

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

Aidan Foster-Carter

**I**n 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."<sup>1</sup> One bonus of this rash prediction, however, was that in 1993 I had the honor to be invited by Kim Dae-jung, who at

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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.<sup>2</sup>

### 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

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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. Kumgang 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. Kumgang; 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.