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A Paradigm Shift in Inter-Korean Relations and ‘Decentralized’ North Korean Policies

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After the inter-Korean summit and the North Korea-U.S. summit, the paradigm of inter-Korean relations is being shifted with more focus on peace and cooperation. At the current incipient stage of the peace and denuclearization process on the Korean Peninsula, the central government may play pivotal roles but it is necessary to decentralize North Korean policies, giving more power and autonomy to various non-state actors including local autonomous bodies in preparation for more active exchanges and cooperation projects between the two Koreas. The essence of ‘decentralized’ North Korean policies boils down to the establishment of a cooperative governance among the central government, local autonomous bodies, and private organizations. In the process of institutionalization of inter-Korean relations and formulation of sustainable North Korean policies, the central government should play a role as a planner and coordinator and expand the autonomy and authority of local autonomous bodies through revision of relevant laws and regulations. Local autonomous bodies need to identify exchange and cooperation projects suitable to their local conditions and characteristics and carry out programs that are difficult for the central government to implement by strengthening cooperation among themselves through a cooperative council.

The paradigm of inter-Korean relations is being shifted in the wake of the inter-Korean summit and the following North Korea-U.S. summit. In the Panmunjom Declaration of April 27, the two Koreas agreed to “practically eliminate the danger of war on the Korean Peninsula through the advancement of inter-Korean relations and, based on the improved relations, to establish a permanent and solid peace regime on the Korean Peninsula,” turning the inter-Korean relations characterized by deep-rooted confrontation and conflict into those of peace and cooperation. After the North Korea-U.S. summit, the leaders of the two Koreas reached an agreement “to build a robust peace regime on the Peninsula and achieve complete denuclearization,” laying a foundation for the full-fledged process of permanent peace and denuclearization on the Korean Peninsula. While such process has not swiftly made a notable progress so far, a new paradigm shift for peace settlement and co-prosperity will come about if South Korea plays an active and leading role and ongoing negotiations between North Korea and the U.S. produce tangible results down the road.

In this respect, innovative ideas should be considered and new approaches need to be adopted for peace settlement and co-prosperity of the two Koreas by dramatically improving inter-Korean relations and making a quantum leap in the process utilizing the historic opportunity given to both South and North Korea. In particular, it is necessary to go beyond the state or the central government-led ‘centralized’ approaches and instead expand the autonomy and authority of various non-state actors including local autonomous bodies in order to actively promote exchange and cooperation projects between the South and the North. Therefore, the rationale for ‘decentralized’ North Korean policy will be proposed in this paper, as well as effective measures to achieve the empowerment of non-state actors.

Limitation of Centralized North Korean Policies

As in the case of diplomacy, national security, and defense, it has long been taken for granted that the central government should be in charge of inter-Korean

relations and unification. Chapter II of the Development of Inter-Korean Relations Act stipulates that the government shall endeavor to promote reconciliation and peace on the Korean Peninsula. In fact, the central government has been a key player of formulating and implementing policies on North Korea and unification. The reason behind this is that the central government is well-positioned to implement North Korean policies owing to its comparative advantage in terms of intelligence, finance, and workforce considering the inherent peculiarity, urgency, and instability of inter-Korean relations.

The problem, however, is that political and military factors of both North and South Korea have brought negative influence on the overall inter-Korean exchange and cooperation. In particular, inter-Korean economic cooperation projects including Kaesong Industrial Complex were completely shut down and humanitarian projects conducted by the central government, local autonomous bodies, and private organizations, which were already maintained at the minimal level, were all stopped in the aftermath of North Korea's nuclear and missile brinkmanship that was met by international sanctions. In addition, the new government in South Korea has often been prone to change the predecessor's North Korean policies upon the change of power. In the process, the so-called South-South conflict in South Korea regarding the methods and contents of inter-Korean exchanges and cooperation has never subsided causing a fierce dispute surrounding the nature of inter-Korean exchanges and cooperation in the black-white dichotomy of 'supporting North Korea' vs. 'pouring money into the North.'

Non-state actors including the local governments and the private sector have taken part in inter-Korean exchanges and cooperation according to their own interests and purposes. However, they found it difficult to play a leading role in exchange and cooperation projects because of deterring factors such as legal restrictions, lack of information, financial difficulties, and workforce shortages. In 1990 when the Inter-Korean Exchange and Cooperation Act was enacted, there was a provision that included local autonomous bodies as one of main parties of inter-Korean trades but later was deleted in 2009 when South-North relations

became strained. The Guideline for the Support of the Inter-Korean Exchange and Cooperation Project by Local Autonomous Bodies, enacted by the Ministry of Unification, also stipulates that the Ministry of Unification shall manage local autonomous bodies' inter-Korean exchange. At the same time, the Regulation for the Administration of Humanitarian Aid Project and Cooperation Program, which was enacted by the Ministry of Unification in 1999, does not recognize local autonomous bodies as an official party of inter-Korean exchanges and cooperative projects. Because of the above-mentioned legal restrictions, local autonomous bodies have to enact an 'ordinance' on their own and set up 'funds' to establish a separate corporate body or entrust inter-Korean projects to private agencies.

In other words, the central government, as a key player of its policies on North Korea and unification, has been in charge of adjusting and managing the overall inter-Korean exchanges and cooperation. On the contrary, non-state actors, most notably local autonomous bodies, have striven to secure more autonomy and authority in the face of multiple legal restrictions. In the process, however, cooperation and mutual communications among the central government, local governments, and private actors have remained insufficient.

Necessity of 'Decentralized' North Korean Policies

As declared in the Panmunjom Declaration of April 27, improvements of inter-Korean relations will commence the process of establishing a permanent peace regime and nuclear-free Korean Peninsula. Expectations are high on inter-Korean exchanges and cooperation in many sectors, phenomenon attributed to the atmosphere of peace and cooperation on the Korean Peninsula after the Panmunjom Declaration. New local autonomous bodies launched in July after the seventh local election have formed a team devoted to implementing inter-Korean exchange and cooperation and mapped out various plans for related projects. However, there are still a number of legal and institutional restrictions that prevent them from playing a meaningful role in inter-Korean exchange and cooperation.

In a report to the President in August 2017, Minister of Unification Cho Myoung-gyon explained, “The Ministry plans to establish an official system for the local governments and private organizations to take part in the decision-making process for the government’s North Korean policies reflecting public opinions.” In this regard, the Ministry has already set up a council of local autonomous bodies in charge of inter-Korean exchanges and cooperation in September 2017 with the aim of sharing the direction of inter-Korean exchange and cooperation with local autonomous bodies and maintaining a regular communication channel. Moreover, the briefing material of the proposed constitutional amendment by President Moon Jae-in in March 2018 includes a revision for decentralization of power. Therefore, it makes more likely not only for the central government but also for local autonomous bodies and private organizations to actively participate in the implementation of North Korean policies.

Although the process of settling peace and denuclearization on the Korean Peninsula has not made visible progress for now, the peninsula will see a new era of lasting peace and co-prosperity once such process gets successfully implemented. The central government’s exchange and cooperation projects can be easily swayed by political and military factors but the local governments and private organization will have more room for maneuver as they are less sensitive to those factors. Therefore, it is necessary for the central government to consider a new approach to North Korean policies. At the same time, the central government needs to play an actively leading role in successfully building a denuclearization and peace process on the Korean Peninsula in preparation for full-fledged inter-Korean exchanges and cooperation in the future. In a nutshell, the central government should have a strengthened role as a planner and coordinator for the development of inter-Korean relations backed by increased inter-Korean exchanges while non-state actors, mainly local autonomous bodies, should be given more power and autonomy in the implementation of ‘decentralized’ North Korean policies.

Expanded Autonomy and Authority of the Local Governments

The essence of ‘decentralized’ North Korean policies boils down to the establishment of a governance system of various multilateral cooperative structures, namely: a cooperative network of the central government, the local governments, and private organizations; a bilateral partnership between the central government and the local governments or even among the local governments themselves. It does not necessarily mean diminishing roles of the central government in the process of establishing such governance system. Rather, the central government will be able to strengthen its role as a planner and coordinator in the process of institutionalization of inter-Korean relations and formulation of sustainable North Korean policies building on its ample intelligence assets and budgets as well as a deep understanding of policies on North Korea and unification. Moreover, the central government can evaluate the annual performance of local autonomous bodies and private organizations and accordingly adjust their budget scale for next year based on that evaluation. In this regard, it is necessary to recognize the local governments as one of the parties of assistance projects for North Korea through the revision of the current laws or existing guidelines.

It is most important for the local governments to identify exchange and cooperation programs suitable to their local conditions and characteristics and share their experiences accumulated in the field with other local autonomous bodies. To begin with, local autonomous bodies that border on North Korea (such as Gyeonggi Province, Gangwon Province, and Incheon Metropolitan City) should make efforts to identify and carry out joint cooperation projects so that they can avoid executing similar programs or simultaneously flocking to a certain project. In addition, joint cooperation among local autonomous bodies is necessary on top of a comprehensive cooperation between Seoul and Pyongyang. At the same time, there should be a consultative group among local autonomous bodies located on the rim of the East Sea and the Yellow Sea in order to materialize the New Economic Map Initiative for the Korean Peninsula. It can be considered to set up a permanent ‘South-North

Cooperative Council' in the Governors Association of Korea in preparation for cooperation between local autonomous bodies of South and North Korea. Private organizations lack intelligence assets and financial resources, but they have experience and know-how on the ground to put their focus on small-scale or regional exchange and cooperation projects. Therefore, their strength should be fully utilized with the central and local governments making joint efforts in the process. With growing roles of local autonomous bodies in the process of inter-Korean exchange and cooperation, private organizations and NGOs will be able to play expanded role going forward.

At the current incipient stage of the process of lasting peace and denuclearization, the central government may play pivotal roles but considering the current economic sanctions imposed on North Korea, there are some exchange and cooperation projects that are difficult for the central government to carry out. In that regard, the local governments and private organizations can fill in for the central government in those areas even under the current international sanctions regime, including forestry cooperation, tourism, people-to-people exchange, educational exchange, sports exchange, history/cultural exchange, humanitarian support (health, medical, and children), agricultural cooperation, and knowledge development program, to just name a few.

In addition, there should be ways for local autonomous bodies to take part in inter-Korean economic, energy, and development cooperation projects, including the resumption of Kaesong Industrial Complex, when the international sanctions against North Korea are lifted or alleviated in the future, or the inter-Korean exchange and cooperation projects enter the full-fledged stage. In particular, the implementation level of the existing agreements or declarations with regard to inter-Korean exchange and cooperation (such as Inter-Korean Basic Agreement, the June 15 Joint Declaration in 2000, and the North-South Declaration of 4 October 2007) can be assessed and classified into three categories: 1) already launched and completed projects, 2) interrupted projects, and 3) projects possible or impossible to be resumed. The next step is to understand the implementation level of those

projects and figure out reasons behind such level and establish a cooperative system in which the central government, the local governments, and private organizations divide up their roles. North Korea stressed that “A total mobilization of resources for economic development is the nation’s new strategic line” in the Plenary Session of the Workers’ Party of Korea in April 2018. The North also focuses on technology combination, education reform, and cutting-edge technology. Considering that, it is necessary to identify new exchange and cooperation projects that reflect the latest economic and social changes in North Korea.

In the end, it may be imperative to employ a ‘top-down’ approach such as an inter-Korean summit in order to end a stalemate in inter-Korean relations but it is also similarly important to promote regular exchange and cooperation projects in a ‘bottom-up’ approach that is based on the empowerment of non-state actors including local autonomous bodies if the agreements reached through the inter-Korean summits are to remain effective. It is a way of practicing the new *Zeitgeist* (spirit of the times), peaceful co-existence and co-prosperity, brought about by the Panmunjom Declaration of April 27 and the North Korea-U.S. Summit of June 12. At the same time, the above-mentioned approach will also make meaningful contributions to the stable management of inter-Korean relations and peaceful co-existence of the two Koreas and co-prosperity of North East Asia including the Korean Peninsula in the process of establishing permanent peace and complete denuclearization on the Korean Peninsula. ©KINU 2018

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