the individuals who have access to the tight power circle which advises Kim Jong-il, and the Clinton administration's approach to dealing with North Korea has established a pattern of "rewarding bad behavior."

As the United States reexamines its approach to North Korea, South Korea proceeds with a revised engagement strategy of its own, namely Kim Dae-jung's "sunshine" policy. Although the policy is still in its early stages, does Sunshine Policy strike a new path from previous administrations in seeking resolution on the Korean peninsula? Does it complement or contradict US long-term interests for achieving a sustainable peace on the Korean peninsula? Peaceful reconciliation on the Korean peninsula begins with strong US-ROK policy coordination and close cooperation at all levels of interaction. South Korea's new policy framework for addressing the North Korea problem, thus, deserves careful consideration by Korea watchers in both Washington and Seoul.

3 United States Senate Resolution No. 2334, Amendment No. 3500, September 2, 1998.

Korea in Transition

It is an understatement to say that the Republic of Korea is presently experiencing a period of profound transition at all levels of society. The first peaceful transfer of power since the nation's inception was welcomed not with historic fanfare but by an unprecedented economic and financial crisis which reversed Korea's proud status as an IMF donor to recipient. Severe sociopolitical problems have worsened as unemployment, signs of homelessness and the "hollowing out" of the middle class pose stiff challenges to the new administration's political legitimacy. Compounding problems at home is an increasingly desperate and unpredictable neighbor to the north which continues to test the boundaries of South Korean and American fortitude. For Kim Dae-jung, viable policy options with regard to North Korea must be considered against this difficult social, political, and economic backdrop.

Breaking Out of the Zero-Sum Calculus?

Despite the difficult domestic political challenges facing the new Kim administration, there is cautious optimism among American policy observers with respect to the prospects for peace on the Korean peninsula. Kim Dae-jung's presidential victory marks the first time in South Korean history when a sitting president's views on a political issue—in this case, North Korea—has been so widely published, read, and analyzed. Washington's tremendous support for Kim Dae-jung reflects, in part, the welcome arrival of a Korean leader who has spent his professional life thinking about a viable method for achieving a lasting reconciliation for the two Koreas. Kim's policy of engagement toward the North states that Seoul will not tolerate armed provocation of any kind and does not desire a scenario of reunification by absorption; rather, it seeks to actively promote inter-Korean cooperation and reconciliation. Kim Dae-jung's Sunshine Policy is largely consistent with the Kim Young Sam

administration's policy prescriptions, but with additional policy directives such as the delinking of politics and humanitarian assistance as well as the enhanced role of the private and nongovernmental sectors in engaging North Korea.

Despite promising signs thus far of Kim's implementation of Sunshine Policy, Korea watchers are skeptical about the prospects for real change given a naturally conservative South Korean constituency and the difficulty of cooperating with an unpredictable "rogue" state. More fundamental an obstacle, however, is the entrenched mentality that has locked North-South relations in a cold war vise for over forty years. Many Korea security scholars view this anachronistic thinking as a critical barrier not only for peace in the long term, but for a successful "soft landing" strategy in the medium term. The Asia Pacific Center for Security Studies sponsored an international political-military game simulation in April 1998 which focused on scenarios for reconciliation on the Korean peninsula. One of the key findings of the simulation confirmed broadly held views that progress toward reconciliation required first and foremost a change in the zero-sum mindset of both Koreas.⁴ A psychological transformation would require, as noted Korea analyst Robert Manning describes, "the Republic of Korea to become a 'good winner' and the North to be a 'good loser.' The United States and South Korea must find a way to assuage the DPRK fear of absorption."⁵

If we accept the premise that a peaceful reconciliation would require both the North and South to change their traditional cold war mindset, one of the key measures for an effective engagement policy is not whether North Korean behavior may be

4 "International Game '98: Exploring Reconciliation on the Korean Peninsula," Report of the Asia Pacific Center for Security Studies, Honolulu, Hawaii, April 27, 1998.

5 Testimony by Robert A. Manning, Senior Fellow, Progressive Policy Institute, before the House International Relations Asia and Pacific Subcommittee hearing on "US Policy Toward North Korea," February 26, 1997.

modified, but whether it modifies the mentality which *shapes* the regime's behavior. In this respect, does Sunshine Policy help promote a movement away from zero-sum calculations to positive-sum thinking on the Korean peninsula? The Sunshine Policy, and the overall effect of a convergence in US and ROK strategy of engagement serves long terms interests not only for both countries, but neighbors in the region as well. Over time, a strong US-ROK strategy would lay the groundwork necessary for a sustainable peace on the Korean peninsula by promoting inter-Korean relations, a more durable US-ROK alliance, and through economic integration—a shift in the broader North Korean calculus whereby the costs of being a rogue state become higher than the costs of becoming a responsible international actor.

Dual Crises Set the Psychological Stage for Improved Ties

South Korea's financial crisis and North Korea's food and humanitarian problems pose "dual crises" on the Korean peninsula. Ironic as it may seem, some analysts argue that the circumstances created under this "shared pain" on the peninsula help foster a better environment for improved inter-Korean relations. Although the Kim Young Sam administration laid out a comprehensive engagement strategy for dealing with North Korea, continued belligerent acts—such as the 1996 submarine incursion—and an ever-widening economic gap between a poverty stricken North and an economically dynamic South strengthened the conservative voices in Seoul's policy elite. This eventually forced Kim Young Sam's administration to take a harder line than prescribed by his engagement policy.

Does the "dual crisis" offer any interesting insights into the inter-Korean dynamic? Although the opacity of North Korean strategy and behavior pose serious obstacles to engagement, a far more fundamental impediment to peace on the peninsula is the competitive cold war paradigm within which both Koreas continue to deal with each other. This zero-sum mentality is

entrenched by both the South and North's long-standing ultimate goal of unification by absorption of the other's regime. With both countries now mired in significant domestic problems there has been a shift away from policy goals regarding unification by absorption. The financial crisis has quieted more conservative schools within Seoul's policy circles which previously advocated a speedy collapse of the DPRK.⁶ President Kim Dae-jung's explicit removal of "unification by absorption" as an official South Korean policy goal garners more credibility when considered in the context of South Korea's dire economic problems at home. With US\$150 billion in foreign debt payments due in the next year or two, expansive structural reforms only now being implemented, and forecasts for economic recovery more pessimistic than initially expected, South Korea is in no condition to entertain thoughts of hastening unification.

Bleaker than South Korea's predicament, however, is North Korea's economic and humanitarian disaster. After eight consecutive years of economic contraction, natural disasters have exposed the weaknesses inherent in the DPRK's collective agricultural system. The public health system and public food distribution networks have disintegrated, leaving large populations to fend for themselves. Some humanitarian estimates of North Korean deaths are as high as 2.4 million, or 20% of the population.⁷ Unlike other humanitarian disaster areas, North Korean households are unable to cope with food shortages

6 A small but influential group of "hawks" in the Kim Young Sam administration advocated speedy collapse due to increasingly belligerent behavior by the North and concerns that "dragging out" the regime's lifeline given the ever-widening economic gap between the North and South would only raise the eventual start-up costs of unification for Seoul.

7 Humanitarian and disaster relief specialist Sue Lautze observed that the lack of hard data and reliance on anecdotal evidence places the range of North Korean deaths between zero and 20%, or 2.4 million. Comments from an APC Seminar on Food Security, Honolulu, September 8, 1998. The Council on Foreign Relations US-Korea Task Force estimates deaths from starvation to be as high as two million.

through traditional means, such as foraging for wild food (because of complete environmental devastation), relocating, selling assets, or seeking temporary wage labor.⁸ Some North Korea watchers have observed significant internal changes as a result of the torrential rains, floods, and droughts. As one prominent North Korea analyst, Ken Quinones, observed, "the natural consequences of flood and famine, not ideology, have since stimulated change despite the resolute opposition of the Korean Worker's Party and the Korean People's Army."⁹

Since 1995, Pyongyang has redefined its national priorities: it reaffirmed intentions to implement the 1991 Basic Agreement, remains committed to staying engaged with KEDO and four party talks, and most importantly, has shifted emphasis from "universal communization" to "self-dependency" as the ultimate national goal.¹⁰ In effect, basic regime survival has become the top national priority, replacing strategic visions of hegemonic domination of the Korean peninsula. Pyongyang has also adjusted to its current realities by permitting the unofficial economy to operate and by promoting the Rajin-Sonbong free trade zone to prospective investors. As Quinones observed, however, Pyongyang's receptivity to change does not necessarily mean receptivity to "reform,"¹¹ preferring the term "adjustment." Thus far, the regime rejects the Chinese and Vietnamese models of reform. More importantly, however, there appears to be a recognition by the North that South Korean and other foreign investment must be preceded by improved North-South relations.

8 *Ibid.*

9 C. Kenneth Quinones, "North Korea's Opening Door," paper delivered at a conference in Honolulu on US-PRC Security Cooperation in Northeast Asia, by the Asia Pacific Center for Security Studies and US Institute of Peace, May 26, 1998.

10 See Cha, note 2.

11 North Koreans have indicated that they prefer to use the term "adjustment," as "reform" has connotations which may be inconsistent with *juche* ideology.

While not to suggest that fifty years of ingrained zero-sum calculations on the peninsula may be altered simply by present difficulties, the twin crises may have helped to clear the first hurdle in moving toward greater North-South accommodation: the psychological and political pressure on both governments to equate national strength with ultimate military and political dominance of the peninsula. With Kim Jong-il's recent ascension as the supreme leader of North Korea—accompanied by a newly amended constitution which enhances the role of technocrats in economic policymaking—and Kim Dae-jung's call for a "second nation building" with emphasis on free markets and democracy, both regimes have placed more emphasis on deriving national strength from internal stability than on external competitive relations.

Policy Convergence on Engagement and US-ROK Alliance Relations

If the stage is being primed for a slow thaw in cold war zero-sum calculations on the peninsula, the best policy for assuring a stable move toward greater accommodation is that of engagement. Constructive engagement with North Korea is often difficult to justify politically, especially in the short run when efforts to cooperate are unrequited. Engagement is by necessity a long term strategy, however. Charles Kartman, Special Envoy for the Korean Peace Process, emphasized the administration's long term outlook on its strategy: "We firmly believe that the Agreed Framework must continue to be the centerpiece of US policy toward the DPRK for some time to come."¹² Moreover, engagement policy is strengthened when allies cooperate, namely South Korea and the United States. The nuclear crisis in 1994 and the food crisis in 1996 generated

12 Testimony by Charles Kartman before the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs, hearing on "Recent Developments in North Korea," September 10, 1998, as reported in NAPSNET Special Report, 9/10/98.

tensions within the alliance as South Korea's concerns that the United States was getting out in front in dealing with North Korea hindered more effective US-ROK policy coordination. The Kim Young Sam administration promulgated an engagement policy, but rhetoric and practice were often at odds.

Although Kim Dae-jung's Sunshine Policy is still in its early stages, Seoul's measured response¹³ to the 1998 submarine incursion, the dead frogman incident, alleged underground nuclear facilities and the recent missile tests underscore the tenacity of the administration's commitment to engagement. Sunshine Policy is often misunderstood as idealistic and soft, possibly because of the connotations triggered by the word "sunshine"—a happy, smiling sun beaming down generosity and good will on the North.¹⁴ The notion that "sunshine"—rather than strong winds—would induce a traveler to remove his coat willingly is not one premised on the sun "being nice." Rather, the sun, having "turned up the heat," wills the traveler to adapt to the changing climate of his own accord. Kim Dae-jung is a pragmatist and keen politician; his administration's North Korea policy is not one of naive generosity, but is based firmly on reciprocity. In essence, the "heat" placed on North Korea through Kim's Sunshine Policy is the enhanced role of the private sector in North Korea, which is further discussed in this paper. Implicit in Kim's Sunshine Policy is not only a long term outlook for change, but also the hope that the right combination of deterrence, reciprocity, and inducements may gradually change North Korea's behavior.

13 Regarding the underground facilities and the missile tests, ROK Foreign Minister Hong described these developments as a "serious security threat" while urging governments to weigh these developments without jeopardizing the Agreed Framework, which "remains essential to maintaining peace and stability on the Korean peninsula and Northeast Asia."

14 This particularly interesting explanation of Sunshine Policy is based on a discussion with Mr. L. Gordon Flake, Associate Director of the Korea Roadmap Project at the Atlantic Council of the United States, Washington DC, September 17, 1998.

Policy convergence between the United States and South Korea is critical because it enables South Korean positive-sum thinking—and limits the North's ability to see gains in continued zero-sum approaches. Policy convergence, thus, is a critical first step in laying the groundwork for greater cooperation in several ways:

First, it dissuades North Korea from wasting time with divide and conquer strategies. Pyongyang's "wedge" strategy, for instance, makes a very Seoul-friendly US Congress less generous toward helping a country intent on sabotaging US-ROK relations. In turn, the Clinton administration's efforts to effectively engage North Korea become complicated when it faces a hostile Congress. North Korea practiced a "wedge" strategy, however, because it perceived an opportunity—a space—between Washington and Seoul into which it could insert itself. The intent of the "wedge" strategy—to acquire a powerful new patron and diminish Seoul's diplomatic leverage—is premised on the assumption that any improvement in US-DPRK relations would necessarily translate into a deterioration in US-ROK relations. This is classic zero-sum rationale that would appear less promising (from Pyongyang's perspective) in the presence of strong US-ROK trust and cooperation. South Korea was not exempt from practicing this form of calculation; despite repeated public and private reassurances of US loyalty since the nuclear crisis in 1994, South Korean hand-wringing over American fidelity preoccupied and, at times, frustrated better policy coordination.

Second, the political timing and environment is favorable for a positive-sum driven South Korean policy toward the North. We have learned valuable lessons from past peacemaking processes, Cambodia being a prime example, that no amount of political will on the part of regional powers and the international community can build a sustainable peace unless the timing and environment is right for the parties directly involved in the "conflict" to desire peace. Although Kim Dae-jung's engagement policy toward North Korea does not represent a significant

departure from the Kim Young Sam administration's policy prescriptions, the reality-check from the financial crisis, Kim Dae-jung's own long-standing expertise and relatively liberal position on North Korea, and his steadfast commitment to Sunshine Policy thus far all bode well for a gradual shift toward positive-sum approaches by South Korea. With North Korea more interested in the near term in reviving its collapsed economy than overtaking the South, there is room for a sustained engagement strategy to move incrementally toward building greater confidence and establishing mutual exchange and cooperation. The timing is right in that both countries are more vulnerable than in the past, creating near term incentives for accommodation rather than hostility. The environment is right in that South Korea under Kim Dae-jung has moved forward on North-South issues with an eagerness not demonstrated by past administrations. Though often conflicted, North Korea, which perceives certain benefits in cooperating with South Korea, has hinted on several occasions toward the prospect for better relations.

Third, policy convergence between the United States and South Korea strengthens the weakest leg of the US-North-South triangular relationship—the North-South dynamic. Since 1994 with the signing of the Agreed Framework, the US-DPRK leg of the triangle has made unprecedented strides in establishing cooperative ties. The durable US-ROK leg of the triangle, the oldest of the three and the one that clearly provides the base of this triangular framework, remains the most critical of the three relationships. The third leg, however, North-South relations, has seen little progress since the signing of the Basic Agreement in 1991. In fact, the Basic Agreement is often used by both countries as a propaganda tool for blaming the other side's inability to cooperate. With US-ROK policy convergence, the United States would be in a position to encourage a South Korean lead on negotiations with the North. Close US-ROK policy coordination would enable South Korea to approach the North with confidence knowing that engagement

is undergirded by strong deterrence; “engagement without capabilities may look like capitulation; however, engagement with superior military capabilities conveys credibility.”¹⁵

Economic Cooperation is the Departure Point for Realizing Positive-Sum Gains

If the Korean peace process must begin with a shift in mental frameworks, then the mechanism with which to spur that transition from a policy perspective is economic cooperation. A key element of Kim Dae-jung’s Sunshine Policy is the fact that it shifts the international emphasis away from North Korea as a black box ‘security threat’—missile exporter to rogue states, architect of nuclear programs, irresponsible procurer of conventional biological and chemical weapons capabilities—and highlights the regime’s other immediate problems—dire economic straits with far-reaching political and humanitarian implications. Thinking about North Korea as an economic problem is significant because regional and great powers, particularly the United States, continue to view the North Korean threat from a traditional security point of view. As the financial crisis in Korea has taught us, the boundaries between economics and security are increasingly blurred, and the distinctions which exist with regard to North Korea’s problems are harmful because these distinctions often shape policy priorities.

Although the Agreed Framework contains a series of economic and political incentives to draw North Korea out of its isolation and modify its behavior, the short term objective of the deal was security-driven, namely to halt a nuclear weapons program. Although Washington has successfully achieved this short term objective,¹⁶ the possibility of moving forward on economic and

15 See note 2.

16 The discovery of alleged underground facilities near Yongbyon is a serious development, but as of this writing, there has been no confirmation about

political incentives in the near term are slim. Congress and the Administration's tepid response to Kim Dae-jung's call for the easing of economic sanctions during the US-ROK summit provided a preview of the difficulties to come. India and Pakistan's nuclear tests, coupled with controversy over inspections in Iraq, have placed arms control and missile proliferation at the heart of the Washington policy community's radar screen.

There are clearly domestic political constraints on how far the United States may go in assisting North Korea's economy, but its interests could still be served by encouraging and supporting South Korea's efforts. One of the most salient aspects of Sunshine Policy is Seoul's commitment to "separate politics from economics" in dealing with North Korea. South Korea hopes that by enhancing the role—and separating the pace—of the private and nongovernmental sector's activities in North Korea from progress at the official governmental level, North Korea will move toward a gradual opening of its economy. The lifting of the minimum ban on South Korean investment in North Korea, Hyundai Honorary Chairman Chung Ju-yung's cattle diplomacy to the north, and the Mt. Kumgang tourism project mark the first tentative steps in line with this new policy.

whether it housed a nuclear weapons program. North Korea denied the charges and agreed to allow the United States to inspect the site in question. "North Korea OKs Nuclear Inspection," *Associated Press*, September 10, 1998. Russian analysts who contributed to "The DPRK Report," a joint project between the Center for Nonproliferation Studies of the Monterey Institute in California and the Center for Contemporary International Problems in Moscow, expressed doubt that the facilities are "nuclear related." "If Pyongyang decided to break out of the Agreed Framework and resume its nuclear program, it would have simply restarted its already-built facilities... To build such a facility underground would take five to eight years and would totally deplete North Korea's currency reserves." NAPSNET Special Report on "DPRK Report #13," August 31, 1998, on NAPSNET@nautilus.org.

Conclusion

Long term US objectives were stated by Charles Kartman as building "a durable and lasting peace on the Korean peninsula as a key contribution to regional stability, with an emphasis on facilitating progress by the Korean people themselves toward national reunification."¹⁷ In this respect, American objectives are served by a successful South Korean policy of engagement. Continued US commitment to deterrence and stability on the peninsula buttresses Seoul's new efforts to engage the North. Underscoring the region's long-term interests in a steady and consistent engagement policy by the United States and South Korea, Japan—shocked into suspending all aid and contact with North Korea after the August 31 missile test—restored its financial commitment to the light-water reactor project ten days later. Acknowledging the weak alternatives to engagement, Japanese Prime Minister Keizo Obuchi stated, "It would be a disaster if we broke KEDO and the DPRK began developing nukes."¹⁸

Kim Dae-jung's ability to manage South Korea's economic recovery while pursuing a vigilant Sunshine Policy is a dark cloud looming above prospects for peace. Although engagement policy requires a longer term outlook, South Koreans struggling to bear the brunt of drastic economic reforms are understandably less tolerant of irresponsible behavior from the North. From a Korean domestic political standpoint, President Kim does not have five years to turn his economy around; many analysts are currently wondering about the social and political ramifications of South Korea's unemployment rate surpassing the psychological two million mark. South Korea in the throes of an *IMF shidae*

17 Prepared testimony by Charles Kartman before the Senate Appropriations Committee, Subcommittee on Foreign Appropriations, April 17, 1997, *Federal News Service*.

18 "Government to Resume KEDO Project," *Yomiuri Shimbum*, September 11, 1998.

(IMF era) will continue to constrain Kim Dae-jung's efforts to move further, faster, on North-South dialogue.

South Korea's calm and deliberative response to the missile tests—swiftly sending ROK Foreign Minister Hong Soon-young and senior government officials to Tokyo and Washington for consultations and policy coordination—reflected the “sole voice of reason” amidst a sea of diplomatic turmoil and outrage. Seoul and Washington must build a cooperative framework together, placing “North-South reconciliation at the center of diplomacy.”¹⁹ Not only is it politically realistic given the present domestic mood in Washington regarding North Korea, but it will lay the groundwork for building a win-win paradigm between the two Koreas, the basis for a sustainable peace on the Korean peninsula.

19 See note 4.

Managing Relations with North Korea: Some Suggestions for President Kim Dae-jung

Ralph A. Cossa

If Koreans are to survive on the Peninsula in the cold realities of today's international politics, both Koreas should open a new chapter of reconciliation, exchanges, and cooperation. Let us initiate a good relationship for mutual prosperity and coexistence within the framework of the [1992] Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and North.¹

These words of peace and reconciliation, included in President Kim Dae-jung's remarks commemorating the 50th anniversary of the Republic of Korea in August 1998, underscore the profound shift in the ROK's policy toward the North since the new ROK President's February 1998 inauguration. President Kim's new "Sunshine Policy" opens an unprecedented window of opportunity for South-North cooperation. It also coincides closely with US security objectives regarding the Korean peninsula and thus provides opportunities for closer ROK-US cooperation on long-term peninsula security issues.

1 "President Kim Dae-jung Commemorates 50th Anniversary of the Republic of Korea," *Korea Update*, Aug. 15, 1998, Vol. 9, No. 6, p. 4.

Background

When it comes to dealing with North Korea, the Republic of Korea and the United States share two very critical goals: to deter aggression, and to bring about eventual peaceful reunification. There is also a strong coincidence of views between Washington and Seoul on how the first is to be achieved: namely, through the combined deterrence provided by the US-ROK security alliance and the presence of 37,000 American troops serving alongside their ROK counterparts under the Combined Forces Command.

The quest for peaceful reunification has proven much more difficult to manage, however, in large part because this also requires Pyongyang's cooperation. The North, on occasion, has demonstrated a willingness to cooperate, most notably at the beginning of this decade, when South-North ministerial-level talks were held and the above-referenced 1992 Basic Agreement and companion Joint Declaration on a Non-Nuclear Korean Peninsula were signed by both sides. It appeared to many that the end of the Cold War had finally brought a thaw in South-North relations as well, as both states joined the United Nations and North Korea (which had signed the Nuclear Non-Proliferation Treaty (NPT) in 1985) signed a NPT safeguard agreement with the International Atomic Energy Agency (IAEA).

Hopes for meaningful cooperation were quickly dashed, however, when the IAEA inspections revealed inconsistencies in North Korean reporting of its nuclear research activities and the North, in return, threatened to withdraw from the NPT.² Following former US President Jimmy Carter's eleventh hour intervention, the crisis was averted and Pyongyang, under the terms of the US-DPRK Agreed Framework, subsequently agreed to freeze

2 See "Nuclear Nonproliferation-Implications of the US/North Korean Agreement on Nuclear Issues," GAO Report to the Chairman, Committee on Energy and Natural Resources, US Senate, October 1996 (GAO/RCED/NSIAD-97-8) for a full chronology of events leading up to and including the crisis prompted by North Korea's actions.

its suspected nuclear weapons program. However, the resumption of direct South-North dialogue, as called for in this October 1994 agreement, has yet to occur in earnest.

A more recent attempt to bring about such dialogue, through the four-party talks proposal made by Presidents Clinton and Kim Young Sam in April 1996, has thus far had only limited success — North Korea has entered into formal talks with official representatives from the ROK, US, and China, but these talks remain stalled over core issues, to include the North's insistence that the withdrawal of US forces from the Peninsula be on the agenda; a precondition that Washington and Seoul (in my view, rightly) reject.

Nonetheless, the North's quest for external assistance to help deal with its continuing food crisis and its willingness to honor the terms of the Agreed Framework (at least thus far), plus the fact that the four-party talks have not been formally canceled, keep the hopes of future progress alive.

Both the Agreed Framework and four-party talks are seen by Pyongyang as US-driven initiatives and Pyongyang has made no secret that it is more interested in establishing direct dialogue links with Washington than with Seoul. The US (and Chinese) view that the two major powers are at the four-party talks merely to facilitate South-North discussion is not shared by Pyongyang. North Korea still appears intent on trying to reach a separate peace agreement with the US, even though the four-party talks proposal made it clear that this is unacceptable both to Seoul and to Washington:

The two presidents confirmed the fundamental principle that establishment of a stable, permanent peace on the Korean peninsula *is the task of the Korean people*. Both presidents agreed that North and South Korea should take the lead in a renewed search for a permanent peace arrangement, and that *separate negotiations*

*between the United States and North Korea on peace-related issues cannot be considered. [emphasis added]*³

North Korea also sees the multilateral Korean Peninsula Energy Development Organization (KEDO), instituted to give the ROK (and Japan) a more central role in implementing the Agreed Framework, merely as a US tool for living up to America's Agreed Framework obligations. In reality, it has served as a primary vehicle for South-North interaction and cooperation by effectively transforming the bilateral US-DPRK Agreed Framework into a multilateral process in which the ROK now plays a key role.⁴ As KEDO proceeds with its primary task of constructing two light-water nuclear reactors (LWRs) in North Korea, it will bring about even greater contact between South and North. It is not, however, a mechanism for South-North direct dialogue on Peninsula security issues.

President Kim's Sunshine Policy, while consistent and complementary with these earlier US-driven initiatives, clearly attempts to place primary responsibility and direction of South-North affairs back in the hands of the Korean people on both sides of the Demilitarized Zone, where it belongs.

Sunshine Policy

The inauguration of President Kim Dae-jung as Korea's first democratically elected opposition candidate has ushered in a completely new era in ROK politics and, with it, new opportunities for enlightened policies toward the North — provided, of course, that North Korean leader Kim Jong-il is finally willing to

3 William Clinton and Kim Young Sam, "ROK-US Joint Announcement to Hold a Four Party Meeting to Promote Peace on the Korean Peninsula," April 16, 1998, para. 4.

4 For more on the Agreed Framework, KEDO, and the four-party talks, please see Ralph A. Cossa, *Monitoring the Agreed Framework: A Third Anniversary Report Card* (Honolulu: Pacific Forum Special Report, October 1997).

step forward and accept the olive branch being offered by the South.

From the moment he was elected to lead the ROK, President Kim extended a hand of friendship toward North Korea, even while keeping his other hand firmly on South Korea's defensive shield — the US-ROK security alliance. It is important in analyzing the Sunshine Policy to place it in this larger perspective. Other key elements of President Kim's foreign policy were clearly outlined in his "Address to the Nation" the morning after his historic election:

To strengthen our national security, we will preserve and maintain alliance ties and close cooperation with the United States — *the central factor in our national security.*

To maintain peace and stability on the Korean peninsula, we will do our best to elicit positive cooperation with the four major powers around us — the United States, Japan, China, and Russia. Since I was a presidential candidate in 1971, *I have consistently advocated four power guarantees for Korean peace.* The need for it has increased today. [emphasis added]⁵

It is within the context of this very proactive foreign policy agenda, built upon the foundation of the US-ROK security alliance and dependant on the active support of all four major powers, that his overtures toward the North were couched.⁶ This recognizes that Seoul's Sunshine Policy cannot be implemented in a vacuum.

As President Kim reminded everyone in his 50th Anniversary Commemorative speech, the Sunshine Policy rests on three basic principles:

5 Kim Dae-jung, "Address to the Nation," December 19, 1997, as reprinted in *A Profile of Courage and Vision: Kim Dae-jung* (Seoul: Korean Overseas Information Service, February 1998), p. 26.

6 President Kim has been particularly bold in stressing the importance of close ROK-Japanese cooperation to future Peninsula stability — an essential but politically-sensitive undertaking.

First, we will not tolerate armed provocations of any kind;
 Second, we do not intend to absorb North Korea; and
 Third, we will actively promote exchanges and cooperation between North and South Korea.⁷

According to the ROK Ministry of Unification, these principles underwrite new policies that will focus on: separation of politics from economic cooperation; envoy exchanges to confirm South-North intentions at the highest official levels; developing solutions to the divided families issue, primarily through the good offices of the Red Cross; food aid, including agricultural development and economic cooperation as well as humanitarian assistance; continued support to the LWR project through KEDO; and the promotion of intra-Korean and international cooperation.⁸

Underlying all these policies is the principle of reciprocity. This calls for both sides to understand and respect one another's opinions and, most importantly, to "keep their promises made to each other."⁹ It also calls for an end to the old "zero-sum" approach and to demands for unilateral concessions. A certain amount of flexibility is built into the ROK approach, however. As the Ministry of Unification explains: "We do not ask for an exact 100 in return for every 100 we give to the North. What is required is that the North should make a certain degree of corresponding efforts in response to our efforts to improve intra-Korean relations."¹⁰

7 "President Kim Dae-jung Commemorates 50th Anniversary of the Republic of Korea," p. 4.

8 These policies are laid out in considerable detail in the *Korean Unification Bulletin*, Vol. 1, No. 1, July 1998, published by the ROK Ministry of Unification.

9 *Ibid.*, p. 4.

10 *Ibid.*

This approach toward North Korea represents a dramatic break from past policies that focused on the collapse and absorption of North Korea — the debate being over “hard landings” versus “soft landing.” Kim Dae-jung’s predecessor appeared to shun policies that could somehow be construed as “propping up” the North regardless of whether or not they supported ROK long-term objectives. The Sunshine Policy puts long-term security objectives first.

President Kim set the tone and laid the foundation for his subsequent Sunshine Policy in his December 1997 Address to the Nation when he announced:

For now, our goal is to secure peace and stability on the Peninsula, and exchanges and cooperation between the South and the North. National unification can be discussed and achieved later through progressive and gradual means.¹¹

General Observations

The Sunshine Policy, in my view, is not only a sound policy but a truly inspired, forward-thinking one. The challenge is to implement it in the face of North Korean suspicion and likely continued resistance. In attempting to do so, President Kim is already learning the great challenge that living in a democracy poses to the effective conduct of foreign policy.¹² Developing and implementing sound foreign policy in a vibrant democracy is difficult even when there is broad bipartisan support for one’s policies. When this is not the case or, worse yet, when the ruling party is in the minority in the legislature (as is currently the case both in the ROK and the US), the challenge can be enormous.¹³

11 Kim Dae-jung, “Address to the Nation,” p. 26.

12 This is not a new challenge. In his seminal book on *Democracy in America*, Frenchman Alexis De Tocqueville pointed out in 1835 how democracies, for all their many benefits, were ill-suited to the task of conducting foreign policy.

13 I point this out not to recommend that either nation rethink its commitment to

It is not my intention to second guess the Sunshine Policy or offer an alternative since I believe this approach to be based on very sound principles — it calls for a gradual opening up of the North and confidence-building measures today that will hopefully pave the way for eventual reunification. In the discussion below, some practical suggestions and new approaches will be offered to assist in pursuing the Sunshine Policy's goals. They all rest on two basic assumptions. First and foremost is the need for continued deterrence, given the basic uncertainty about what the North really desires or is willing to concede in the interests of greater peace and stability. Flowing from this is the need for close cooperation and coordination between Seoul and Washington.

The timing of ultimate reunification cannot be predicted. North Korea could collapse tomorrow. But, it is at least as likely that it will muddle through for some time. Even if there is a sudden change in regime (should Kim Jong-il be deposed) this will not automatically result in a government more to our liking or more willing to cooperate with Seoul. In certain respects, Kim Jong-il, given his mandate as Kim Il Sung's heir and chosen successor, has greater flexibility when it comes to changing direction or choosing to cooperate with the ROK than any likely North Korean successor. The challenge is to convince him to follow that path.

It must also be remembered that those pursuing peaceful reunification under Seoul are saying to the North: "please die a quiet, graceful death." This is a request that no leader in Pyongyang should be expected willingly to accept today. We must assume that personal and regime survival continue to motivate Kim Jong-il and his colleagues in the North and this factor must be taken into account. No North Korean leader is

democracy but to understand that as one tries to fine-tune a President's policies and offer suggestions, one must always keep an eye on what is politically feasible.

going to cooperate with Seoul if convinced that such cooperation will result in removal from power, incarceration, or death.

The main difference between the Sunshine Policy and earlier approaches is that it is more accepting of allowing the North to die of natural causes over time rather than trying to hasten this outcome by prematurely turning off life support systems today. The less the North Korean regime feels imminently threatened, the less likely it is to lash out in irrational ways. However, prediction of the North's behavior remains a risky endeavor. This is why continued deterrence is essential until complete reunification is achieved.

Continued Deterrence

The Sunshine Policy's first basic principle is that the ROK "will not tolerate armed provocations of any kind." This principle is only credible if backed by the combined strength of the US-ROK security alliance. As long as the Peninsula remains divided, and as long as separate political entities exist to the north and south of the DMZ with separate military forces, the US security umbrella must remain intact.

As a result, Washington and Seoul must make it clear to Pyongyang that the continued presence of US troops in the ROK is not a bargaining chip but an essential stabilizing force which makes South-North dialogue possible. Until reunification, the status and fate of US forces based in the ROK is for Seoul and Washington alone to determine; as far as Pyongyang is concerned, the US presence must be seen as non-negotiable.¹⁴ Once reunification occurs, it will then be up to Washington and the new unified Korean government to decide the desirability and nature of any new bilateral security arrangement.

14 See Ralph A. Cossa, "US Troop Presence is Non-Negotiable," *The Japan Times*, August 3, 1997, p. 19, for more of the author's views on this subject.

Close ROK-US Coordination

If deterrence is to be maintained, close cooperation and coordination is required between the US and ROK. One thing appears certain: North Korea will continue to seek the daylight between various US and ROK approaches and views in order to gain negotiating advantage. Keeping these policy gaps as narrow as possible is in both the ROK's and America's national security interest and will make dealing with the North (always a grueling task) perhaps a little less difficult.

The US has every right to pursue its own agenda with the DPRK separate from the ROK on issues of unique importance or relevance, such as resolution of long-standing Prisoner of War/Missing in Action (POW/MIA) issues left over from the Korean War or bilateral missile talks aimed at getting the North to refrain from developing and selling long-range missiles. But, the United States must ensure that its bilateral initiatives with North Korea do not give Pyongyang false hopes that it can isolate Seoul from the broader Korean peninsula peace process. The US message, as initially spelled out in no uncertain terms in the four-party talks proposal, must remain crystal clear: *South Korea cannot and will not be excluded from any peace agreement or from any negotiations directly related to the Peninsula's future security structure.*

Progress in bilateral US-DPRK relations is not worth the gain if it detracts from settlement of the larger issue of peace on the Peninsula being undertaken by the Sunshine Policy and other combined US-ROK initiatives such as the Agreed Framework/KEDO and the four-party talks. Given that both the US and ROK are vibrant democracies, both governments must also ensure that public opinion is well informed about the process and about the stakes involved. Every effort must be made to keep partisan domestic politics separate from this important foreign policy task.

Some Suggestions for the ROK

The following suggestions are offered to reinforce and build upon President Kim Dae-jung's current Sunshine Policy approach toward North Korea. Interwoven in these suggestions to my ROK colleagues are some recommendations for joint ROK-US action, given the closeness of our security ties and the continued need for close coordination and cooperation. A few additional suggestions for US policy makers to consider are provided in the final section of this paper.

Disregard the "Propping Up" Accusations

The Sunshine Policy is not aimed at hastening the collapse of North Korea; indeed the second basic principle specifically states that the South will not attempt to absorb the North. It should also not be specifically aimed at propping up the current North Korean regime . . . and is not. If, however, some policies contribute to the DPRK's survivability, at least in the near term, so be it!

The real goal of promoting exchanges and cooperation with North Korea (the third principle) is to open up the North, to build confidence, and to expose the people of North Korea to the prospects of a better, safer, more prosperous and secure life. Its aim is to create a desire and incentive for eventual reunification under Seoul's political and economic system. As former ROK Foreign Minister Han Sung-joo recently noted,

the success of the Sunshine Policy will hinge not on whether the North agrees to inter-Korean dialogue or renounces its hitherto hostile policy toward the South, but in the extent to which it can induce the North to open up and change.¹⁵

15 Han Sung-joo, "The Myth and Reality of New North Korea Policy," *The JoongAng Ilbo*, July 6, 1998, as reprinted in English in *Korea Focus*, July-August, 1998, p. 57.

It is possible, but not likely, that increased suffering alone will cause the North Korean regime to be toppled. But, the ability of the North Korean people to endure hardship should not be underestimated and the ability of starving people in the countryside to affect political change in Pyongyang should not be overestimated. If history is any guide, it is the classic "spiral of rising expectations" that forces political change more than mere suffering alone. What appears as "propping up" today may be creating a greater awareness in the North of what's possible and available, thus setting the spiral in motion.

The South should not hesitate to interact with the North on these terms and should understand that even actions that on the surface may serve to prop up the current regime contribute to the broader goals of opening up the North and paving the way for eventual peaceful reunification. This logic argues strongly in favor of continuing food aid and other humanitarian gestures without significant political strings attached. ROK support for greater World Bank and Asian Development Bank involvement in North Korean development efforts (with appropriate strings attached of course) should also be considered as another means of promoting a greater opening up of North Korea.¹⁶

Promote People-to-People Exchange Programs

The need to expose people in the North to the realities present in the South and the rest of the world in part lies behind the policies of people-to-people and envoy exchange programs and is one of the important practical benefits behind the divided family visitations proposal (and no doubt one reason why the North has been hesitant to fully embrace this initiative). High priority should be assigned to working out a mutually acceptable divided families visitation program. Initiatives such as the Mt.

16 See David G. Brown, "Seoul's North Korea Policy Challenges" and other chapters in Ralph A. Cossa (ed.), *Managing Relations With North Korea: Where Do We Go From Here?*, Pacific Forum CSIS Special Report, October 1997.

Kumgang Tourism Project being touted by South Korean businessman Chung Ju-yung as well as President Kim's recent proposal to field joint South-North teams for international sporting events such as the Asian Games and Olympics likewise contribute to the opening up process.

Remove Restrictive Barriers

To promote greater awareness and exchange in both directions, the ROK's National Security Law needs to be eliminated or at least significantly revised and other barriers to greater South-North interaction need to be lifted. Even with its setbacks caused by the ongoing Asian financial crisis, the South should welcome the opportunity for citizens on either side of the DMZ to compare and contrast living conditions and other quality of life factors.

Unfortunately, President Kim has been hesitant to take on this challenge, stating that he did not want to generate domestic political disputes at this time of economic difficulty, even while acknowledging that "some poisonous parts" of the law are likely to be amended soon.¹⁷ One can only hope that President Kim will soon live up to his promise to the secretary general of Amnesty International that "the day the government will amend the law will come and it will not be too long from now."¹⁸

Support DPRK Membership in the ARF . . .

As part of the opening up campaign, the ROK should encourage and support DPRK membership in both governmental and non-governmental multilateral organizations. Of particular significance would be unqualified support for DPRK membership in the ASEAN Regional Forum (ARF). While the ROK has been very supportive of DPRK participation in track two efforts —

17 "We Are Technically Still at War," *NewsReview*, September 19, 1998, p. 6.

18 *Ibid.*

leading the effort to bring the DPRK into the Council for Security Cooperation in the Asia Pacific (CSCAP)¹⁹ and encouraging their participation in the Northeast Asian Cooperation Dialogue (NEACD)²⁰ — it seems less certain about the desirability of having the DPRK enter the ARF at this time.

In my own discussions with ROK Foreign Ministry officials I note (and fully understand and appreciate) mixed feelings on this subject. On the one hand is the need for more dialogue and greater DPRK awareness of geopolitical realities which immediate participation offers. On the other is the continued frustration over North Korea's refusal to recognize the ROK's legitimacy and resume direct dialogue. On balance, however, I would argue that more rather than less DPRK participation in multilateral organizations best serves Sunshine Policy objectives. This argues for the earliest possible DPRK participation in official forums such as the ARF.

... And Other Multilateral Forums

President Kim has been supportive of other multilateral initiatives including then Foreign Minister Han Sung-soo's 1994 proposal for an official Northeast Asia Security Dialogue. Immediately prior to his inauguration, President Kim Dae-jung reintroduced a variation of this theme when he called for a Six Nation Declaration on Peace and Stability in Northeast Asia (which North Korea unfortunately quickly dismissed as "a silly and dangerous plan").²¹

19 A multinational grouping of regional institutes which now includes both North and South Korea among its 18 members.

20 Intended to involve North Korean foreign ministry and defense officials and scholars in dialogue with their US, ROK, Japanese, Chinese, and Russian counterparts. North Korea has thus far refused to attend.

21 See, for example, "N. Korea Calls Six-Nation Joint Peace Declaration 'Silly,'" AP-Dow Jones News Service, Seoul, 2/20/98 and "North Korea Throws Cold Water on Warming Ties," Reuters, Tokyo, 2/20/98

The DPRK has expressed discomfort with the traditional four plus two format since the DPRK does not enjoy diplomatic relations with either the US or Japan, while the ROK has formal ties with all four of the major participating powers. DPRK spokesmen continue to make it clear that North Korea has no intention of participating in four plus two dialogues until "all bilateral relationships are in balance," i.e., until the US and Japan recognize the DPRK.²² Nonetheless, it is useful to keep such proposals on the table.

Support the Agreed Framework/KEDO and Four-Party Talks

President Kim has wisely committed his nation to full support for both the Agreed Framework/KEDO and four-party talks processes. These complement the Sunshine Policy and are likewise aimed at promoting direct dialogue and contact between North and South. South Korean politicians will also have to demonstrate political leadership (and courage) to ensure that Seoul lives up to its financial end of the KEDO bargain and continues to finance its share of the light-water reactor project despite the current financial crisis.

Deal Wisely with "Provocations"

The Sunshine Policy, Agreed Framework, four-party talks, and other initiatives aside, the fact remains that North and South Korea are technically still at war. As a result, one should expect that a certain amount of spying and espionage will occur by each against the other. A clear distinction must be made between

22 Based on my own discussions with DPRK diplomats at the February 1996 UN Regional Centre's annual conference in Katmandu, Nepal, and elsewhere. These views were also spelled out in a summary statement entitled "Features of Security Situation in the Asia-Pacific Region, Northeast Region, and the Korean Peninsula," issued by So Chank-Sik, Chief of the DPRK Ministry of Foreign Affairs' Disarmament Division, and distributed at the annual UN Regional Centre's conference in Katmandu, Nepal, February 21-24, 1996.

hostile, aggressive acts (assassination teams, acts of terrorism, etc.) and intrusive intelligence collection efforts. The fact that the North must still rely on submarine-borne infiltration teams and frogmen to determine what's going on in the South is a reflection of their weakness and basic distrust, but not necessarily of any hostile intentions. Unlike Seoul, they do not have ready access to high technology photo reconnaissance and sophisticated listening post techniques and are not privy to the high-quality intelligence information provided to the ROK by its US allies (although one suspects that the Chinese and perhaps even the Russians may share some intelligence data with their North Korean colleagues).

Since the US and South Korea have little to hide when it comes to their combined military capabilities (indeed, a greater awareness of this combined strength serves the cause of deterrence) and have no plans to invade the North, the possibility should be considered of offering some type of "open skies" agreement to permit mutual reconnaissance opportunities over one another's territories. Alternatively, third party reconnaissance platforms operated by a neutral nation or organization could monitor troop disposition and movements with the information collected then shared by both sides.²³

Another way to deal with the basic distrust that drives the North's (and the South's) intelligence collection effort is the establishment of a South-North technological monitoring system within and along the DMZ (and perhaps extended both northward and southward from there) that could provide early warning of unusual troop movements.²⁴ In fact, a preliminary technological monitoring model for the Korean peninsula al-

23 The US On-Site Inspection Agency has done useful work in this area and could provide a model from which North and South Korea could build their own "open skies" regime.

24 A similar system has worked for years in the Sinai Desert between Israel and Egypt.

ready has been prepared by the US Cooperative Monitoring Center at the Sandia National Labs in Albuquerque, New Mexico, working in cooperation with the ROK's Korean Institute for Defense Analysis.²⁵ North Korean officials and scholars have been exposed to this preliminary study and would be welcome to work alongside ROK and American specialists to revise the draft if necessary to make it a more suitable South-North confidence building measure.

Develop More Confidence Building Measures

The "open skies" and "cooperative monitoring" proposals are examples of the type of confidence building measures needed between North and South Korea. Other traditional CBMs that could be pursued as part of the Sunshine Policy include direct military to military contacts, visits by military delegations, military personnel exchange programs, prior notification of military exercises, the opening of military exercises to international observers, greater openness regarding military budgets and defense planning and procurement, and the sharing of defense information. Encouraging North Korea to produce a Defense White Paper and to contribute to the UN Register of Conventional Arms would also set the stage for dialogue on one another's submissions.

Long overdue also are South-North discussions on mutual force reductions. Neither side can afford to sustain large standing armies on a wartime footing in the face of their current economic crises. In addition, simple arithmetic tells us that a reunified Korea, absent any significant prior force reductions, would have 1.85 million men under arms. This would make it the second or third largest army in the world, larger than the US military and

25 For details, see *Confidence Building on the Korean Peninsula: A Conceptual Development for the Cooperative Monitoring of Limited-Force Deployment Zones*, Sandia National Laboratories, Sandia Report SAND97-0583, April 1997.

more than nine times the size of Japan's Self-Defense Force. When one adds up the number of tanks, artillery, aircraft, and other items of military hardware on both sides of the DMZ, the figures are staggering. South-North dialogue must focus, early on, on reducing the number of military forces and hardware on both sides, in order to make eventual reunification less alarming to Korea's neighbors.

Build Better ROK-Japan Ties

One of President Kim's most forward-thinking (and politically courageous) foreign policy initiatives has been the high priority he attaches to improved ROK-Japan relations. Cordial, cooperative relations between the ROK and Japan today, and between a reunified Korea and Japan in the future, is absolutely essential for long-term regional stability. Unfortunately, one of the few things that the people of the North and South have in common is a mutual distrust of Japan. If future South-North ties are built on this factor, with Japan emerging as the common concern today and future threat tomorrow, this will put Korea on a collision course with the United States, whose national security strategy rests upon the foundation of close US-Japan relations and greater Japanese involvement in regional security affairs (within the framework of the US-Japan Mutual Security Treaty and Japan's Peace Constitution).

In recent years, there has been an unprecedented level of official cooperation between the ROK and Japan and the recent North Korean missile launch over Japanese airspace has prompted both sides to call for even closer defense cooperation, to include their first-ever joint naval exercise (focused on humanitarian search and rescue operations).²⁶ A recent initiative called the "K-J Shuttle," aimed at bringing together young scholars

26 See, for example, Oh Young-jin, "ROK, Japan Agree to Jointly Counter NK Missile Threat," *The Korea Times*, September 2, 1998, p. 1.

from each country for informal frank discussions, is particularly important and worthy of support since it reaches the next generation of leaders.²⁷ President Kim's visit to Japan in October 1998 and his invitation to both Prime Minister Obuchi and the Japanese Emperor to visit Korea should also help the healing process.

Support the US-Japan Alliance

The Korean government also needs to be more vocal in its support for the US-Japan alliance and for the September 1997 revised Defense Guidelines which outline the level and nature of Japanese support to US military forces in the event of contingency situations such as a North Korean invasion of Japan. Simply stated, the US would be hard-pressed to defend the ROK in the event of an all-out attack from the North without Japanese support, including but not limited to unrestricted use of US Japan-based forces and facilities and Japanese logistic support. It is in Korea's vital national security interest that the US-Japan alliance remain strong and viable.²⁸

Understand Differing PRC Objectives

President Kim fully understands the importance of, and attaches high priority to, improved relations not only with Japan but with China as well. Sino-ROK relations have been particularly good in recent years, with China reportedly playing a constructive behind-the-scenes role in improving South-North relations.

27 The "K-J Shuttle" is operated by the Yoido Society in Korea and the Okazaki Institute in Japan as part of a broader US-Japan-ROK trilateral project conducted by these institutes with the Pacific Forum CSIS.

28 For more on the importance of the alliance and the need for its revitalization, please see Ralph A. Cossa, *Restructuring the US-Japan Alliance: Toward A More Equal Partnership* (ed.), Washington D.C.: The CSIS Press, 1997 (Significant Issues Series, Vol. XIX, No. 5).

China is also a participant in the four-party talks, hosting the second formal meeting in Beijing in March 1998.

However, it is important to understand the fundamental difference between Beijing's future vision of the Peninsula and that espoused by President Kim (and preferred by the US). President Kim has stated repeatedly that he sees a post-reunification role for the US-ROK alliance, to include a continued US military presence on the Peninsula. Chinese leaders, perhaps understandably, have a different vision. Chinese leaders would prefer a future Asia in which China and not the US plays the primary regional balancer role, where military alliances ("left-overs from the Cold War") no longer exist, where a reunified Korea looks to Beijing for its security guarantees (against their common Japanese threat), and where US military forces no longer reside on the Korean peninsula (or elsewhere in Asia).²⁹ This fundamental difference in long-term visions must be remembered, even as China and the ROK (and US) cooperate in order to achieve more complementary short-term goals.

Discuss Confederation

North Korea has long-argued for a South-North confederation as an interim step toward eventual reunification. At a CSCAP North Pacific Working Group meeting in early 1997, a North Korean scholar from the Foreign Ministry-directed Institute of Disarmament and Peace in Pyongyang once again spelled out the North's confederation views:

It is the international trend today to set up a confederal state or coalition government among the peoples with different ideas and views.

29 This is my personal assessment of China's long-term vision, based on extensive discussions with Chinese officials and security analysts and the study of strategic thought emanating from government-operated research institutes.

The proposal for national reunification through confederation advanced by the respected President Kim Il-sung is the formula to achieve reunification on the basis of one nation, one state, two systems, and two governments, leaving the ideas and systems existing between the north and the south as they are.

The proposal for national reunification through confederation is the way for the north and the south to embody the idea of independence, peaceful reunification, and great national unity in real terms, and this proposal provides institutional guarantee for coexistence of two systems in the north and the south from the principle of neither side conquering or being conquered by the other.

The proposal is aimed to resolve national reunification by the method which guarantees peace, stability, impartiality, and neutrality.³⁰

Former ROK governments have uniformly rejected such proposals as a North Korea scheme to perpetual separation. However, as an opposition leader, Kim Dae-jung also saw merit in establishing a confederation as part of his "unification in three phases" philosophy. This has now become a part of the ROK's unification philosophy and is explained as follows:

The three-stage unification formula calls for the formation of a confederation in the first stage, a federation in the second, and complete unification in the third. The most important stage is the first stage which is the preparatory period for unification.

'Confederation' means a systematic mechanism through which the two Koreas will form close, cooperative organizations, while maintaining two different systems and two governments as well as two militaries and foreign policies. Thus, the two sides will peacefully manage the state of the division of the country and develop a unification-oriented cooperative relationship.³¹

30 Pak Hyon-jae, "Problems in Confidence-Building in North Pacific Region," paper presented at the second CSCAP North Pacific Working Group meeting, Vancouver, Canada, January 31-February 2, 1997, pp. 3-4.

These two proposals sound remarkably similar. Surely they can form the basis for South-North dialogue, if not at the official level, then at least at the track two level. I would encourage ROK participants in the CSCAP North Pacific Working Group to accept rather than reject North Korea's confederation proposal as a good starting point for discussion on ways to advance down the road toward reunification and to table President Kim's own "unification in three phases" concept to further facilitate this discussion. The North has been challenging the South for years to examine such a proposal; why not see if they are prepared to take "yes" for an answer.

Some Suggestions for the US

A few final suggestions are offered here for US decision-makers so that US strategies and policies toward North Korea will better complement Korea's Sunshine Policy and increase the prospects for its success.

Clear US Policy Needed

The first thing that is needed is a clear-cut expression of overall US security strategy for the Korean peninsula. The Agreed Framework/KEDO process and the four-party talks are not strategies; they are instruments aimed at dealing with two specific aspects of the overall problem: the North's suspected nuclear program and the need to replace the Armistice with a permanent peace treaty. A clearer exposition of how these and other initiatives (such as the missile talks and MIA discussions) fit into the overall strategy is needed.

This strategy should be developed through close consultation with Seoul but should be tied, first and foremost, to US national security interests. While the US and ROK must closely coordi-

31 "The New Administration's North Korea Policy," Korean Overseas Culture and Information Service, Seoul, Korea, February, 1998, pp. 2-3.

nate their approaches, each must recognize and accept that the other's tactics on occasion will differ as they sometimes pursue alternate paths toward the same common goal.

Support the Sunshine Policy

The US needs to be clear and unambiguous in its support for the ROK's Sunshine Policy in practice as well as in principle. In June 1998, President Kim took the bold step of asking the US Congress both to lift the economic embargo on the North and to fully live up to the US's commitments regarding KEDO fuel oil deliveries and other promised steps. While praising President Kim personally and giving him a "hero's welcome" during his visit to Washington, his requests have thus far fallen largely on deaf ears. Neither the Administration nor the Congress seems willing to focus on this issue, despite the vital national security interests that are at stake.

As part of its endorsement of the Sunshine Policy, the United States needs to sit down with the Republic of Korea and hammer out a comprehensive plan for dealing with the North; one that has clearly defined objectives and which specifically links US and ROK promised benefits to specific North Korean actions along specified timelines (the Agreed Framework provides a useful model in this regard). The ROK and US also have to more clearly specify what constitutes sufficient progress in South-North dialogue. Is just showing up at the four-party talks sufficient? I believe that high priority should be attached to obtaining North Korean acceptance of, and compliance with, the mutually-negotiated 1992 South-North Agreement on Reconciliation, Nonaggression, and Exchange and Cooperation and the companion Joint Declaration on a Non-Nuclear Korean Peninsula.

Discuss US Post-Reunification Role

The US Defense Department's and President Kim's stated preferences notwithstanding, it is unwise to assume that a post-reunification US military presence on the Korean peninsula will be supportable either in Washington or in Seoul. But, it is also too soon to rule out this possibility. The advisability and feasibility of US bases and forces in a reunified Korea is highly scenario-dependent.

Despite these unknowns, under most plausible scenarios (and especially under a confederation scenario), I personally see a future role for US forces on the Korean peninsula after reunification, at least in the near term, in order to help ensure a secure environment conducive to much-needed demilitarization, if for no other reason. Not all security specialists agree however. Even among military professionals fully committed to sustaining Korean peninsula security, there is serious question of the advisability and sustainability of a US military presence on the Korean peninsula post-reunification.

For example, the Pacific Forum CSIS earlier polled a cross-section of retired and some active duty US military officers on their views regarding a continued US presence today, under a South-North confederation, and under full reunification. Not surprisingly, the overwhelming majority agreed that a continued US military presence on the Korean peninsula was essential today, even if the DPRK continues to honor the 1994 Agreed Framework.³² Moreover, most agreed that a continued military presence was desirable and appeared supportable even under most confederation scenarios.

32 Ralph A. Cossa, *Korean Peninsula Security in the Wake of the October 1994 Agreed Framework Between the U.S. and DPRK*, a Pacific Forum CSIS Special Report, December, 1995. Also summarized in "Korean Peninsula Security: A Survey of U.S. Military Attitudes (Retired and Active Duty) Toward Korean Peninsula Issues," *PacNet*, No. 1, January 5, 1996.

However, slightly more than half believed that US forces had no role to play on the Peninsula post-reunification. Many of these still supported a modest US military presence in Japan and elsewhere in Asia post-Korean reunification as a hedge against future uncertainty. But survey respondents raised serious questions both about the strategic necessity and about the probability of political support (in either Washington or Seoul) for a continued US military presence on the Korean peninsula once genuine reunification is achieved.

If US and Korean officials and strategic planners are convinced that a continued US military presence is necessary or desirable post-reunification, they must begin serious discussions now in order to develop the strategic rationale. They must then begin making convincing arguments to potentially skeptical legislatures and publics in both nations, lest they be overtaken by events should reunification come quicker than expected. A firm position, backed by their respective publics and legislatures, is essential to counter North Korean arguments and proposals since their view of confederation is one in which US forces are to be withdrawn.

Reject "Honest Broker" Role

Finally, some have argued that the US must pursue a more "balanced" policy toward the Peninsula in order to serve as an "honest broker" between the North and South. I strongly disagree! "Balanced" and "honest broker" imply a degree of neutrality which the US — as a security ally of the ROK — does not, and should not, have. The United States is, and must be seen (and portray itself) unambiguously as the ROK's foremost ally. The US must be seen as honest, and must continue its attempts to broker a peace treaty between North and South. But, Washington must continue to be seen, in the eyes of North and South Koreans alike, as a staunch ally of the ROK, if nonetheless dedicated to a fair and lasting peace on the Peninsula.

빈 면

Kim Dae-jung Administration's Unification Policy and Prospects for Russian-Korean Relations

Alexander N. Fedorovsky

The principles of unification policy declared by President Kim Dae-jung in his inaugural address on February 25, 1998, create a new base for inter-Korean relations as well as impulse international dialogue on Korea issues.¹ Under these conditions there are new opportunities for Northeast Asian countries, including Russia, to develop bilateral relations with both Korean states and to participate in stabilization of the political and security situation on the Korean peninsula.

One of the key principles of Kim Dae-jung's policy toward Pyongyang is the new government's intention to oppose Pyongyang's military provocation firmly, while it pledges to rely upon political, non-military measures primarily in order to reach this purpose. DPRK and the Republic of Korea are now at the turning point of their development. The situation on the Korean peninsula will depend in a large scale on the evolution of these states. The transition of these countries for the same direction (at least economically) could give positive impulse to mutual

1 "Inaugural Address by President Kim Dae-jung of the Republic of Korea, Entitled, 'The Government of the People: Reconciliation and a New Leap Forward,'" Seoul, February 25, 1998, *Korea and World Affairs*, Vol. 22, No. 1, pp. 93-99.

understanding between Northeast Asian countries and to stabilization on the Korean peninsula. Thus, realization of domestic reforms and transformation of the administrative economy toward a market economy in North Korea and liberalization of the South Korean economy could provide the basis for political dialogue and long-term efficient economic cooperation between the two Korean states, creating a new political, economic and psychological climate for regional cooperation and stability. On the other hand, political and economic stagnation or regression in these countries would have dangerous results and would undermine political and security stability in Northeast Asia.

In order to support the positive transformation of North Korean society it is quite necessary to reduce political tension on the Korean peninsula and to improve gradually inter-Korean confidence. That is why Kim Dae-jung's official statement that Seoul has no intention to absorb the North is a very positive political gesture toward Pyongyang. It is important that Seoul is willing to create favorable conditions for peaceful coexistence between the South and the North, instead of pursuing a policy aiming for the North's collapse. This modification of Seoul's foreign policy is adopted by Moscow absolutely, because any sudden collapse of the Pyongyang regime would lead to chaos and a series of conflicts on the Korean peninsula. It seems that both South Korea and Moscow are afraid of these possible negative processes.

Consequently Moscow is sure that gradual political and economic integration of DPRK and the ROK is the best way for the unification of Korea. That is why Russia would support a transition of the North Korean regime to a predictable, more open society as well as approve any form of cooperation between the South and the North, in order to create step by step an adequate economic, political and psychological base for the successful unification of Korea in the future, although most probably the North and the South will exist as two independent states in the long-run perspectives.

There are no strategic contradictions between Russia and Korea. The unified, peaceful, democratic and prosperous Korea as a friendly Russian neighbor would be a factor of stability in Northeast Asia. Security through cooperation is the main principle of Russian foreign policy towards the Korean peninsula. It means that Russia cannot use pressure on North Korea in any form for any political purpose. On the other hand Moscow intends to be one of the guarantors of security on the Korean peninsula because Russia is interested in the political and security stability of the region. In this case Russia has to coordinate its foreign policy with other Northeast Asian countries in order to prevent a regional arms race and the spread of nuclear weapons on the Korean peninsula.

While South Korea tries to modernize its domestic market economy, develop democratic institutes and maintain friendly relations with foreign countries, it seems that North Korea is trying to improve its international position by old political measures and new technical possibilities. Therefore Moscow has to take into account the evolution of North Korean policy while finding out new opportunities to improve foreign policy toward the Korean peninsula.

North Korean Missile Testing and Security Situation on the Korean Peninsula

North Korea's neighbors were profoundly shocked when, on August 31, Pyongyang test-fired a ballistic missile over Japan. There is a feeling that among the main purpose of the test firing were the following: (1) to split political forces in Northeast Asian countries and to mobilize North Korean supporters (for example, in Russia); (2) to separate one country involved in Korean affairs from another; (3) to press on the USA for enhancement of US-North Korean negotiations; (4) to stimulate separated defense measures by Northeast Asian countries, because in the case

of regional political and security disorder Pyongyang would have a chance for successful political maneuvering.

It seems that Pyongyang has already reached a lot of gains. In Russia one could see misunderstanding between the Ministry of Foreign Affairs and Ministry of Defense on the episode and it took some time for officials to elaborate their joint position.² In Japan the opposition agreed with the government on criticizing the firing of the test missiles, but while the Komei and Liberal Party felt that normalizing relations should be put on hold, the Social Democratic Party argued that the talks on this subject should be resumed. In South Korea, according to the poll, 57% of the respondents saw the blast as a positive development while only 24% perceived it negatively.³ Despite the missile launch, South Korean President Kim Dae-jung is sticking to his "Sunshine Policy" towards North Korea. One of the main features of this policy is a separation of political from economic cooperation.⁴

While Japan adopted a number of responses, including putting off for the time being the talks on normalizing relations between Japan and North Korea, halting food aid for a while, and freezing a decision on the final expense-sharing agreement for the light-water reactors to be built by KEDO, the United States agreed to send emergency food aid to North Korea⁵. One of the consequences of the missile testing episode is Japan's intention to consider two defensive options to ward off what

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- 2 "O raketnom udare Moskva uznala ot sosedei," *Segodnya* (Russian), September 1, p. 1, 3.
 - 3 "Some locals proud of N.K. missile over Japan," *The Korea Herald*, September 14, 1998, p. 3.
 - 4 "The accession," *The Economist*, September 12, 1998, p. 67.
 - 5 "American officials say the Clinton administration is loath to become involved in another confrontation with North Korea when the executive branch is distracted by the Monica Lewinsky scandal and economic instability around the world." D.E. Sanger, "U.S. Sending more food to North Korea," *International Herald Tribune*, September 11, 1998, p. 5.

they see as a rising threat from North Korea: one is the development of a Theater Defense Missile system (or TDM), the other is the launch of an intelligence satellite in order to upgrade Japan's own intelligence capabilities without having to rely on American cooperation. At the same time any unilateral move by Japan to improve its national defense system could shift the regional military balance and raise tension in Northeast Asia.⁶

In this case it is necessary to stress that there are two ways to provide constant political dialogue on security issues: (1) by bilateral inter-Korean negotiations; (2) by multilateral negotiations with the participation of other Northeast Asian countries and the United States. Although the development of direct exchanges between Seoul and Pyongyang is especially important for normalization of inter-Korean relations, regional security cooperation in Northeast Asia is also necessary in order to reduce political tension and decrease military forces on the Korean peninsula. These two processes are closely interdependent and one cannot be substituted for the other. So according to Ho-Yeol Yoo, Kim Dae-jung's new unification policy means "Koreanization in parallel with internationalization of the Korean problems."⁷

Under these new conditions Russia's proposal to organize political negotiations on Korea issues with the participation of both Korean states, China, Japan, Russia and the USA is very similar with modern South Korean political ideas expressed by the country leaders recently. At first, the honorary president of the United Liberal Democrats Kim Jong-pil, nominated the prime minister of the Republic of Korea, proposed a "six nations peace declaration," involving South Korea, North Korea, China,

6 D. Kirk, "Japan weighs stiffer posture," *International Herald Tribune*, September 11, 1998, p. 5.

7 Ho-Yeol P. Yoo, "The Kim Dae-jung Government Unification Policy and the Prospects for Inter-Korean Relations," *Korea and World Affairs*, Vol. 22, No. 1, p. 9.

Japan, Russia and the United States of America during his visit to Beijing. Later President Kim Dae-jung put forward an idea to form something like a Conference on Security and Cooperation in Europe (CSCE) with the participation of the six countries mentioned above plus Mongolia.⁸ According to President Kim's point of view Washington as well as Beijing are not going to oppose the Korean proposal and he believes that Japan would be ready to take part in the process. But there are still a lot of questions without clear answers. Among them: what kind of political and security issues should be discussed by the six Northeast Asian countries and what kind of questions should be discussed by the four members at the four-way conference. And the most difficult question is how these proposals would be realized if North Korea ignores them. Nevertheless Seoul's proposals not only initiated the realization of a more pragmatic, realistic and flexible policy towards Pyongyang and stimulated new political discussions on the situation on the Korean peninsula by neighbor countries, but overcame the traditional stereotypes of Northeast Asian political leaders, who usually ignored even the idea of adaptation of European experience because the security and political situation in the region differs from that in Europe. After President Kim's statement the situation has changed and Northeast Asian countries had to elaborate their position on this issue taking into account European experience.

Nevertheless there are objective reasons why Pyongyang's reaction on this part of President Kim's proposals is negative.⁹ North Korea prefers to develop bilateral relations with Northeast Asian countries. As for the four-way conference, the main purpose of Pyongyang's participation in this multinational forum is the normalization of bilateral relations with the United

8 Kang In-duk, "1998 Perspective of the Situation Around Korean Peninsula and the Roles of the Surrounding Countries," *East Asian Review*, Vol. 10, No. 1, pp. 20-21.

9 *Ibid.*, p. 22.

States. North Korea traditionally prefers to be free from international obligations and to have an opportunity for political maneuvering and Kim Il Sung's regime isn't going to change its foreign policy. Therefore Pyongyang will try its best to oppose Seoul's proposal by its own traditional political measures: political and military blackmail; fluctuations of foreign policy towards the South; pressure on the USA for development of US-North Korea relations; separation of Northeast Asian countries involved in Korean affairs. Pyongyang's test-firing of a ballistic missile over Japan was one element of this kind of policy. It was symbolic that neither South Korea nor other Northeast Asian countries could elaborate joint measures and provide coordinated policy towards North Korea. Moreover there were misunderstandings and political disputes on the issue not only among the different regional powers, but among domestic political forces of Northeast Asian countries as well (for example, in Russia and Japan). The rocket launch episode confirmed that it is quite necessary for Northeast Asian countries to establish adequate international institutes in order to coordinate regional security policy.

Prospects for Inter-Korean Economic Cooperation

The third principle of Kim Dae-jung's policy toward Pyongyang means that South Korea will actively pursue reconciliation and cooperation between the South and the North beginning with those areas which can be made acceptable to both sides. The realization of this principle would form the base for long-term economic cooperation between the North and the South. The end of President Kim Il Sung's era, the collapse of the Soviet Union, the end of the cold war and successful realization of market reforms in China and Vietnam radically changed the situation for North Korea at home and abroad. The radical reduction of economic, technical and financial assistance as well as military support from Russia, China and some other countries has

undermined the North Korean economy. As a result the North Korean economy has been in a deep crisis since the beginning of the '90s. The production of electric power, coal, steel, fertilizer, textiles and other products has seen an approximately two to threefold decrease during this period.¹⁰ There is a grave food supply problem and even a famine in North Korea during the '90s. Pyongyang has tried to overcome the food shortages by administrative measures until now, but the food supply situation still hasn't been improved in a large scale. As Marina Trigubenko notes, the daily distributed food ratio has been reduced from 0.9 kg. to 0.2 kg. per capita. Nevertheless it would be necessary for North Korea to import about 1.6 million tons of food annually.¹¹

One of North Korea's basic problems is its deep crisis of foreign trade. Constant export shrinking and a large trade deficit (about \$600-800 million) are its main features. The foreign trade crisis shows that the domestic economy is unbalanced and inadequate to the world market realities. The volume of North Korean exports is very small, but at the same time the country depends upon large-scale imports of fuel, capital goods, foods, etc. The foreign trade situation began to change at the end of the '80s when former "socialist friendly" countries curtailed and later stopped economic assistance to North Korea and Pyongyang had to earn hard currency to pay for its imports. Under these circumstances North Korea must find a new strategy for survival and to elaborate a new economic mechanism adequate to domestic and international realities.

In order to resolve domestic problems Kim Jong-il's administration has to expand North Korean foreign economic relations. DPRK is attempting to resume its economic relations with

10 V.I. Andreev, "Economicheskie problemy KNDR," *Actualnye problemy Koreiskogo poluostrova. Sbornic statei. Vypusk pervyi.* (Russian), Moscow, 1996, pp. 29-45.

11 M.Ye. Trigubenko, "Vozmozhnosti trehstoronnego sotrudnichestva mezhdou Rossiei, KNDR i Respublikoi Koreya," *Political, Economical and Cultural Aspects of Korean Unification. Part II* (Russian), Moscow, 1997, p. 131.

neighbor countries China and Russia. Simultaneously Pyongyang is going to establish direct relations with new partners, first of all with the USA, and to receive support from international economic organizations. At the same time Pyongyang prefers to keep away officially from Seoul. It seems that North Korea understands that it isn't strong enough economically to negotiate with the Republic of Korea directly.

Nevertheless it would be too difficult for North Korea to avoid direct economic relations with South Korea for a long time and to keep tension on the Korean peninsula. There is a growing competition for investments in the Asia-Pacific region. North Korea has to support a better investment climate than, for example, China or Vietnam in order to attract foreign investment in a large scale. Meanwhile, China and Vietnam have more opportunity to induce foreign investment than North Korea has. About 70% of foreign investment in China is overseas Chinese capital. Chinese and Vietnamese capitals play an important role in foreign investment in Vietnam. Except Chochongryun there isn't such kind of economically powerful overseas ethnic group which is ready to invest huge money into North Korea.

China is going to privatize thousands of state companies and will attract at least tens or even hundreds of billions dollars from abroad. Western countries, Japan and overseas Chinese are preparing to take part in the realization of this long-run program. The same process will begin in Vietnam in the near future. Besides, one important consequence of the international financial crisis is the significant growing demand for foreign investment and crucial decreasing of capital supply, especially for emerging markets.

North Korea's foreign economic partners can help Pyongyang to escape famine and an economic collapse, but it is hardly believed that they are ready to modernize the North Korean economy. China has its own economic problems, while American and Japanese businesses will be ready to invest in North Korea in a large scale only if a transition towards a market economy

begins and Pyongyang's domestic and foreign policy becomes more or less predictable.

Under these conditions North Korea has to reform the country without strong foreign support and the ROK objectively is its only strategic partner interested in taking part in the process of reconstructing the North Korean economy. Since the beginning of the '90s the ROK ratio in North Korea's foreign trade increased from zero level to 17%-20% and South Korea is Pyongyang's third largest trade partner, ranking behind only Japan and China.¹²

So in spite of all political disputes and fluctuations of Pyongyang's foreign policy towards Seoul, direct bilateral economic inter-Korean relations will expand step by step. Meanwhile Kim Dae-jung's decision to separate economic and political policy towards the North must be realized very cautiously in accordance with the normalization of inter-Korean relations.

Russia-Korea Relations

As V. Mikheev notes "North Korea succeeded in pressing the Russian Foreign Ministry to reexamine its pro-Seoul policy and to take into geopolitical account Russian interests in North Korea, as well as North Korean interests."¹³ Indeed, the Kremlin corrected and balanced its policy toward the Korean peninsula during the last three years. There were some signals that Pyongyang was ready to respond positively to the change of Russian foreign policy. As a result, the bilateral inter-government commission on economic issues resumed its annual session in April 1996 in Pyongyang and later in October 1997 in Moscow.

12 See *Peace and Cooperation. White Paper on Korean Unification*. Seoul, 1996, pp. 149-160.

13 V.V. Mikheev, "North Korea Regime and Russian Political Power," *The Journal of East Asian Affairs*, 1998, Vol. 12, No. 2, p. 570.

Three agreements on cooperation in agriculture were signed in Moscow. During the Moscow session both sides also decided to discuss the debt problem.

North Korean Vice Prime Minister and Foreign Minister Kim Yong-nam noted that both countries have an opportunity to upgrade the level of bilateral relations and expressed his satisfaction with the growing positive tendencies in the development of Russia-DPRK relations. On the other hand Russia was going to confirm to Pyongyang that the stabilization of bilateral relations is the long-term purpose of Russian policy toward DPRK. Russian Deputy Foreign Minister Grigory Karasin stressed at the end of 1997 that "we [Russia] are interested in having active ties with our neighbour [North Korea]."¹⁴

But it doesn't mean that Russia has changed its political priorities in North Korea's favor. Although Pyongyang successfully recruited supporters among members of the Parliament from the Communist Party of the Russian Federation, Russian Liberal Democrats and other leftist and nationalist groups, it is impossible for North Korea to restore military and economic "special bilateral cooperation" with Russia. Now Russian ratio in North Korean foreign trade is about 4%–5% and there is no opportunity to increase bilateral trade or investments in the near future. Besides after market reforms began in Russia vigorously and new Russian businessmen could now select business partners by themselves, few of them were willing to make money in North Korea. The local governments of Russian Far East regions have been involved in barter trade and in limited cooperation with North Korea and were Pyongyang's main economic partners in Russia during the '90s, but a lot of Russian governors were disappointed in North Korea. As a result Russian–North Korean trade constantly decreased during the first half of the '90s: from \$600 million in 1992 to \$75 million in 1997.

14 "Russia prepares for foreign minister's visit to N. Korea," *The Korea Herald*, November 1, 1997, p. 4.

Although the Kremlin gradually corrected and balanced its foreign policy from 1995 to 1997, it seems that neither the two Korean states nor Russia were satisfied with the results of the development of bilateral relations in the '90s. Russia's influence on the Korean peninsula is insignificant still and Moscow is isolated from the negotiations on Korean problems and from consultations on major security issues. In fact, only the United States and China are international guarantors of the status quo on the Korean peninsula until now and it isn't clear for the Kremlin in what form and under what kind of conditions Russia could support security on the Korean peninsula. Besides Russia was disappointed in South Korea's will and ability to maintain large-scale bilateral economic relations.

In turn, Seoul expected that realization of "Northern policy" would create new opportunities for establishing better relations between former political rivals in Northeast Asia. South Korea believed that under these conditions it would be possible for Moscow to stimulate the transition of North Korea towards a more open and predictable society. But the reduction of political, military and economic ties between Russia and North Korea in the 1990s increased the isolation of Pyongyang from Moscow. South Korea hoped also to find in Russia a huge market for Korean export industries and new sources of fuel and raw materials. Meanwhile Korean businessmen became dissatisfied with the economic situation and domestic political instability in Russia, which is why bilateral trade and investment exchanges are still limited in scale. Moreover the South Korean government controls the development of bilateral economic relations rigidly because of the debt problem.

North Korea was also disappointed with modern Russian policy towards Pyongyang and Seoul. Kim Jong-il's regime resumed its political activity trying to restore economic and military cooperation with Russia. North Korea is interested in improving ties with Russia to avoid its possible heavy dependence on the USA and to balance its foreign political and

economical relations. Pyongyang hopes that possible growing influence of the Russian Communist Party and other left wing and nationalist forces on domestic politics could later correct Moscow's foreign policy towards the Korean peninsula in the North Korean authoritarian regime's favor. Indeed, Russia's left and nationalist opposition insists on providing strong support for Kim's regime by radical improvement of bilateral political relations, economic assistance and military cooperation. But it will be impossible for Russia to maintain its economic assistance to Pyongyang in the near and middle-run perspective at the level of the 1980s because of the deep domestic economic crisis. Nevertheless the consequence of any possible future improvement of Russia-North Korea relations on the basis of ideological and anti-American reasons would be very dangerous for the security situation on the Korean peninsula and in Northeast Asia. Meanwhile one could hardly predict radical transformation of Russian foreign policy in North Korea's favor under Y. Primakov's government, because there aren't any objective reasons for such radical change of Russian foreign policy. Nevertheless President Yeltsin and the government will be under strong and constant political pressure by nationalists and left-wing opposition which will continue to insist on improvement of Russia-DPRK relations. That is why the future trend of democratization of Russian society as well as stabilization of Russian economy will influence development of the political and security situation on the Korean peninsula.

Under these conditions, it is quite natural for Russia to pursue a more flexible foreign policy towards the Korean peninsula in order to prevent a deterioration of political and security situation near the Russian Far East. The Kremlin is not ready to use a position of strength towards North Korea. Moscow believes that the development of economic cooperation with Pyongyang is quite necessary to maintain peaceful coexistence on the Korean peninsula. So in some features Russian policy toward Pyongyang coincides with Seoul's Sunshine Policy. But Russia

has few opportunities to develop bilateral relations with both Korean states successfully in the near future because of the deep domestic financial crisis. At the same time Moscow has to take into account the role of economic factors in international relations, so Russia will pay special attention to multinational projects in Northeast Asia as well as in Korea.

The New Unification Policy: The Consequence for Regional Cooperation

Bilateral inter-Korean economic relations could be very fruitful, but they have some objective limits. As a result of the international financial crisis there is now a contradictory situation in Northeast Asia: on one side, the role of economic factors in international relations is growing; on the other side, it is more difficult for Northeast Asian countries to influence regional economic processes, including on the Korean peninsula, because of their domestic economic problems. As mentioned above, Moscow, for example, has few opportunities to intensify bilateral trade with Pyongyang and invest in the North Korean economy.

At the same time there are some difficult regional problems which can be overcome by multinational cooperation alone. The energy deficit and environment crisis are among them. So Russia, DPRK, the Republic of Korea as well as other Northeast Asian countries have an opportunity to resolve these problems for their mutual benefit.

Close regional economic cooperation with Northeast Asian countries would make it possible for Russia to concentrate its limited resources and policy activity on the main principle issues of regional development. For example, Russia intends to supply neighboring Northeast Asian countries (including North and South Korea) with natural gas. The realization of these multinational projects would improve the energy and environment situation in Northeast Asia significantly as well as stabilize regional security in general. In turn, North Korea, South Korea,

China, Japan as well as other countries could show interest in realization of Russian energy projects.

On the other side it is impossible for South Korea, Russia, and other Northeast Asian countries to ignore the danger of North Korea's nuclear and missile blackmail. Otherwise multinational cooperation on the Korean peninsula will not be realized. Consequently, it is necessary for South Korea and Russia to coordinate their policies toward North Korea with other regional powers in order to oppose firmly any of Pyongyang's attempts at blackmail. A gas pipeline from Russian East Siberia and Far East region via North Korea to South Korea and Japan could be constructed only if both Korean states, Russia and other countries adopt a Northeast Asian agreement on energy security. The same agreement could be approved by these countries on environment issues, transport, etc.

So Russian foreign policy toward the Korean peninsula will be fluctuating in the near future: on one side, Russia will try to prevent an unpredictable collapse of the Pyongyang regime and the consequences of the following turmoil and disorder. For this purpose Russia will support inter-Korean dialogue and unification processes as well as North Korean economic cooperation with Northeast Asian countries. On the other side, Russia will continue to find out new ways to support security on the Korean peninsula and in Northeast Asia by establishing a regional security system based on close political, economic and security cooperation among neighbour countries and the USA. It seems that Russia's idea to organize political dialogue on Korean issues with the participation of two Korean states, China, the USA, Japan and Russia (two + four formula) now has a better chance to be resumed and adopted by Northeast Asian countries. After the new South Korean administration declared the new principles of its unification policy and suggested to North Korea, the USA, China, Japan and Russia to adopt A Joint Declaration for Peace and Security in Northeast Asia it seems that there are a lot of common features in Moscow's and Seoul's foreign policy

towards North Korea, and that in spite of some bilateral problems Russia and South Korea have an opportunity to coordinate their diplomacy on the Korean peninsula and in Northeast Asia.

The Future of the Korean Peninsula and Japan: An External Observer's Views

Kazuyuki Kinbara

The future development of the Korean peninsula should definitely be a direct concern for Japan in terms of political, economic and security considerations. There is little practical discussion so far in Japan, however, on what are the most likely scenarios for the peninsula, what would be the response of other countries concerned and how Japan should be prepared for the future.

With these in mind, the 21st Century Public Policy Institute has recently started a research project on the Korean peninsula in order to stimulate internal discussion and put forward policy proposals to the government of Japan. As an important part of the project, the Institute held a brainstorming meeting in Tokyo on an off-the-record basis, inviting prominent experts on Korean affairs from South Korea, the US, China and Russia as well as from Japan. Although opinions expressed in this paper are the author's personal ones, many of the propositions presented here rely to a large extent on the results of the brainstorming meeting.

The aim of this paper is to analyze the present state of the Korean peninsula and the international environments surrounding it by describing the positions of the countries concerned from the Japanese perspective. The position of North

Korea, among other countries, is a major subject for discussion. Some attempts to present some policy options for Japan for the future of the peninsula are also made with a particular reference to the possibility of multilateral cooperation.

How North Korea Is to Be Seen

Perhaps North Korea is one of the most closed countries in the world with very little domestic information available for foreign observers. This makes it extremely difficult to discuss its political and economic situations in any objective manner and therefore speculation is inevitable to some extent. Informal information or even rumours are sometimes useful and persuasive. No one can be fully confident in describing the true story of North Korea.

It is safely argued, however, that there are some points of loose consensus among Western or Japanese observers regarding the present state of North Korea. On its economic aspect, the following three points are among those agreed upon.

In the first place, North Korea's national economy is almost completely collapsing and cannot recover without being substantially reformed and opened. To this must be added instantly, however, that changing North Korea's inflexible economy from the outside would be no easy matter. Prospects for future food production also seem to be bleak, although some observers estimate a slightly better harvest this year than last year. It is often pointed out that North Korea is not intrinsically suited to agriculture, and that it would probably be to its advantage to develop labour-intensive, export-oriented industries in order to obtain foreign capital.

Second, there is no indication that Kim Jong-il's rise to power has resulted in any apparent new economic policies. On the contrary, the old policy of self-reliance is being pursued more firmly than ever. Perhaps this should be interpreted as a political excuse for economic failure rather than a positive choice of

policy. Self-reliance is synonymous with self-destruction, as far as the North Korean economy is concerned.

The third point is related to the first one in an ironical way: even if North Korea were to open itself to the outside world, its market is not very attractive to foreign investors. It is highly unlikely that a massive flow of investment from Japan, which should be the biggest potential capital provider, would take place. The fact that Japanese firms showed little interest in the Tumen River project in spite of the earnest approach by UNDP a few years ago may support this assumption.

The interpretation of the political aspects of North Korea is even more difficult. Despite its hopeless national economy, the political system seems to be surprisingly durable and is not likely to collapse any time soon. In fact, if North Korea were a normal country by any international standard, the current regime would have been ousted many years ago. In the eyes of Western observers, the Kim Jong-il regime appears to put higher priority on sustaining itself than on developing the nation or improving the lives of the people.

While many observers regard any organized resistance by laborers or farmers almost impossible in North Korea, it must be noted that scarcity of food has generated more movement among the citizenry, and that more people are fleeing to foreign countries. Nobody could deny the possibility of a sudden mass flight similar to what occurred in East Germany in 1989 if the food situation continues to deteriorate in future.

It is also essentially agreed that, since the Kim Jong-il regime is based on a personality cult under the rubric of Juche Thought, there is no viable alternative to the regime and that no self-purification can be expected.

Opinions are divided on how the interrelationships between the state and regime in the case of North Korea should be interpreted. Japanese specialists tend to support the proposition that North Korea is unique in the sense that the state is equated

with the regime, and therefore discussing them separately does not make sense.

Some specialists from other countries take a different view: in the case of the Soviet Union and China, the political system collapsed but the state survived. They believe that it is unreasonable to assume that North Korea is unique and would not follow the same pattern. They warn that it is not safe to make judgments solely on the basis of the leader's personality and characteristics. Given the fact that Korea was divided into South and North by external forces after World War II and that the Korean people aspire after unification, however, it is hard to imagine the case where the current regime disappears and the state remains as North Korea. In this context, the East German case, rather than the Soviet Union or Chinese ones, would be much more useful for comparisons.

On the military front, there is much room for speculation, again. In particular, the military intention of the regime is the hard core for Western analysts. When it comes to the military capability of North Korea, however, more objective argument would be possible. In short, it is generally understood that North Korea's military force is far inferior in terms of quality, particularly with regard to modernization, while it is superior in terms of quantity. It may be safe to assume, therefore, that North Korea would have little chance of defeating the South Korea, which is bolstered by American troops there, in case a war were to erupt in the peninsula.

To prevent military adventurism on the part of North Korea, the US is believed to have clearly made known to the North Korean leadership that the Pentagon has detailed and complete information concerning the North Korean military and that it has the full capability of destroying Pyongyang within a matter of hours. This is not enough, needless to say, to conclude that North Korea has totally abandoned the military option as a means of achieving its political purposes. Some specialists warn that North Korea might engage in a limited military clash near the

DMZ for some political objective, even if they know their military disadvantage. Considering the behavioral pattern of North Korea in the past, the current economic crisis and turmoil in South Korea would make this warning something more than just a hypothesis, if not high possibility.

American Priorities

No one would deny that the US is the key player among neighbouring countries for the present and future picture of the Korean peninsula. It is often pointed out that the American influence over South Korea has increased since South Korea's economic crisis not only in terms of security arrangements but also in terms of economic policy. On the other hand, there is some evidence that North Korea has also attached greater importance to its relationship with the US over the past few years. All these do not necessarily mean that the Korean matter is the number one priority for the US itself. Any American policies towards the Korean peninsula should be understood within the framework of its global and Asian Pacific strategy, not more and not less than that.

Two propositions, summarized in a simplified way, regarding the basic stance of the US for Korea issues should be borne in mind. First, American policies are complex and cannot be reduced to a single, solid approach. Within the US government, different bureaus and agencies adhere to a wide variety of stances and opinions. In addition to this, the role of Congress is of course a very important factor.

Second, the White House, as a general rule, places priority on domestic affairs; Americans are weary of war, and want Japan, South Korea and other concerned countries to bear as much of the cost as possible. The way the US is dealing with the problems of cost sharing for KEDO is just a recent example.

It may be fair to say that the major concern of the US is to maintain the stability of the Korean peninsula and support the

status quo through a soft landing. How the term soft landing should be interpreted is another question. Suffice it that soft landing per se would not necessarily lead to Korean unification in the long run.

It is interesting to note that some American military experts underline the special link between the US and South Korea. They argue that, in military terms, the US–South Korean relationship is totally different from the US–Japanese relationship as Americans consider the South Koreans allies who fought with them during the Korean War; in a sense, they view South Korea in the same manner they view Israel.

The news that North Korea launched a ballistic missile (or satellite) near Japanese territory arrived at the time of writing this paper (early September). Whether or not the US will reassess its policies towards North Korea remains to be seen. But it is most likely that the US would not substantially change its basic stance described above, unless it considers the missile firing not only a military threat to Japan but also a serious challenge to the whole American strategy for the Asian Pacific region.

Chinese Concerns

China's position in Korean issues also seems to be complicated. In a sense, its stance is somewhat similar to that of the US: China would like for the moment to concentrate on its own domestic priorities, i.e. the Three Big Reforms. There might be some discrepancies between its official policies and its real concerns. In this context, at least two propositions can be presented as common understanding.

First, what China fears most is being forced to intervene in case an incident occurs and disorder erupts on the Korean peninsula. If such an incident does occur, China will be faced with a difficult choice. For political, cultural and historical reasons, China is the ultimate source of authority for North Korea. There is a good

possibility, therefore, of **the Kim Jong-il** regime calling on China to intervene if war were to break out.

Second, China may not desire unification through South Korean leadership. If unification is achieved in the form of absorption of North Korea by South Korea, China would be obliged to restructure its position on the peninsula. Perhaps it is the common interest of Russia and China to avoid the case where the US has an overwhelming presence and influence on the reunified Korea, though Russia's stance towards North Korea appears to be more cool and businesslike compared with the Chinese one.

While there is some hope that China can provide expertise it has gained through its own experience of modernization in order to encourage greater economic openness in North Korea, the more persuasive view is that, as long as China and other neighbouring countries remain unaffected, it has little intention to engage with North Korea. Some observers argue that China is already discouraged about North Korea and believes it is no longer possible to redirect North Korean policies towards reform and greater openness.

Kim Dae-jung's Challenges

One thing is clear: Kim Dae-jung's administration is more positive in improving South-North relations than its predecessors. When he took the office of presidency in February 1998, there was high expectation, both at home and abroad, for dynamic and positive development of South-North relations for the first time in many years. Given his political creed and career background, it was certainly justifiable. Endeavors for national unification have been and will be an extremely important element of his political life work.

It seems that the sense of such expectation has gradually subsided, however. Four negative factors thwarting President Kim Dae-jung's soft approach to North Korea can be identified.

The first factor is the current economic crisis affecting the whole national economy of South Korea. Many observers foresee that the impetus of South-North dialogue will be substantially weakened due to the protracted crisis since the economic power of South Korea was a very valuable card to play vis-à-vis North Korea.

The second one is the seeming decline of President Kim Dae-jung's domestic popularity. According to Japanese newspapers, support for the president among the people dropped from 84% in February to 58% in May, and has continued to fall since. This may be largely contributed to the economic problems and to his way of managing them. But it is natural to believe, under severe economic conditions, that the people of South Korea tend to be less patient and less generous to a soft approach to North Korea.

Third, North Korea has shown no positive or flexible signal towards President Kim Dae-jung's Sunshine Policy despite his repeated messages for a rapprochement with North Korea. On the contrary, the official newspaper of the Korean Worker's Party *Rodong Shinmun*, for the first time, brushed aside the Sunshine Policy early August criticizing that the essence of the policy was anti-North Korean and that it should be abandoned without delay.

For those who support the argument that the Kim Jong-il regime is more interested in sustaining itself than it is in developing the nation or improving the lives of the people, it would be not difficult to understand the hardened attitude on the part of the North Korea. Whether the Sunshine Policy works or not may largely depend upon whether the Kim Jong-il regime can convince itself that expanding economic exchanges between the North and South through the policy would not lead to erosion of its power base. At all events, the emergence of Kim Dae-jung administration and its Sunshine Policy should be taken as a golden opportunity for North Korea, if it were serious about improving its relationships with South Korea.

Fourth, conservatives and the national security establishment in South Korea also seem to be critical of Kim Dae-jung's policy towards North Korea. In their views, the Sunshine Policy might be too naive and misguided. Recent North Korean submarine incursions only support the hawkish camp. *The Financial Times* on July 31, 1998 carried an article on the speculation that conservatives of both North and South Korea are working together to maintain military tensions. If this speculation has any foundation at all, it would be a tremendous shock and a severe setback for President Kim Dae-jung, even though it is more or less a common phenomenon that military establishments of enemies identify mutual interests in keeping tensions by stressing each other's military threat.

In the light of these factors, one cannot escape the impression that there is little likelihood that President Kim Dae-jung's policy towards North Korea would produce tangible results in the immediate future. It is a total mistake, however, to assume that his Sunshine Policy has lost legitimacy or efficacy. South-North relations should be placed into a much longer-term perspective.

In this connection, Kim Dae-jung's visit to the US in June 1998 proved to be a diplomatic success. At the summit meeting, South Korean President Kim and US President Clinton confirmed the security alliance between the two countries and agreed to cooperate closely with each other concerning policies towards North Korea. President Kim seems to have managed to gain Clinton's acknowledgement of South Korea's leading role in handling Korean peninsula issues. Thus, a common ground has been established for basic stance towards North Korea. These are highly significant achievements of his diplomacy vis-à-vis the US. One should remember that the bilateral relationship between the US and South Korea was at times strained during the tenure of the Kim Young Sam administration due to lack of coordination between the two governments for approaches to North Korea. The next foreign policy goal for President Kim would be improved relations with Japan. He is scheduled to make an official

visit in Japan in early October to meet his counterpart Prime Minister Obuchi.

Japan's Choice and Multilateral Cooperation

There are clearly divided opinions in Japan as to how Japan should deal with North Korea, although it must be also pointed out that Japanese specialists do not always make clear which camp they belong to. Some take the view that steps should be taken, including internationally organized aid, to actively engage with North Korea. They try to find some significance in applying pressure on North Korea from the outside to encourage it to adopt a more realistic approach.

Others believe that it is enough to prevent a sudden military outburst and to provide minimum humanitarian aid. They argue that any stopgap assistance being offered by neighbouring countries to prevent North Korea's precipitous collapse would only serve to bolster the contradictions of the regime. The virtuous efforts by other countries could therefore result in just the opposite of the desired outcome. They also maintain that, unless North Korea shows a sincere commitment to reform, it would be meaningless for Japan to engage in serious negotiations for the normalization of diplomatic relations.

Perhaps both opinions contain some elements of truth. But it appears that the latter opinion has gained more ground than the former over the past few years. Largely due to the kidnapping issues, any generous support to North Korea has not easily been accepted by the Japanese people at the emotional level. The recent test-firing of a missile near Japanese territory was just another additional factor to further deteriorate the bilateral relationship. It is only natural that the national feeling in Japan towards North Korea has been negative, and sometimes even hostile. Apart from that, there is no rational reason for Japan to be hasty with diplomatic negotiations with the country.

Against this background, it is unrealistic to assume that bilateral relationship between Japan and North Korea would see any substantial development towards normalization in near future. According to the *Japan Times* of September 1, 1998, Vice Foreign Minister Yanai said that "the launch of a ballistic missile by North Korea could have negative impacts on efforts by Japan and North Korea to establish diplomatic ties because the launch has had serious impacts on peace and stability in Northeast Asia."

This is not to argue that Japan does not need to formulate its own position in the Korean peninsula, however. On the contrary, it is of urgent necessity for Japan itself to establish its comprehensive policy towards the peninsula. As pointed out at the outset of this paper, policy-oriented discussions within and without the Japanese government on this issue seem to be far from extensive enough. Some Japanese experts maintain that Japan should at least prepare a contingency plan of its own to ensure an appropriate response at any time in case the Kim Jong-il regime collapses.

Suppose completing such a contingency plan is the bottom line of the Japanese preparation, then the next questions arise: Can Japan play a more active role in the Korean peninsula? Is there any possibility of Japan taking any initiative for securing peace and stability of the peninsula that would ultimately lead to a peaceful unification? Given the hostile stance of North Korea towards Japan and the historically sensitive relationship between Japan and South Korea, no one could easily prepare optimistic answers to these questions. Furthermore, Japan has been rather cautious about taking diplomatic initiatives for international disputes in East Asia for the past several decades. Having said that, Japan should have the potential for becoming a major player among the neighbouring countries and the potential could be actualized, provided the following preconditions are satisfied.

In the first place, Japan must overcome the current financial and economic difficulties by taking decisive and effective measures without delay. It is unfortunate that the general atmosphere in Japan has recently had a tendency to be more and more inward looking and domestic-oriented due to prolonged economic problems. Japan must regain confidence before everything else. Perhaps the same is true in the case of South Korea for the reason already discussed.

Second, a firm bilateral relationship based upon mutual trust must be established between Japan and South Korea. For this purpose, the top political leadership of Japan should make clear that it will fully support and assist autonomous and peaceful unification achieved through the efforts of the North and South Korean parties concerned. At the same time, it should be also clearly stated that Japan's policy towards North Korea will always be considered in light of the Japanese-South Korean relationship. The scheduled summit meeting in Tokyo in early October should be a very good occasion for Japanese Prime Minister Obuchi to convey these messages to South Korean President Kim.

It would be desirable, also at the summit meeting, if both leaders can confirm that the new "guidelines" for Japanese-US defense cooperation, announced in September 1997, are beneficial to South Korea as well with regard to preparing for a possible incident on the peninsula. It is hoped that South Korea appreciates the significance of the guidelines from a realistic point of view, since it should be a common understanding of Japan and South Korea that the American military presence and its commitment to the security in East Asia has been and will be essential for both Japan and South Korea.

These preconditions in themselves are no easy goals to achieve. It must be admitted that the possibility of Japan remaining passive with no diplomatic move in the Korean peninsula is not very slim. But it is also true, that among several remaining hot spots in the post-cold war era, the peninsula is without doubt

the most directly related to the national security and interests of Japan. In this sense, Japan is no longer allowed to keep taking a wait-and-see attitude towards Korean affairs in any way.

Provided that the above preconditions are met, the next stage of diplomatic actions for Japan would be to move as a more active coordinator rather than a strong leader, enlisting other countries concerned to create a general framework for an international environment that can contain any sudden military outburst from North Korea and at the same time facilitate the process of peaceful and autonomous unification.

In this respect, the 21st Public Policy Institute has just started study on the feasibility of building a "superstructure" in East Asia, an international organization that is a much more evolutionary form of the 2+2+2 formula. This is naturally a very long-term goal, and still in the stage of conceptualization. But the "superstructure" could cover not only Korean peninsula matters but also other bilateral or international issues which are pending in this region such as territorial disputes and collaborative development of natural resources. The financial cost for its building should mainly be borne by Japan, while it would be advisable for Japan not to dominate the management of the new organization.

Given the relatively cool or passive stances towards Korean peninsula issues by other neighbouring countries as discussed, perhaps only Japan has the possibility of taking initiative for embarking upon this kind of international framework building. Of course this would be a big task, and enormous diplomatic efforts are needed on the part of Japan, which may not be directly linked to the immediate national interest of Japan. But this endeavor should be regarded as a litmus test for Japan's diplomatic capability to move forward based on its own decision for the next century. It goes without saying that close consultation between Japan and South Korea should be maintained from start to finish with full respect for the "three-stage" unification approach of President Kim Dae-jung. The successful building of the

“superstructure” would greatly contribute to peace and prosperity in East Asia and also to enhancing the international reputation of Japan as a trustful and respectable Asian power.

Multidimensional Approach to Inter-Korean Relations: Its Conditions and Prospects

Jongchul Park

The Kim Dae-jung government proposed an engagement policy towards North Korea which was known as the "Sunshine Policy".¹ The explicit symbol of the engagement policy is the Mt. Kungang tourism. However, the North's submarine incident, suspected underground nuclear facility, and alleged satellite launch revealed the confrontational situation of inter-Korean relations. This proved the dual reality of inter-Korean relations that exchanges and cooperation coexist with tensions and conflicts.

At present, inter-Korean relations evolve around several dimensions. At the multilateral level, the KEDO project and four-party talks are progressing. At the civilian level, economic cooperation and civilian interactions have been witnessed. Contrastingly, formal government-level dialogue between Seoul and Pyongyang is still at a stalemate.

1 Sunshine Policy was named after one of Aesop's fables. According to that story, sunshine was more effective in taking off the clothes of the traveller than the wind. It implies that engagement policy, not the containment policy, will be more effective to change North Korea.

This complex situation necessitates a review of the conditions of inter-Korean relations and envisions the prospects of multidimensional aspects of inter-Korean relations. First of all, this paper will review the internal and external environment in which inter-Korean relations are proceeding. In particular, the internationalization of Korean issues, the financial crisis of East Asia, and the North's survival strategy will be considered. Second, returning to this context, inter-Korean relations will be analyzed from three dimensional perspectives: multilateral level, government level, and civilian level.

External and Internal Setting of Inter-Korean Relations

Internationalization of Korean Issues

Inter-Korean relations have been the result of the intersection of the two Koreas' interactions and the international environment. In other words, both stalemate and breakthrough in the relations of the two Koreas were determined by the change of international dynamics and two Koreas' adaptation to it. This is a natural outcome of the fact that inter-Korean relations are not only the two Koreas' problems but also regional and international issues. In retrospect, a momentum of breakthrough of inter-Korean relations had originated from the changed international environment, not from the two Koreas' initiatives. North and South Korea tried to solve Korean problems with an aim to adapt to the changed international strategic situation.²

Specifically, in the 1990s, the phenomenon of internationalization of Korean issues is outstanding in the following several aspects.

2 Inter-Korean dialogue in 1972 was the result of two Koreas' efforts to comply with changed international environment engendered from the US-Soviet *détente*, US-Chinese rapprochement, and Nixon Doctrine. The Basic Agreement between North and South Korea and the Non-Nuclearization on the Korean Peninsula in 1992 were the outcome of the two Koreas' attempt to adapt to the post-cold war era.

In the first place, North Korea's nuclear program vindicated the internationalization of Korean issues. Inter-Korean negotiations to deal with North Korea's nuclear problem were unsuccessful.³ Instead, negotiations between Washington and Pyongyang were the main arena to handle that issue. Whereas South Korea was not a participant in the nuclear negotiation, the two Koreas came to cooperate indirectly through the international mechanism of KEDO (Korean Peninsula Energy Development Organization). Through KEDO, the South plays a central role in providing two light-water reactors to the North in return for freezing its nuclear program.

Second, four-party talks for a peace arrangement on the Korean peninsula represent conspicuously the international characteristics of peace issue on the Korean peninsula. The multilateral approach to the peace arrangements on the Korean peninsula reflects the supporting and guaranteeing role of the major powers in resolving Korean security issues.

Third, the improvement of US-DPRK relations in several areas and Japan-DPRK normalization discussions reinforce internationalization of Korean issues. The US, China, and Japan worry about instability and insecurity resulting from sudden collapse of the North. As a result, they have adopted an engagement policy towards the North in preference for a gradual change of North Korea and the status quo on the Korean peninsula. The major powers' stabilization policy towards the North provides space for the North's survival and functions as an external stimulus for the Seoul's engagement policy towards Pyongyang.

3 The Joint Nuclear Control Commission between North and South Korea held 22 meetings to discuss the scope, means, and procedure of mutual inspection by the end of 1992. Two Koreas did not reach an agreement because of the North Korea's rebuttal of the challenge inspection of military sites. Seung W. Cheon, "Nuclear Negotiations on the Korean Peninsula: Current Status and Future Prospects," *The Korean Journal of Unification Studies*, Vol. 1, No. 1 (1992), pp. 131-160.

Fourth, international food aid to North Korea has also accelerated internationalization of the Korean problem. North Korea appealed to the international society for help in alleviating its severe food shortage in 1995. World Food Program and several international relief organizations have responded to Pyongyang's request. Such international humanitarian aid, even if being very restricted, have become a rare opportunity to get access to reclusive North Korea.⁴

Internationalization of Korean issues has both positive and negative effects on improving inter-Korean relations. On the one hand, internationalization of Korean issues is propitious in that the KEDO project and four-party talks provide institutional mechanism to manage security issues on the Korean peninsula. Improvements of the US-DPRK and Japan-DPRK relations are conducive to gradual change of the North and compliance with international norms by the North. The internationalization of Korean issues is positive in the sense that it contributes to the external environment favorable for the peaceful management of Korean situation and coexistence of two Koreas.

On the other hand, internationalization of Korean issues reduces the initiatives of two Koreas in handling Korean problems. Moreover, internationalization of Korean issues gives the North a pretext to devalue inter-Korean dialogue and drive a wedge between the South and the major powers. These are the unfavorable side effects of internationalizing Korean issues.

The Impact of Financial Crisis in East Asia

South Korea's financial crisis has both favorable and unfavorable effects for inter-Korean relations. Economic difficulties of the South weaken its negotiation power towards the North and

4 WPF established branches in Shineju, Chungjin, and Hamhung. UNICEF also established office in Pyongyang. Keum-Soon Lee, *Humanitarian Aid to North Korea by International Organization & Nongovernmental Organization* (Seoul: Korea Institute for National Unification, 1997), pp. 77-78.

countries concerned with Korean issues. South Korea's engagement policy was based on the premise that Seoul offers economic incentives in return for Pyongyang's concessions in military and political affairs. It was owing to Seoul's economic capacity that it could pursue a policy linking politics and economics in dealing with Pyongyang's nuclear development and play a central role in the KEDO project.

However, economic setback of the South lowered its status and negotiation capability in its relations with the North and international society on Korean issues. Moreover, economic restraints caused coolness of South Koreans to aid for North Korean brethren.

Meanwhile, financial crisis also has positive elements for inter-Korean relations. In the past, South Korea's overconfidence was met with fear and hostility from North Korea. But, economic slowdown of the South dissipated groundless overpride that the South could absorb the North in the case of latter's collapse. The North, witnessing the South's economic crisis, has no reason to worry about the latter's economic superiority. This perception might promote Pyongyang to accept inter-Korean dialogue without apprehending its inferiority.

On the other hand, economic crisis gives an opportunity to recognize the necessity of reciprocal inter-Korean economic cooperation in order to overcome economic difficulties in both the North and the South. For example, it will be a reciprocal transaction for the two Koreas to transfer outdated industries of the South to the North. And the loss of economic leverage necessitates Seoul to consider seriously non-economic issues, in particular, arms control. In this context, some civilian organizations insist on arms control as a means of solving the economic problems of South Korea.⁵

5 "200 People's Declaration for Arms Control on the Korean Peninsula," May 21, 1998; Chul Ki Lee, "Assessment and Proposal in the Military Issues of the Unification Policy," a paper presented at the seminar organized by the Associ-

In sum, economic difficulties make the South abandon unrealistic unification policy based on the groundless superiority, and instead, approach inter-Korean problems in more realistic and practical ways. Economic hardships also give the two Koreas a reason to seek co-existence and co-prosperity through mutual cooperation.

In the meantime, the financial crisis in Japan has had a negative impact on the North Korean economy. Korean Japanese who deserted from the pro-North Korean association Chochongryun and acquired South Korean nationality amounted to 5,700 in 1997, a more than 20% increase from the 4,700 in 1996. Several pro-North Korean banks and credit companies became bankrupt and merged in the process of Japan's financial crisis. Chochongryun, which sent 22,000 ton rice to North Korea in 1996, shipped only 9,000 ton rice in 1997. In addition, Chochongryun, which wired annually about 600 million dollars to North Korea, was estimated to have wired only 100 million dollars in 1997.⁶ The crippled financial situation of Chochongryun has dramatically decreased valuable political and economic sources of North Korea. This situation can be a factor for North Korea to seek new sources of economic assistance from South Korea.

North Korea's Survival Strategy and Inter-Korean Relations

For its survival, North Korea has implemented limited reform in the following domestic economic areas: inducement of foreign investment in Rajin-Sonbong free trade zone, rearrangement of institutional and legal procedures for foreign investment, introduction of incentive system in agriculture⁷, permission to culti-

ation of the Practice of Economic Justice, *Assessment and Imminent Tasks of the Unification Policies on the Occasion of the 100th Day of the Inauguration of Kim Dae-jung's Government*, May 1998.

6 Nisioka Sutomu, "The Past and Present of Chochongryun," *Far Eastern Affairs*, May 1998.

vate private plots, allowance of farm markets, and so on. In foreign relations, Pyongyang has tried to improve international relations and to attain international aid for its survival. In particular, North Korea has put priority on ameliorating relations with the US and Japan for security and economic interests.

However, controlled reform and a limited open door policy are not sufficient to solve the structural problems of North Korea. Moreover, North Korea is unlikely to implement drastic reform policies such as introduction of market prices, dissolution of collective farms, and privatization of state-owned companies. Therefore, North Korea's ambiguous dual policy of control and reform will continue to plague North Korea in the foreseeable future.

North Korea's dilemma is also conspicuous in its policy towards the South. For the North, the South is both the ultimate object of socialist revolution and simultaneously source of aid for alleviating economic hardships. The contradiction faced by the North is that it has to resist absorption by the South and at the same time it needs to attain benefits from the South. For the North, confrontational inter-Korean relations are useful to integrate its system. But it can be a stumbling block to induce support from the South and international society.

From Pyongyang's perspective, it was easier to respond to the authoritarian government of South Korea and its conservative unification policy. North Korea was able to accomplish internal integration and conduct united front tactics for targeting dissident groups in South Korea by blaming the South Korean government for its dependent, authoritarian, suppressive, and anti-unification orientation. North Korea took advantage of the authoritarian South Korean government which tried to com-

7 North Korea allowed the free disposal of harvest beyond a certain quota for a squad composed of 7-8 farmers, mostly family or relatives in the collective farm. Korea Institute for National Unification, *Unification Environment and Inter-Korean Relations: 1997-1998* (Seoul: Korea Institute for National Unification, 1997), p. 42

pensate its illegitimacy by having summit meeting with Pyongyang.

The North seems to be ambivalent to the engagement policy of the Kim Dae-jung administration. While the North anticipates food aid and the benefits of economic cooperation with the South, it also seek to block the negative repercussions that accompany cooperation. North Korea needs minimal tension with the South as a pretext for maintaining its austere system. Therefore, the North prefers civilian-level economic cooperation and socio-cultural cooperation to government-level dialogue.

The dilemma facing North Korea can be seen in its contradictory stance of accepting the Mt. Kungang tourism project and dispatching a spy submarine into the sea off South Korea at the same time. The North has allowed visits to the North by the leading members of business and cultural-religious circles of the South with an aim to acquire gifts and investments. Nevertheless, security and police institutions of the North continue to command incursions and intelligence gathering missions into the South. This kind of dilemma and duality will be hard to disappear unless the North Korean political system transforms itself.

A series of recent developments in the North represent Pyongyang's efforts to heal its chronic problems. The Supreme People's Assembly passed a new constitution and approved reshuffling of the power structure on September 5, 1998. According to the new constitution, power is divided into three parts: National Defense Commission, Presidium of Supreme People's Assembly, and the Cabinet. Kim Jong-il took the position of the chief of the National Defense Commission in charge of national defense and military affairs in contrast to the general expectation of his ascension to the presidency following his late father, Kim Il Sung. The chairman of the Presidium of the Supreme People's Assembly will represent the state and be responsible for foreign affairs. And the prime minister of the Cabinet will take charge of operating ordinary state affairs. In spite of this division of power,

it is without saying that Kim Jong-il will control the whole scene by holding the title of secretary general of the communist party and chief of the National Defense Commission.

Pyongyang's revision of constitution and reshuffling of power structure are interpreted to imply Kim Jong-il's consolidation of his power base firmly on the military and the new enhanced status of the military. This explanation is reinforced by the fact that military personnel were promoted in the official power hierarchy announced in the 10th Supreme People's Assembly and the 50th anniversary of National Foundation Day on September 9.

On this backdrop, Pyongyang announced a national slogan, the so-called "Strong and Prosperous State."⁸ This slogan was set so as to create a powerful state by building up ideology and military power. This contrasts with China and Vietnam's strategy of using market socialism to overcome the structural problems of the socialist system. Nevertheless, Pyongyang acknowledged the necessity of limited economic reform by introducing new clauses in the constitution: ownership of the means of production by the state and social cooperative entities (clause 20), the extension of private ownership to the profits acquired by legal economic activities (clause 24), self-supporting accounting system and introduction of the concepts such as cost, price, and profit (clause 33), the right of foreign trade by the state, social, and cooperative entities (clause 36), and foundation of various enterprises in the special economic zone (clause 37).

In short, the duality of the North's survival strategy has ambivalent repercussions for the inter-Korean relations. On the one hand, the necessity of economic cooperation, even though it is designed to be limited and selective form, would be a favorable condition for inter-Korean cooperation. On the other hand, the North's focus on the maintenance of its system and military-

8 *Rodong Shinmun*, "Strong and Prosperous State," August 22, 1998.

oriented national slogan would exert cooldown effects on inter-Korean relations.

Actor Approach to Inter-Korean Relations: Three Dimensional Dynamics

Two approaches can be considered to analyse inter-Korean relations: issue approach and actor approach. The issue approach classifies inter-Korean relations in terms of issue areas. This approach is appropriate for reviewing inter-Korean relations in detail, focusing on each issue area. However, the issue approach doesn't reflect the different role of main actors in each issue, inter-relatedness of issues, or the dynamic interactions among issues.

In the meantime, the actor approach sorts out inter-Korean relations from the main actor standpoint and compares patterns of behavior and interaction of each actor. According to this approach, inter-Korean relations are categorized into three levels: multilateral level, government level, and civilian level. This approach assumes that inter-Korean relations consist of multiple dimensions based on actor. On each dimension, disputed issues and problem solving mechanism are distinctive.

Actor approach presumes the impact of internal and external conditions on inter-Korean relations. Inter-Korean relations are the conflict and cooperation between two governments within the context of international society and domestic society. In other words, as in general foreign policy, inter-Korean interactions are decided and carried out by the government intersected between two dimensions, that is, international environment and domestic environment. The role of the government is to respond to the internal and external stimulus and set a policy goal.

On the international level, the South Korean government has to adapt to the internationalization and multilateralization of Korean issues. On the domestic level, it has the task of coordinating and activating the potential of civilian groups. The

government has to maintain policy leverage in the intersections of the two dimensions and to take initiative in institutionalizing inter-governmental dialogue.

Multilateral Level

Multilateralism is a specific interaction pattern in which three or more states or international organizations join and seek mutual interests in international relations. Multilateralism, in addition to the multiplicity of participants, aims to create specific norms of behavior applied to every participant.

A multilateral institution is defined as the three elements: the indivisibility of welfare, the non-discriminatory or equal application of generalized principles, and diffused reciprocity. The first element exists when members identify their individual interests with group interests as a whole. The second element means that the same behavioral code is applied to every participant without discrimination. The third element is possible in the situation where members reciprocate cooperative behavior in expectation of the other members' reciprocal response.⁹ As a multilateral institution institutionalizes principles, norms, rules, and procedures, a new regime is established.¹⁰ Regime has its own autonomy and survivability as an independent institution without relation to the particular interests and goal of participants.

Multilateralism contains several affirmative elements compared to bilateralism. First of all, multilateralism attenuates and

9 John G. Ruggie, "Multilateralism: The Anatomy of an Institution," in John G. Ruggie, ed., *Multilateralism Matters: The Theory and Praxis of an Institutional Form* (New York: Columbia University Press, 1993), pp. 3-49.

10 Regime theory analyzes various dynamic conflicts and cooperations in international relations. Regime is defined as explicit and implicit principles, rules, and decision making processes, on which expectations of actors converge in certain areas of international relations. Stephen D. Krasner, "Structural Causes and Regime Consequence: Regimes as Intervening Variables," in Stephen D. Krasner, ed., *International Regimes* (Ithaca: Cornell University Press, 1983), p. 3.

neutralizes mistrust and confrontations inherent in bilateral relations. As conflicting two entities negotiate within a multilateral framework, tensions and hostilities could be reduced. And multilateralism functions as an institutional mechanism guaranteeing benefits and sanctions of negotiation. It provides institutional and economic resources necessary for the implementation of agreement. Moreover, multilateral cooperation created in one area might promote cooperation in other related areas.

It is appropriate that inter-Korean problems be tackled in the bilateral negotiations between the two Koreas. However, multilateralism also has favorable elements in inter-Korean relations. At present, the KEDO project is the successful example of a multilateral experiment while the four-party talks is also experimenting multilateral approach. In the future, multilateral models can be attempted in the areas of economic cooperation and agricultural cooperation.

KEDO project

The KEDO project aims to provide North Korea with two light-water reactors of 1,000 Mw in return for freezing its nuclear development plan according to the Agreed Framework signed in October 1994 between the US and the North. KEDO, which is mandated to construct the reactors, is an international consortium composed of the US, South Korea, Japan, and EU.

The KEDO project has proceeded without great bottlenecks until now. A supply agreement and six supplementary protocols were signed between KEDO and North Korea since November, 1995. Ground work began in August 1997. About 130 South Korean managers and laborers are currently staying in North Korea and collaborating with about 170 North Korean laborers on a daily basis.

The KEDO project is a test case in which North and South Korea negotiate and cooperate practically within a multilateral framework. In reality, the representatives of Seoul and

Pyongyang compromised through direct and indirect channels in the negotiation process between KEDO and the North. Delegations of the two Koreas are cooperating pragmatically in the construction site of the light-water reactors, which is located in Kumho, on the northeast enclave of the North. Seoul and Pyongyang are gradually learning to understand each other and building confidence through this concrete cooperative project.¹¹

An agreement was reached among the US, Japan, and South Korea on the central issue of KEDO project, the cost-sharing. South Korea would be responsible for 70% of the total cost, Japan would pay one billion dollars, and the US would shoulder the balance.¹² However, the conclusion of a turn key contract and the continuous freezing of North Korean nuclear facilities still remain hot issues.

Recently, as North Korea is suspected of constructing underground nuclear facilities in the northern area of Yongbyon around which nuclear facilities are concentrated, arguments were raised criticizing Pyongyang's failure to comply with the Agreed Framework.

Moreover, the alleged satellite launch by the North on August 31 set fire to criticism against the North's insincerity.¹³ A spokesman of the US Defence Department, Kenneth Bacon, announced on September 15 that North Korea attempted to launch a satellite which failed to orbit the earth.¹⁴ In spite of the failure of original

11 Jeoung-woo Lee, "Current State and Policy Directions of Light Water Reactor Project," *The Korean Journal of Unification Affairs*, Vol. 10, No. 1, (Spring 1998), pp. 139-140.

12 *Seoul Shinmun*, July 30, 1998.

13 The former Secretary of State Department, James A. Baker III argued that the U.S. policy towards North Korea is an abject failure. He insisted the Agreed Framework grounded on the confidence in North Korea was going to fall apart because of the North's insincerity. "Baker Faults Clinton Policies," *The Associated Press*, September 23, 1998.

14 "Pentagon Regular Briefing," USIA Transcript, September 15, 1998; US State Department spokesman James Rubin argued that two problems of the North's rocket launch are the inefficient technology of solid fuel and the lack of re-entry

goal, the North sufficiently demonstrated its potential for developing intercontinental ballistic missiles in the future.

At this critical juncture, Washington and Pyongyang reached a package deal covering several pending issues between the two countries on September 10: resumption of sealing spent fuel, investigation of the disputed underground facilities, delivery of heavy oil to the North, undertaking main construction of light-water reactor, easing economic sanctions against the North, additional food aid, release of the North from the list of terrorist countries, opening of the four-party talks, and opening of missile talks.¹⁵

Washington and Pyongyang preferred to maintain the Agreed Framework to take the risk of disrupting it. Nevertheless, the Republican-dominated US Congress refrained from approving the agreement with the North. The US Senate had already approved the revised Foreign Aid Bill on September 2, according to which the US would contribute \$35 million dollars for providing heavy oil to the North on the condition of implementation of NPT and halting of missile exports by North Korea.¹⁶ And the US House of Representatives, on September 17, voted to cut off US funding to KEDO for providing heavy oil to Pyongyang.¹⁷

In this situation, Clinton administration consulted Congress to find a compromise on funding heavy oil to Pyongyang. The compromised proposal divided next year's provision of heavy oil into two steps with strict preconditions at each stage: implementation of Joint Declaration on the Denuclearization of the Korean Peninsula, progress in inter-Korean dialogue, compli-

technology of vehicle into the atmosphere. "State Department Noon Briefing," USIA transcript, September 15.

15 The testimony before the Senate Foreign Relations Subcommittee on East Asia and the Pacific on September 10 by US Special Envoy for Korean Affairs, Charles Kartman.

16 *Korea Times*, September 4, 1998.

17 *Korea Times*, September 18, 1998.

ance with all provisions of the Agreed Framework, cooperation in canning and safe storage of all spent fuel, no diversion of US aid, impeding North Korea's development and export of ballistic missiles, and solving concerns regarding suspected underground construction.¹⁸

Japan, threatened by Pyongyang's launch of satellite, decided to halt food aid, delay resuming normalization discussion, suspend signing of the cost-sharing agreement for the KEDO, halt passenger flights to Pyongyang¹⁹, and conduct joint research of Theater Missile Defence program with the US.²⁰ Nevertheless, Japan conceded to comply with the US suggestion to uphold the KEDO project in the US-Japan summit meeting on September 22 in order to prevent Pyongyang's nuclear development plan.²¹

The proceeding of the KEDO project is likely to be linked with the continuous freezing of nuclear facilities and the missile development of Pyongyang. Especially, the Clinton administration needs to persuade the conservative Republican dominant US Congress and Japan to support the KEDO project.

South Korea seeks to proceed with the KEDO project in spite of the suspected underground construction of nuclear facilities and the satellite launch by Pyongyang. For South Korea, which is already within the range of SCUD-B missiles and even artillery, a satellite launch is not a new threat. Besides, South Korea cautions that these security issues don't break off the reconciliatory mood between the two Koreas.²²

18 The US House of Representatives and Senate Conference on the Funding for the KEDO, October 19, 1998.

19 *Kyunghyang Shinmun*, September 4, 1998.

20 The US-Japan Security Consultative Committee composed of foreign affairs ministers and defense ministers of two countries agreed to conduct a joint research of TMD beginning September 20, 1998. "Joint US-Japan Statement on Security Meeting," USIA Text, Washington, September 21, 1998.

21 The heads of two countries were reported to discuss a research of TMD and ratification of the US-Japan new security guidelines. *The Associated Press*, September 22, 1998.

Four-party talks

The four-party talks is another multilateral mechanism to bring peace and stability on the Korean peninsula by replacing the Armistice Treaty concluded in 1953. Four-party talks consisting of the US, China, North and South Korea can be an indirect mechanism in which North and South Korea seek a peace arrangement with the guarantee of the US and China. The four-party talks is an experiment in which the international aspects of inter-Korean relations can be coordinated with the initiatives of the two Koreas in security issues.

Two critical issues of the four-party talks are the agenda and division of role among participants. In the three rounds of talks in December 1997, March 1998, and October 1998, Washington and Seoul proposed to discuss primarily confidence building, reduction of tensions on the Korean peninsula, and the formation of a subcommittee to deal with these issues. Contrastingly, Pyongyang insisted on the withdrawal of the US forces from the South and a separate peace treaty with the US. While Pyongyang came to the table of the four-party talks, it concentrated its efforts on crafting security and peace arrangements through direct talks with the US.

The third round talks reached an agreement to form two subcommittees on peace regime and reducing tensions. According to this, main talks and subcommittees were held in January 1999.

Despite the achievement of formulating subcommittees, it will take some time for the talks to have a concrete outcome. Peace arrangement on the Korean peninsula is a complex process including confidence building, arms control, conclusion of a peace treaty, and a guarantee mechanism. In that process, inter-Korean initiatives should be maintained with the complementary and guaranteeing role of the US and China.

Considering these facts, it is not easy to expect the smooth development of the four-party talks in the foreseeable future. At present, there are only two channels for discussing security issues on the Korean peninsula with the North: the four-party talks and UNC-DPRK General Meeting.²³ In spite of its ambiguity and uncertainty, the four-party talks are significant as a communication channel among countries concerned with the security of the Korean peninsula.

Economic cooperation through international consortium

International consortium can be useful in the economic investments into the North. International consortium can mobilize capital catered for the investments in the North from international society. It also guarantees investments by resorting to international norms to resolve disputes. For example, in addition to the TRADP (Tuman River Area Development Program) under the initiative of UNDP, the East Sea Area Development Program and Yellow Sea Development Program can be proceeded within the multilateral economic cooperation framework.

The international consortium mechanism can be also applied to investments in infrastructure industries such as energy, communication, transportation, and information. After the North joins international finance institutions such as IMF, IBRD, and ADB, inter-Korean economic cooperation can be sought by utilizing international loans to the North from these institutions. Also international consortium can be formed to utilize the Japanese economic compensation to the North in the normalization process between Pyongyang and Tokyo.

On the other hand, multilateral cooperation can be a useful mechanism to solve agricultural problems of the North.

23 Considering the actual nullification of Military Armistice Commission since 1991, the United Nations Command, South Korea, and North Korea agreed to hold UNC-DPRK general-level meeting within the framework of Armistice Agreement in June 1998.

Pyongyang requested \$300 million from the UNDP for agricultural reform in May 1998.²⁴ This request assumed international support for agricultural reform as a form of international consortium. And Korean Agricultural Development Organization (KADO) consisting of South Korea, the US, Japan, China, and EU can be a form of multilateral cooperation for the purpose of rehabilitating agricultural land, reforestation, and developing irrigation facilities.²⁵

Government-level Dialogue

In international relations, mutual recognition and government-level dialogue are the qualitative criteria to judge the characteristics of the relations of two countries. These are also applicable to the divided nations' case. East and West Germany, which had improved gradually civilian exchanges and cooperation since the 1950s, established formal government-level relations in 1972 and expanded rapidly its relations since then. China and Taiwan continued social and economic exchanges and cooperations even in the midst of military tensions caused by the Chinese missile launches of 1995-1996. China and Taiwan have maintained contact through semi-official meeting channels.²⁶

In inter-Korean relations, mutual recognition and formal dialogue are critical criteria in assessing bilateral relations. Seoul and Pyongyang were equipped with norm and institutional

24 North Korea proposed mid-term and long-term food self-sufficiency plan requiring \$2 billion in the conference on Agricultural Recovery and Environmental Protection: AREP, held in Geneva in May 1998. North Korea primarily asked for 300 million dollars for recovering flood damages, repairing fertilizer factories, diversifying crops, strengthening peasants finance institutions, and forestation program for the period of 1998-2000. *Report for the Thematic Roundtable Meeting on Agricultural Recovery and Environmental Protection in the DPRK* (<http://undp-dprk.apdip.net>).

25 *Donga Daily Newspaper*, August 1, 1998.

26 While the Taiwanese semi-official organization is the Straits Exchange Foundation, the Chinese counterpart is the Association for Relations Across the Straits.

mechanism to institutionalize its relations by concluding the Basic Agreement and several other supplementary documents in 1992. Unfortunately, these agreements have not yet been implemented because of mutual mistrust and the underlying confrontational structure. Formal dialogue between Seoul and Pyongyang has not yet been resumed since the nuclear crisis except intermittent talks on specific issues: exchange of special envoys in 1993, rice aid in 1995, and fertilizer aid in April 1998.

The vice-ministerial level inter-Korean meeting in Beijing on fertilizer aid and other issues in April 1998 attracted world-wide attention because it was the first meeting after the inauguration of the Kim Dae-jung administration. However, it failed to reach an agreement. While North Korea requested unconditional fertilizer aid, South Korea asked for the meeting of separated families in return for fertilizer aid based on the principle of reciprocity. While the North considered this meeting as an one-time talk, the South tried to develop this meeting as a threshold to regularize formal dialogue.

Pyongyang proposed high-level talks between two Koreas in February 1999 to discuss implementation of Basic Agreement between two Koreas, promotion of exchanges and cooperation, and separated family issue. However, North Korea required halting cooperation with outside countries, stopped joint military exercises, and abolition of National Security Law. North Korea suggested inter-Korean dialogue with an aim to attenuate international criticism against its development of nuclear weapons and missiles as well as to get food and fertilizer from South Korea.

Against this backdrop, another round of formal inter-Korean talks to discuss provision of fertilizer, seeds, agricultural machinery, and agricultural chemicals could be tried. This ad hoc meeting will be an opportunity to lay the cornerstone of inter-Korean cooperation. Even in that case, it will take some time for these talks to lead to regular meeting between Seoul and Pyongyang.

In the long-term, a full-fledged resumption of four inter-Korean subcommittees formed in 1992 is an ultimate goal of institutionalizing inter-Korean relations.²⁷ Considering Pyongyang's rejection of formal dialogue, it is appropriate to keep communication channels through civilian routes or semi-official institutions like KOTRA in the previous stage of operating formal dialogue.

On the other hand, an inter-Korean summit meeting can be an opportunity for a qualitative leap in inter-Korean relations. The West German Chancellor Willy Brandt visited East Germany and had a summit meeting with East German chancellor in 1970. A series of summit meetings between East and West Germany resulted in the conclusion of the Basic Agreement between the two Germanies in 1972. Likewise, political decisions of highest political leaders of two Koreas would play an decisive role for the solution of pending issues and breakthrough in inter-Korean rapprochement. Seoul and Pyongyang had already agreed to the procedures of summit meeting before the death of Kim Il Sung in July 1994.

Civilian Interactions

Civilian interactions are means of accumulating mutual understanding at the grass root level. Civilian exchanges and cooperation function as unofficial contact channels and reduce political and military tensions even with the lack of official relations. By the criterion of issue, civilian interactions are mainly about economic and social problems. Therefore, civilian interactions are related with the problem of the autonomy of economic and social affairs from political and military affairs in the bilateral

27 Four subcommittees were organized in 1992 to implement the Basic Agreement between the two Koreas and the Non-Nuclearization Agreement on the Korean Peninsula: Reconciliation Subcommittee, Economic Exchanges and Cooperation Subcommittee, Social-cultural Exchanges and Cooperation Subcommittee, and Joint Nuclear Control Committee.

relations. Also civilian transactions are interrelated with the problem of autonomy of civil society from government control. Civilian transaction is difficult between divided or confrontational countries because the gravity of political and military affairs is greater and government control is tight on civilian activities.

In inter-Korean relations, the absolutely heavy weight of political and military affairs constrain the autonomy of economic and social affairs. Moreover, the reality of the North, where the division between state and society is meaningless and civilian organizations are subject to state, hinders civilian interactions between the two Koreas.

Especially, the more Seoul emphasizes exchanges and cooperation, the more Pyongyang worries about spread of capitalist and pluralist influence to the North Korean system. As the North anticipates interests of inter-Korean cooperation, it makes efforts to block negative impacts. Pyongyang tries to maintain leverage over and promote competition among the South's business companies by choosing selectively counterparts in economic transactions.

In spite of Pyongyang's dual attitudes, Seoul has implemented an economic cooperation activation policy based on the principle of separating economic relations from politics and has expanded civilian contacts in social and cultural areas through diversifying communication channels. This is premised on the assumption that expansion of contacts in feasible areas contributes to confidence building between the two Koreas and systemic change of the North in the long-term.

Economic exchanges and cooperation

The principle of separating economic relations from politics is one of the conspicuous characteristics of the Kim Dae-jung administration's North Korea policy. South Korea tries to develop inter-Korean relations by promoting economic coopera-

tion, and abandoning linkage policy of economics and politics. The South announced its activation policy of economic cooperation in the end of April 1998 which encompassed simplification of investment procedures in North Korea, lifting of investment ceiling, making the negative list of prohibited items of investments, and extension of permissible exports items to the North. Chung Ju-yung's trip to the North and discussions on tourism, the car assembly industry, and the shipbuilding industry are the results of the progressive economic policy towards DPRK.

However, the submarine infiltration incident in June 1998 and the discovery of the corpse of a North Korean agent engendered conservative voices that demanded review of the engagement policy. The South Korean government responded by declaring preconditions of resuming inter-Korean cooperative project: recognition, apology, punishment of responsibilities, and promise to prevent recurrence of similar incident by the North. Nevertheless, as times passed on, Seoul decided to pursue cooperative projects such as Mt. Kungang tour without corresponding measures from Pyongyang.

In 1997, inter-Korean economic transactions registered about \$300 million. South Korea was North Korea's third largest trade partner following China and Japan. However, in 1998, inter-Korean trade decreased owing to the economic difficulties of the South and outbreak of the submarine incident. Inter-Korean trade amounted to 221 million dollars—an approximately 28.8% decrease from the last year. Here, whereas imports from the North decreased by 52.2%, exports to the North decreased by 12.5%.²⁸ The main reason of diminution of inter-Korean trade is that the South's import of raw materials and consigned goods from the North, which consists of 40% of inter-Korean trade, diminished because of economic difficulties of the South.

28 Ministry of Unification, Division of Exchanges and Cooperation, *Trends of Exchanges and Cooperation between North and South Korea*, Vol. 90 (December 1998).

Considering this situation, it will be difficult to anticipate rapid recovery of inter-Korean trade in a short period. Moreover, several elements are discouraging investments in the North: the relatively high wage of North Korean laborers compared to that of Southeast Asian countries, high cost of transportation, lack of infrastructure, additional cost of investment like bribery, and political instability.

Social and cultural interactions

Interactions in the social and cultural spheres are sensitive issues entailing political and social repercussions. The South hopes to disseminate outside information to the North Korean people and induce gradual change from the bottom of North Korean society through diverse contacts. At the same time, the South apprehends North Korea's united front tactics targeting progressive forces in the South. While the North tries to obstruct civilian contacts, it seeks to make a coalition with progressive forces in the South.

In spite of these dilemmas facing the two Koreas, human exchanges in the areas of arts, religion, science, and mass media were witnessed by dint of the Kim Dae-jung administration's engagement policy. North Korea seems to use social contacts as a means of getting hard currency by requesting monetary aid and gifts from South Korean counterparts.

In this context, several social-cultural exchanges were remarked: the visit of the Little Angels, a South Korean performing group of little girls, to North Korea, the visit of a South Korean university president to North Korea, the provision of 1,002 cattle to North Korea by Chung Ju-yung, reportage and broadcasts on North Korea's environmental and cultural heritage by South Korean mass media, and so on. In addition, the foundation of science and technology college in Rajin-Sonbong, and construction of hospital and pharmaceutical company by One Nation

Welfare Fund are good examples of inter-Korean cooperative projects in social areas.

Interactions in social and cultural areas have the problem of diversifying contact channels and dividing the role between government and civilians. August 15, Liberation Day festival was a test case of expanding social and cultural contacts. The South Korean government organized Korean Council for Reconciliation and Cooperation²⁹ and proposed co-sponsorship of the August 15 festival to the North. But its opening was cancelled because Pyongyang insisted on including two outlawed organizations, Hanchongryun and Bumminryun. This indicated once again the reality that there are many hurdles to be overcome for social and cultural contacts between the North and the South.

Concluding Remarks

With the increasing internationalization of Korean issues, the two Koreas will seek a way of peaceful coexistence and cooperation rather than immediate unification. Economic difficulties of the South along with the contradictory policy of the North have had both favorable and unfavorable elements for inter-Korean relations. Our task is to improve the favorable elements and reduce the unfavorable implications of these factors for the rapprochement of the two Koreas.

In terms of actor approach, inter-Korean relations are categorized into three parts: multilateral level, government level, and civilian level.

First, KEDO project and four-party talks are good examples of multilateral cooperation. The degree of institutionalization of KEDO is relatively high. Nevertheless, KEDO is basically a specially mandated organization to build two light-water reactors and doesn't have much autonomy from the influence of

29 It was officially formed on September 3, 1998, among 170 political and social organizations. *Joongang Daily Newspaper*, September 4, 1998.

countries joined, the US, South Korea, and Japan. And four-party talks is in an embryonic stage. In the future, multilateral cooperation could be experimented in the areas of energy, agriculture, and infrastructure.

Second, the regularization of formal dialogue between the two Koreas is the ultimate goal of peaceful coexistence of North and South Korea. However, it will take a long time and there will be trials and errors to achieve official dialogue because of mistrust and mutual perception of threats between Seoul and Pyongyang.

Third, civilian interactions in the economic and social areas need creativity and vitality of civilian sector. Civilian interactions can contribute to reduce tensions and accumulate confidence building in concrete areas. Nevertheless, civilian interactions are difficult to get autonomy from government and can't help but connote political implications.

For the time being, inter-Korean relations at the multilateral and civilian level will improve to a certain point. Nevertheless, government-level inter-Korean dialogue faces stumbling blocks. Above all, North Korea will try to avoid or minimize formal dialogue in order to reduce South Korean influence on its system. On the other hand, while improvements in the economic and social-cultural spheres are expected, confrontation and stalemate in the political and military areas will continue in the foreseeable future.

빈 면

Comparisons and Suggestions Regarding Korea's Unification Strategies

Gottfried-Karl Kindermann

Having kindly been invited to say a few words of advice with regard to Korea's as yet unsolved unification issue let me say at first that, from a German perspective, it is deeply regrettable that the undeserved division of Korea shall continue even when a new century and millennium shall start in about a year from now. It is particularly tragic to recall that utterly unnecessary errors of policy, such as the denial of immediate sovereignty after liberation due to the pernicious trusteeship concept had, in 1945, prevented the implementation of an "Austrian solution" for Korea, i.e. the immediate establishment of a national government, ruling throughout the country despite a multi-power occupation that could be removed ten years later when Austria declared its neutrality. When this author paid a visit to president Kim Dae-jung four years ago, the president recalled his conversation with Germany's late Chancellor Willy Brandt, whose burial he also attended, and expressed the opinion that certain aspects of Germany's unification experience and post-unification policies might yield useful insights for Koreans involved in their country's unification efforts. The same may be true for a comparative overview of the fates and experiences of divided nations and countries in the post-1945 era of world politics. This paper shall therefore at first endeavor to explain in some detail the

often misunderstood chain of causes and events leading to the peaceful unification of Germany and shall also briefly deal with Cambodia, the only other case of a divided nation that experienced a peaceful reunification, before then proceeding to the attempt of formulating a few suggestions for Korea.

Unification Policies in the Adenauer Era

As in the case of Korea, the foreign powers occupying Germany in 1945 were actually committed by mutual agreement to maintain the unity of the country. There also was no official plan for the division of the country. Yet, in both cases, the division occurred when the cold war tore the former World War II allies apart, putting them in a position of mutual confrontation. One year after the proclamation of the Republic of Korea, the Federal Republic of Germany was established in 1949 and, as in Korea, this was followed by the installation of Communist regimes in the Soviet occupied areas of both countries. While in Korea the removal of the military presence of two superpowers enabled North Korea to attack the South in 1950 without hitting the tripwire forces of an intervening power, war between the two German states became unlikely because of the continued presence of American and Soviet armed forces.

The unification strategy of Konrad Adenauer,¹ West Germany's first postwar chancellor, was essentially based upon four key principles:

- First, only the elected government of West Germany had the democratic legitimacy to represent and to speak for the entire German nation. The East German satellite dictatorship was thus regarded as a non-state entity.

1 Documents on Adenauer's foreign and Eastern policies in: Klaus-Jörg Ruhl, "Mein Gott was soll aus Deutschland werden?" *Die Adenauer-Ära 1949-1963*, Munich 1985.

- Second, in the name of the so called Hallstein Doctrine, sanctions would be issued against foreign states seeking to extend diplomatic recognition to both German states.
- Third, internationally supervised general elections were considered to be the proper method of effecting unification.
- Fourth, Soviet overtures proposing to trade unification for a foreign imposed neutralization of Germany were to be rejected.

Towards the end of his political career Adenauer unsuccessfully proposed that for a certain period, the East German state might be recognized and respected by West Germany if Moscow were willing to grant to East Germany's citizens democratic rights and freedoms. The chancellor had argued that genuine civic freedom for the East Germans was more important than an insistence on unification that could not realistically be achieved under the conditions of the cold war. As far back as 1952 the chancellor committed West Germany's Western allies by treaty to a policy of striving *jointly* for a form of German unification maintaining for Germany the right to freely choose its membership in alliances and international organizations such as the European Community.

Progress and Problems of Willy Brandt's "New Eastern Policy"

Attracted by the prosperity and freedom of West Germany, about 3.5 million East Germans had escaped to the West since 1949. In order to stop this formidable, economically damaging, and politically embarrassing mass migration from one German system to the other, the East German government in 1961 built a separating wall — a real piece of "Iron Curtain" — along the entire demarcation line between East and West Germany. Thus family and other person-to-person contacts between West and East came to a sudden end.

Endeavoring to try a basically new approach regarding the division of Germany, Chancellor Willy Brandt, who had headed

a Social-Liberal coalition government since October 1969, explained in his state-of-the-union message of January 1970 that the key objective of a "new Eastern policy" (*Neue Ostpolitik*) was to transform the side-by-side existence of the two German states into a new type of togetherness. The starting point of this new strategy consisted in two summit meetings between the chiefs of governments of the two German states in March and in May 1970. Considering however the satellite nature of the East German state, Chancellor Brandt fully realized that any effective agreement with East Germany had to be preceded by a West German-Soviet arrangement. The two key features of the Bonn-Moscow Treaty of 1970² were a mutual renunciation of force and the recognition of the validity of all existing borders in Europe, including the demarcation line between the two parts of Germany. Eliciting this stipulation from West Germany, Moscow hoped to have sealed the perpetuity of the division between the two German states. Time and again Soviet leaders had bluntly stated that the division of Germany was one of Soviet Russia's spoils of World War II.

But when it came to the signing of this Bonn-Moscow Treaty, the West German side presented as a part of its authentic interpretation of it the so-called "Letter on German Unity." It is the shortest yet also one of the most important documents of Germany's postwar diplomacy. It reads in part:

In connection with the signing today of the Treaty... the Government of the Federal Republic of Germany has the honour to state that this Treaty does not conflict with the political objective of the Federal Republic of Germany to work for a state of piece in Europe in which the German nation will recover its unity in free self-determination."³

2 *Documentation Relating to the Federal Government's Policy of Detente* (ed. by the Press and Information Office of the Government of the Federal Republic of Germany) Bonn 1974, pp. 13-15.

3 *Ibid.*, p. 75.

The Soviet side accepted this interpretation without contradiction. Bonn moreover made it clear to Moscow that this treaty would not be ratified unless a four-power agreement containing sufficient guarantees for the security of West Berlin was concluded. This was done in 1971.⁴

Before the background of this diplomatic prelude the two German states were able to negotiate and to sign the Treaty on the Basis of Relations Between the Federal Republic of Germany and the German Democratic Republic on December 21, 1972.⁵ Contrary to the inter-Korean agreements of 1991 and 1992, this treaty and series of related documents produced indeed a working basis for subsequent inter-German relations.

The most salient terms of this treaty covered the following issues:

- Both sides pledged to “settle their disputes exclusively by peaceful means and refrain from the threat or use of force” (Art. 3). The same article contains a mutual pledge respecting the “inviolability now and in the future of the border existing between them.”
- Both signatories declared to be proceeding on the assumption “that neither of the two states can represent the other internationally” (Art. 4).
- Both signatories stated that “the jurisdiction of each of the two states is confined to its own territory” (Art. 6).
- The two signatories furthermore declared their intention to regulate practical and humanitarian questions by concluding a multitude of follow up agreements on their cooperation in the spheres of traffic, judicial relations, posts, communications, and so forth (Art. 7).
- Both sides agreed to exchange permanent missions to be established at the respective seats of government of the other signatory.

4 Text of the Quadripartite Agreement on Berlin (September 3, 1971) and related documents in: *Ibid.*, pp. 95-142.

5 Text of the Basic Treaty and related documents in: *Ibid.*, pp. 55-94.

The signing of this treaty was again accompanied by Bonn's presentation of the Letter on German Unity, the significance of which was greatly underestimated by the governments in Moscow and East Berlin. Both had thus failed to contradict West Germany's intention to continue to strive by peaceful means for a reunification of Germany because both apparently assumed that Bonn would never get a chance to transform this objective into a practicable and successful strategy.

Since the inter-German agreements related to the Basic Treaty afforded West Germans and West Berliners with chances to travel to the East, East Germany became permeable — and after a ten year period of separation — millions of family reunions and person-to-person contacts occurred in the German East. Cynically the East German state permitted only persons of pension age to travel to the West. If they stayed there, West Germany would have to provide for their pensions. An increasing number of inter-German public projects in the spheres of traffic, telecommunication, environment protection as well as exchanges in the fields of culture, science, and sports could be put into practice.

But fearful of the psychological impact of those closer contacts with the West, the East German party dictatorship suddenly changed its previously positive position on Germany's national unity. In doing so the East German Communists based their new approach upon the Marxist thesis that a society's socio-cultural and ideological characteristics were determined by the nature of its economic substructure. Consequently, they argued that East Germany's socialist economic substructure was bound to produce in the East a different socialist national consciousness while West Germany's capitalist substructure had brought forth a capitalist and imperialist national attitude. They claimed, in other words, that from now on there existed not only two German states but two different and mutually antagonistic German nations. From this perspective, West Germany was declared to be an "imperialist *foreign* country." An embarrassing aspect of this sudden change of attitude consisted in the fact that

this basic position was not shared by any other Communist party in other divided nations such as Korea, China, or Cambodia.

Unification by System Transformation and Diplomacy

The historical prelude and foremost external determinant of Germany's second reunification in modern history emerged from the decision by Gorbachev's Soviet government to abandon Moscow's previous policy of interventionist hegemonism in Eastern Europe, including Eastern Germany. The governments of the former Soviet satellite states to the east of the Iron Curtain from now on faced their own people without the former backing of Soviet forces that had suppressed uprisings and anti-Stalinist movements in East Germany, Hungary, and Czechoslovakia. At the occasion of the 40th anniversary celebrations of the East German regime in October 1989 Gorbachev endeavored in vain to persuade the East German leaders that they were heading for defeat unless they were able to gain popular confidence and support by sweeping reforms corresponding to the demands of a new era. Gorbachev initially hoped the East German system could be maintained and reformed. But since Autumn 1989, the East German Communists found themselves confronted with the escalating pressure of an unorganized mass movement that reached the dimensions of a peaceful revolution as well as with increasing acts of civil disobedience and mass flights of ten thousands of its citizens via liberalizing Eastern block countries to the West. In order to extricate itself from this menacing situation, the ruling Communist party adopted a kind of *survival strategy*.⁶

6 Gottfried-Karl Kindmann, "German Unification and East Germany's System Transformation: The Political Dimension," in: Dalchoong Kim, W. Gumpel, G.K. Kindermann, and Ku-Hyun Jung (eds.): *Consequences of German Unification and Its Implications For a Divided Korea*, Institute of East and West Studies, Yonsei University, 1992, pp. 8-15. See also: Hans Modrow, *Aufbruch und Ende*, Hamburg 1991, pp. 27-142.

Its key elements were:

- the opening of the Brandenburg Gate, separating in Berlin the German West from the German East, on November 9, 1989;
- the ousting of party and state leader Erich Honecker on October 10 and the dismissal of the Politburo of the party and of the entire cabinet on November 7 and 8, 1989;
- the election of new, more popular leaders, Egon Krenz and Hans Modrow, who attempted to appease the rebelling population on the one hand with apologies for past mistakes and on the other hand with amnesties and promises for a better future;
- personal contacts with Chancellor Kohl and other members of the West German government which were requested by East Berlin to grant large scale economic aid and to assist in appeasing and calming down the enraged East German masses;
- the presentation of a plan, drafted by East German Prime Minister Hans Modrow entitled "For Germany, United Fatherland" which envisaged a long-term unification process in three stages, starting with the immediate establishment of an inter-German "Contractual Community" involving the termination of confrontational policies and a multitude of cooperation projects to be followed by a "German Confederation" on the basis of East-West parity and finally by the formation of an externally neutralized "German Federation."

West Germany's unification strategies⁷ following the opening of the inner German demarcation wall in divided Berlin included the following main components:

- prior to Hans Modrow's above-mentioned unification plan of February 1, 1990, Chancellor Kohl had presented to West Germany's parliament a ten point plan for German unification. It also contained a *three phase process* from a "Contractual Community" (a term which Kohl intentionally borrowed from another statement by Modrow), via a Confederacy to an all-German Federal state;

⁷ Helmut Kohl, *Ich Wollte Deutschlands Einheit*, Berlin 1996, pp. 157-212.

- continuous diplomatic efforts to keep the Western allies informed and to prevent British or French actions that might retard the ongoing process of change in East Germany and between the two Germanies and also close cooperation with the US administration of President Bush which loyally supported Bonn's unification strategies;
- the maintenance of direct contacts with East Germany's Communist leaders, including summit meetings between Kohl and Modrow at which concrete measures in connection with the envisaged "contractual community," including the possibility of economic aid and the formation of an economic and currency union, were discussed. The two chief executives appeared side by side at East German rallies and at the occasion of opening a regular footpath through the Brandenburg Gate. The West German leaders made it however clear that no aid was to be expected unless there had been preceding democratic reforms of East Germany's political system.

In February 1990 both German governments thus seemed to have agreed upon a *three phase unification process* that was expected to last between four to fifteen years and in which a separate East German statehood would be preserved in the first two phases (contractual community and confederation). Yet due to the East German revolution, events moved much faster than that. It took not five years but only five months for the unification treaty between the two German states to be signed. The reason for this obviously unexpected speed of the unification process consisted in the relentless pressure of the rebelling East German population which forced the Communist government of East Germany to consent to the unprecedented step of conducting free general elections on March 18, 1990, which were overwhelmingly won by those parties demanding democratization and immediate unification. Those *elections* and the preceding *revolution* that had made them possible had thus effected a *peaceful change of the political system* of East Germany.⁸

8 Gottfried-Karl Kindermann, "The Peaceful Reunification of Germany," in: *Issues*

The newly created homogeneity between the two German systems explains the ease and speed with which they were able to negotiate with each other a "currency-economic-and-social union" as of May 18, 1990 and a unification treaty signed on August 31, 1990⁹ by which East Germany acceded to the Federal Republic of Germany under Article 3 of the latter's constitution. These inter-German negotiations were conducted without any foreign participation — and as the records clearly indicate — on the basis of a give-and-take between equal partners. It is therefore factually not correct to speak of an "absorption" of the East by the West.

The surprising swiftness of both the system transformation in East Germany and the unification accord between the two Germanies confronted the outside powers with accomplished facts. With the internal questions of German unification already settled, those powers having legal responsibilities with regard to Germany could only debate the external and international issues related to unification. In this sphere a controversy developed over various Soviet proposals trying to impose upon a united Germany a status of neutrality. But when no concerted Western economic assistance for Russia's sagging economy could be obtained from the West and when Germany alone indicated its willingness to provide comprehensive assistance unilaterally, Chancellor Kohl succeeded in eliciting from Gorbachev Moscow's acceptance of Germany's freedom to choose its alliances and memberships in international organizations without any strings attached.

On September 12, 1990 the so called "Two Plus Four" Treaty on the Final Settlement With Regard to Germany¹⁰ was signed

& Studies, Vol. 27, No. 3, March 1991, pp. 63-65 and 76-77.

9 Text of the Unification Treaty between East and West Germany in: *The Unification of Germany. A Documentation*. Published by the Press and Information Service of the Federal Government, Bonn 1991, pp. 69-96.

10 *Ibid.*, pp. 97-102.

by the two German states and the four World War II Allies whereafter the unification of Germany became effective as of October 3, 1990, after 45 years of division. The East German revolution had been able to force its objective of system-transforming free *elections* within just five months and the entire unification process from the first opening of the Berlin Wall to the legal reintegration of Germany had lasted only ten months and not four to fifteen years, as originally expected by East and West German leaders as late as in Fall and Winter 1989/90. In the five months preceding the general elections of March 1990, the awareness of an impending bankruptcy and collapse of its economic system has undoubtedly had a demoralizing impact upon the action patterns of East Germany's leadership. It even took quite a while until West Germany's leaders began to comprehend the shocking dimensions of East Germany's economic disruption. East Berlin's falsified statistics, propaganda, and hidden facts had initially permitted a far more positive impression of East Germany's economic condition.

The Eastern economy's structurally conditioned lack of competitiveness with Western industries and products led to a drastic shrinkage of its previous domestic and Eastern European markets after the division between the Eastern and the Western parts of Germany and of Europe had ended. As a consequence of those and other factors, transfers amounting to between 145 and 180 billion Deutsche Mark annually have become necessary in order to stabilize and restructure economic conditions in the German East.

Cambodia: Unification through International Assistance

Apart from Germany, the Kingdom of Cambodia represents the only other case of a divided country where reunification could be achieved by peaceful and democratic methods. The conquest of most of the country by Vietnam at the end of 1978 had been followed by the establishment of a Vietnamese-backed

Cambodian Communist regime led by Heng Samrin, Chea Sim, and Hun Sen. Three resistance parties, the Royalists under Prince Norodom Sihanouk, the Liberal group headed by Son Sann, and the notorious Red Khmer represented by Khieu Samphan, jointly formed the so-called Coalition Government of Democratic Kampuchea which represented Cambodia in the United Nations.

When the Soviet Union in the early period of Gorbachev's leadership terminated Moscow's previous support of Vietnam's policies of hegemonism in Cambodia and Laos, Vietnam saw itself obliged to initiate the withdrawal of its military presence in Cambodia. China, moreover, had made such a withdrawal a precondition for any essential normalization of relations with the Soviet Union. Due to *mediation* efforts by the ASEAN states and the United Nations, the Cambodian resistance coalition and the Hun Sen government entered in 1988 into discussions with each other dealing with the question of Cambodia's national reintegration and democratization.

In 1990 those inter-Cambodian discussions resulted in the acceptance by all Cambodian parties of a unification strategy developed by the United Nations and worked out in detail by the International Paris Conference on Cambodia in October 1991. The major features of this strategy included the following points:

- The implementation of an unlimited cease-fire.
- The creation of a Supreme National Council under the chairmanship of Prince Sihanouk in which all four parties were represented in equal numbers. Prior to general elections, this Council was to govern Cambodia internally and to represent it in international affairs.
- The establishment by the UN Security Council of a so-called United Nations Transitional Authority in Cambodia (UNTAC), acting under the responsibility of the UN Secretary General and headed by the Japanese diplomat Yasushi Akashi. Exercising, in a sense, the functions of a temporary super-government of Cambodia, the UNTAC was to have direct control of all essential Cambodian institutions in the fields of foreign affairs, national defense, finance, public security, and information. The military function of UNTAC consisted in supervising the withdrawal of

Vietnamese forces from Cambodia and in disengaging and reducing Cambodia's various military forces. UNTAC's even more essential political mission consisted in preparing, supervising, and organizing *nationwide free general elections*. To accomplish this task UNTAC disposed of a personnel of 22,000 persons, including 16,000 soldiers, 3,600 police officials, and 1,000 election observers from all together 47 different countries.

The general national elections, held in May 1993 under UNTAC auspices, and boycotted only by the Red Khmer and the population of a small area under their control, brought 45.47 percent of the vote for Sihanouk's Royalists, only 38.23 percent for Hun Sen's Cambodian People's Party, and 3.8 percent for Son Sann's Liberal Party. Because of deep mutual suspicions, the nation's top leadership was composed of two Prime Ministers — Prince Ranariddh (Sihanouk's eldest son) and Hun Sen — and the cabinet seats were about evenly divided among the leading parties with a few seats left for Son Sann's small party. Again the country became a constitutional monarchy headed by Prince Sihanouk. All of the nation's political parties, including even the Red Khmer, pledged their allegiance to the general principles of pluralist democracy. Subsequent events, leading the country to the verge of civil war, have however demonstrated that the introduction and maintenance of that system required more than just a formal adherence to principles of law and democracy.¹¹

North Korea: The Paramount Challenge to South Korean Statecraft

Notwithstanding the end of the cold war, developing an adequate strategy for dealing with North Korea has continued to be the most complex and most difficult task faced by South

11 Gottfried-Karl Kindermann, "Developments in Indochina and their Implications for East Asia," in: K.H. Jung, Dalchoong Kim, W. Gumpel, G.K. Kindermann, *Integration and Disintegration in Europe and Northeast Asia*, Institute of East and West Studies, Yonsei University, Seoul 1994, pp. 168-90.

Korean statesmanship. For South Koreans the North is both brother and enemy. As a part of the homogeneous Korean nation with a common history of many centuries, the people of the North are the brothers of the South in a national sense. The politico-military system of the North however appears to be the most dangerous and most unpredictable adversary of South Korea's system of state and society. The resulting coexistence of hope and fear, of love and aversion, depicts an existential condition of a systemically divided nation, familiar for instance to Germans or Chinese, but developed to an unprecedented extreme in the case of Korea. The dialectic nature of this situation impels the South Korean government to pursue simultaneously two seemingly contradictory objectives: to strive for the improvement of South-North relations with the final goal of national reunification while simultaneously guarding against hostile actions aimed at the destruction of its own regime and mode of existence. The paradoxical nature of this situation is exacerbated by the enigmatic nature of the Northern system and its highly secretive modes of operation. The complexity of the configuration of South-North relations is enhanced by the fact that the Northeast Asian policies of certain major powers, primarily the United States and China, and secondarily also Japan and Russia, unavoidably have become codeterminants of interactions on — or related to — the Korean peninsula. The measure of success or failure of South Korea's Northern policies shall largely depend upon the ability of Southern policymakers to correctly comprehend and to take into account the nature, objectives, and strategies of the Northern system. In this regard the admonition of ancient China's leading military philosopher Sun Tzu still applies: "If you know the enemy and know yourself, you need not fear a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat."

The Primacy of System Self-Preservation

A comparative analysis of attitudes and policies of coexisting socio-political systems in divided countries leads, among others, to the conclusion that in each single case the maintenance and advancement of a particular system was given a higher priority in the hierarchy of values than the promotion and achievement of national unity. Clashes between the ideological objective of system preservation and the requirements of national unification were mostly resolved by giving precedence to perceived demands of system maintenance. Scenarios of national unification were mostly conceived in ways in which the achievement of unification coincides with the final triumph of one system over the other or at least by the subordination of one system to the other. Until now, the unification of divided countries has been achieved either by war and the total victory of one system over the other, as practiced in the cases of Vietnam and Yemen, or by processes as in Germany and in Cambodia by which a preceding coexistence and conflict of antagonistic systems could be transformed into a homogeneity and subsequent merger of those formerly antagonistic systems. As indicated above, there would have been no German unification without the preceding system's transformation in East Germany.

Being aware of the difficulties involved in trying to overcome the political system of Taiwan, the government of the People's Republic of China has therefore advanced its unification formula: "One Nation — Two Systems." In essence this scheme however insists upon the subordination of the system of Taiwan under the hegemonic supremacy of China and its Communist system. This denial of equality between two different systems disqualifies this scheme for application to the case of divided Korea. There the leading forces on both sides do envisage the restoration of Korea's national unity in terms of the final prevalence of their respective system in both parts of the nation. Unless a synthesis between the two antagonistic systems can be devel-

oped, and there seems to be no real chance for that, both sides have to be apprehensive of those final unification objectives of the other side. But the current pursuit, by both systems, of *mutually exclusive final forms of unification* and national unity does not in itself mean that no progress could be made in the direction of developing intermediary stages in the process of Korea's eventual national reintegration.

Suggestions for Institutionalized Interim Solutions

In the light of the aforesaid, and leaving aside the dreaded and unlikely option of reattempting unification by war, the two Korean systems seem to be faced with the alternatives of either continuing with the current status quo of a primarily hostile coexistence or of creating mutually acceptable bi-systemic institutions for the promotion of mutual contacts and the preparation of a Korean Commonwealth or Confederation. Bearing in mind certain experiences of the German history of inter-system relations, this author believes that it might be useful for the two Korean sides to conclude with each other a Treaty on the Basis of Inter-Korean Relations containing the following stipulations:

1. Recognizing each other as sovereign states within one nation, both signatories are committed to the final goal of national reunification.
2. To promote the nation's and the region's peace and security, both sides shall refrain from the use or threat of force in dealing with each other and shall jointly develop various systems of military confidence-building.
3. To avoid mutual irritations and frictions, and in line with the stipulation of Article 1 of the Treaty, both sides, acknowledging and respecting the differences between their respective socio-political systems, shall refrain from interfering with the internal or external policies of the other side. This treaty does not affect any of the existing treaty obligations of the two signatories.
4. In order to promote a continuous dialogue and closer cooperation between them, both sides shall jointly establish an *Advisory Council on Inter-Korean Cooperation*.

4.1. This council shall be composed of two institutions. Its *Advisory Commission* consists of high level representatives of the governments and the Red Cross societies of the two sides. Its *Advisory Assembly* is composed of delegates elected by the parliaments and by cultural, economic, and religious institutions of the two signatories. Both sides designate and elect their respective delegates without interference by the other side.

4.2. The Advisory Council has the mission of deliberating the nature and further development of current South-North exchanges, the creation of new types of exchanges, and matters dealing with the questions whether, when, and how the establishment of a Korean Commonwealth or Confederation could be envisaged as a future interim step prior to the realization of the long-term goal of complete reunification.

4.3. The seat of the Advisory Council shall be in Panmunjom which shall gradually be developed into a Center of inter-Korean contacts.

5. Both sides shall establish permanent Liaison Offices in the capital of the other signatory.

The above *treaty scenario* aims at creating an all-Korean interim institution between the current status quo and the future eventuality of an all-Korean Commonwealth or confederal structure being formed between the two sides. Article 3 insists upon a contractually assured mutual non-intervention not only in the domestic but also in the foreign affairs of the signatories and stipulates that their existing treaty obligations are not affected by the new inter-Korean treaty. The proposed second institution of the Advisory Council — i.e. the Advisory Assembly — responds to Pyongyang's frequent suggestions to involve non-governmental groups in South-North exchanges. Simultaneously it stipulates that both sides elect their non-governmental delegates without any interference by the other side.

North Korean Interests and Apprehensions

Apart from being the world's most totalitarian system, North Korea also currently embodies Asia's last unchanged Commu-

nist or "Socialist" state and society. For North Korea's leaders, as this author was told in Pyongyang, this is a cause for pride because they believe that their unrelenting methods of control, indoctrination, and isolation has spared their system the processes of disintegration experienced by the Soviet Union, East Germany, and other East European "people's democracies," and even upheavals such as the Tienanmen movement in China or the unpleasant social side-effects resulting from China's abandonment of economic socialism. North Korea's perceptions and evaluations of the "destructive" impact of economic and political liberalization in formerly "Socialist" countries explain, in part, its almost self-defeating hesitancy as regards the initiation of major reforms in its own country.

At the same time, North Korea's leaders are fully aware that their country is passing through its most serious crisis since the Korean War. The popular "great leader" Kim Il Sung is gone and the Juche concept of self-sufficiency was shattered by natural calamities and requests for foreign food aid. Essentially, former assistance and alliance commitments from China and Russia have been reduced and the United States was able to impose upon North Korea a restructuring of its nuclear facilities.

This situation has aggravated the fear of North Korea's ruling elite of contacts between its population and the outside world that could make its people increasingly aware of its own miserable plight as well as of the drastic differences between the lifestyles and standards of living in North and South Korea. Therefore, South Korean policies, aiming at closer contacts with the North, that do not take into consideration this intensive apprehension of North Korea's leaders are not likely to get very far. Judged from this point of view, projects that don't expose large groups of North Koreans to contacts with outsiders may have a relatively better chance of success than those that do. Exchanges of goods, exhibitions, film or television programs, joint sports programs, joint ventures in isolated areas, tourism limited to certain regions, or the meeting and cooperation of

small groups of experts may have better chances to be realized than large-sized family reunion projects. In the case of divided Germany, "partnership agreements" between cities of the divided parts of the country had increasingly gained popularity and might be proposed in Korea as a means of strengthening national coherence on a sub-national level.

North Korea's nationalism, while being genuine, finds its strict limitations wherever its leaders perceive threats to their system's control and coherence. From the North's viewpoint South Korea's socio-political system and the United States' role in Northeast Asia do constitute the major obstacles in the way of a Korean unification process initiated, led, and performed by itself. Although North Koreans themselves may not be certain of its success, their favored unification scenario envisages a withdrawal of the United States military presence from South Korea, a revolution in the South that overthrows the government, and a unification process imposed by Pyongyang. But ever since Kim Il Sung's related proposal of August 1960, the leaders of the North seem to have toyed with a second best scenario involving the foundation of a Korean North-South Confederation in which their government of one third of Korea's population would enjoy decisional parity with the Southern government of two thirds of the Korean nation. A similar proposal was put forth in October 1980. But observers in the South raised the question whether this proposal was not merely a tactic aimed at the withdrawal of US forces from South Korea that was demanded as a precondition. Since the middle of the 1990s the foreign and Southern policies of North Korea have strived for the establishment of a special relationship with the United States and with Japan in matters related to Korea but excluding South Korea wherever possible from such contacts. Pyongyang's leverage results from nuclear and military missile capabilities that are perceived by Washington and Tokyo as a menace to anti-proliferation policies, to the safety of Washington's Middle Eastern allies, and to the security of Japan and US bases stationed there. The efforts by South

Korean policymakers to bring about a coordinated Northern policy by Seoul, Washington, and Tokyo are sometimes impeded by the fact that Washington's regional interests in Northeast Asia on the one side, and in the Middle East on the other, cannot always be harmonized.

South Korea however perceives the need of close cooperation with the United States in order to maintain its security and prosperity. The South has become a pluralist civic society which would face great difficulties if faced alone and without ally in the onslaught of a highly militarized totalitarian power such as North Korea. Hwang Jang-yop mentioned its awe-inspiring military potentialities and preparations, stating also: "North Korea's whole-hearted approach toward the United States has multiple purposes of checking against China's influence, making Japan follow the United States, and driving a wedge between Seoul and Washington."

Continuously claiming that America's military presence in South Korea formed the biggest obstacle in the way towards Korean reunification, Pyongyang conveniently forgets that the Korean War started one year after both superpowers had withdrawn their forces from the Korean peninsula. North Korea's leaders seemingly fail to be aware of the possibility that their mounting military build up and pressure might lead in Japan to increased armament efforts, contrary to China's interests, and might also result in closer cooperation between Seoul and Tokyo. At present and for a foreseeable future, none of the leading forces in South Korean politics seems willing to sacrifice the South's alliance with America for the vague prospect of a Confederation or Commonwealth with the North.

Concluding Suggestions

1. In view of the special nature of the North Korean system, South Korean policies towards the North shall have chances of success only if their implementation corresponds to the practical

interests and needs of North Korea — for instance in the economic sphere — and if they carefully take into consideration North Korea's deep-seated fear of the disruptive impact of information from and contacts with the outside world that might contradict the regime's quasi-mythological self-presentation and its portrayal of the outside world.

2. Under the given circumstances there is little chance for any substantial progress in the direction of intensified and broadened South-North contacts. Unification is likely to remain a long-term objective that may take decades to achieve. Judging from the experiences of Russia under Stalin and of China under Mao, even the starvation of millions will not cause the downfall of the northern regime as long as its politico-military elite remains united and its internal control system continues to function. A change in leadership and policy could be expected only from a successful intra-elite rebellion.

3. However in quite a number of interaction spheres — such as trade, aid, technology, tourism, culture, science, sports, exhibitions, or inter-Korean city-partnerships — limited forms of contacts and exchanges should be suggested and practiced wherever possible.

4. While it seems premature to envisage the establishment of Confederal or Commonwealth structures at this stage, it may be useful to suggest and to create institutionalized interim contacts as suggested in the above described "treaty scenario."

5. In view of unusual difficulties in dealing with a highly intransparent and militant totalitarian system that is often resorting to zero-sum "brinkmanship" strategies, it might be advisable to create in the South a much better coordinated network of institutions dealing, under the direct guidance of the president and supported by the Ministry of Unification, with the analytical and tactical aspects of Seoul's Northern policies.

6. Externally, and in spite of well-known difficulties, intensified efforts of suggesting and bringing about closer forms of consultation and cooperation between South Korean, American,

and Japanese policies towards North Korea should be undertaken.

7. South Korea should not exclude the possibility of trading its economic aid and its diplomatic assistance (regarding Pyongyang's endeavor to obtain normalized diplomatic relations with Washington, Tokyo, and Europe) for substantial and sustained North Korean steps in the direction of implementing the South-North accords of 1991 and 1992 and progress in the quadripartite talks.

8. The attitudes of North Korea's leadership seem to reveal a combination of insecurity, militancy, and a craving for prestige and systemic "exceptionalism." Therefore an effective "sunshine policy," while avoiding unnecessary controversies or provocations, ought to remember Theodore Roosevelt's admonition: "Talk softly, but carry a big stick." As in the case of the West's successful policies towards the Eastern block countries, Southern policies of engagement, attraction, and detente ought to be combined with a highly credible power of deterrence.

9. The experience of Germany indicates the possibility that, quite contrary to all expectations and currently perceived possibilities, new developments might lead to a sudden collapse or drastic change of the other system. In spite of a now perceived improbability of such a development, the South ought to be prepared for this type of eventuality by drafting related contingency scenarios. For if such an event should occur, the resulting burdens and pressures on South Korea are likely to be incomparably heavier than those to which West Germany has been exposed after the unexpected collapse of the East German regime in 1990.

10. South Koreans are understandably torn between the humanitarian and brotherly desire to grant assistance to their starving compatriots on the one side and their apprehensions of a political or military misuse of such aid on the other. Only the South Koreans themselves can decide how to resolve this conflict. The North, when providing aid to Southern flood victims

in the 1980s, was prepared to take such a risk, albeit knowing that the South is a comparatively open society, which the North is not.

As regards its Northern policy, the continuing challenge to South Korean statecraft consists in finding and steering a highly flexible and imaginative middle-course between confrontation and appeasement that can patiently find and broaden a multitude of various contacts and exchanges between the two still divided parts of the Korean nation.