

# Political Future of the Korean Peninsula

## A New Challenge to Unification Strategies

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### Introduction

The launching of the Kim Dae-jung administration in February 1998 signified drastic changes in the erstwhile ROK policy toward North Korea. President Kim adopted a flexible policy toward North Korea, the so-called sunshine policy. The policy is based on three principles: 1) deterrence of armed aggression, 2) rejection of unification through absorption, and 3) realization of reconciliation and cooperation. President Kim Dae-jung has been consistent in carrying out his sunshine policy despite the provocative actions of North Korea (DPRK), such as the submarine incursion and missile launch a few years ago. The purpose has been to create a favorable environment for the government-level talks between the two Koreas to take place.

From June 13-15, 2000, President Kim Dae-jung and the Chairman of the National Defense Commission, Kim Jong-il, held a landmark summit in Pyongyang. At the end of the meeting, President Kim and Chairman Kim adopted the five-point South-North Joint Declaration. The June 15 Joint Declaration outlined plans to reunite separated families and to engage in inter-Korean exchanges and cooperation. Soon after the summit, South and North Korea held ministerial talks to discuss political and social issues. The ministers of the two Koreas agreed to create institutional frameworks for inter-Korean economic cooperation, to implement family reunion programs, and to restore the disconnected railway lines across the demilitarized zone (DMZ). By the end of last year, however, North Korea began to slow the pace of the inter-Korean talks. Delays in implementing various agreements have made the South suspicious of North Korea's intentions.

"The sunshine policy worked effectively with strong backing by then-U.S. President Clinton. But the political shift from a Democratic

to Republican government in the U.S. posed a great trial and challenge to President Kim's peace initiatives. President Bush emphasized that the U.S. will demand strict reciprocity and transparency in dealing with North Korea. After the Seoul-Washington summit talks on March 7, 2001, North Korea abruptly called off the inter-Korean ministerial talks as a sign of warning against the Bush administration's hard-line policy. All inter-Korean rapprochement programs have now come to a screeching halt.

Given the geopolitical conditions surrounding the Korean peninsula, inter-Korean rapprochement needs support from the four major powers—the U.S., Japan, China, and Russia. A cooperative relationship between the U.S. and China, in particular, is one of the necessary conditions for peace building on the Korean peninsula. But the rising tensions between the U.S.-Japan and China-Russia over the missile defense (MD) program are also complicating the challenges facing South Korea, which finds it difficult to maintain a balanced diplomatic relation with its neighboring countries. Thus, President Kim Dae-jung's vision for peaceful unification seems to be in an awkward dilemma as it faces challenges from various sides.

### **South Korea's Sunshine Policy**

Kim Dae-jung's sunshine policy has taken a two-track approach to improve inter-Korean relations, one track being the economic and social exchanges and cooperation, and the other one reducing military tension and increasing confidence building.<sup>1</sup>

South Korean leaders have taken the principle of separating economic matters from politics in order to facilitate inter-Korean exchanges and cooperation. In other words, political and security problems are not allowed to prevent mutually beneficial business deals and civilian contacts. By virtue of the progressive policy, South Korean industrial conglomerates and small businesses have promoted various joint venture projects with the North. Regarding economic aid to the North, Seoul announced that it would demand reciprocity from the North at government-level contact. Despite the reciprocity-oriented policy, however, it has often offered food or fertilizer unconditionally to the North.

South Korea has made efforts to induce the North to take the path of reform and openness through economic and diplomatic incentives. It has expressed full support for the North's admission to the international financial organizations such as the Asian Development Bank (ADB), the International Monetary Fund (IMF), and the World Bank.<sup>2</sup> It also has promoted large-scale infrastructure projects in the North. Over the past three years, the North has been showing some

signs of opening itself to the outside world. But North Korean leaders still hesitate to open up and reform.

*Kim Dae-jung's peace initiatives*

At the South-North summit, President Kim and Chairman Kim recognized the common ground of their unification formulas. The June 15 Joint Declaration states that the two Koreas would tackle the unification issue by exploring the similarities found in Seoul's view of confederation and Pyongyang's "loose form of federation."<sup>3</sup> Unification, however, cannot be achieved solely by similarities of the proposed unification plans, but rather by similarities of the ideologies and political systems to be unified. President Kim himself understands that Korean unification is not a realistic goal for at least the next twenty years. Rather, he hopes that the Joint Declaration will become a stepping-stone for a permanent peace on the Korean peninsula.

President Kim has expressed his desire to build a peace system before his tenure ends in February 2003. But the replacement of the current armistice on the peninsula with a permanent peace mechanism is a sensitive issue, as it would most likely affect the status of U.S. forces in Korea. The president, therefore, emphasized that Kim Jong-il has come to understand the U.S. military presence in the South, sharing the view that it is necessary for stability not only for Korea but also for the Northeast Asian region. He also reiterated that South Korea wants to maintain the U.S.-ROK military alliance even after unification.

The South Korean government formulated a plan to hold the second inter-Korean summit in Seoul within the first half of 2001 and to make the forthcoming summit into an occasion to get the peace process into gear.<sup>4</sup> It was expected that the two leaders would exchange views on establishing a peace agreement. Following the second summit, according to the plan, South Korea would raise comprehensive confidence-building measures at the defense ministerial talks, including the establishment of a military hot line between the highest military officials, prior notification of military drills and troop movements, and sending observers to each other's military exercises. Thereafter, it was expected that the two Koreas would discuss step-by-step arms control measures in accordance with progress in the confidence-building measures.

South Korea has made efforts to promote Four-party talks on a long-term basis to ensure durable peace on the Korean peninsula.<sup>5</sup> In the Four-party talks, South and North Korea would play the main role in establishing a peace system on the Korean peninsula, while the U.S. and China would play supporting roles to guarantee the steps agreed upon by the two Koreas. In addition, South Korea hopes Japan and Russia will play

a constructive role in promoting inter-Korean peace. After signing a peace treaty between two Koreas, it is expected that the Four-party talks could expand to six-way talks, including Japan and Russia, to initiate a regional security forum for peace and cooperation in Northeast Asia.

### *Criticism in South Korea*

Conservatives in the opposition Grand National Party (GNP) have criticized the sunshine policy as a naive appeasement policy from the beginning of the Kim Dae-jung administration. They maintain that Pyongyang will not change its hard-line policy toward the South no matter what aid is given. And they demand that South Korea adopt an eye-for-an-eye strategy toward the North and increase pressure on the North to facilitate its reform.

Soon after the historic summit, the lawmakers of the GNP criticized President Kim for having drawn a broad agreement on a unification formula instead of addressing how to establish peace on the Korean peninsula. They pointed out that nowhere in the document was there reference to the normalization of relations or to the signing of a North-South Peace Treaty to formally bring the Korean War to a close by the two Koreas. And they assert that the formulation of the unification policy must be made by national consensus or parliamentary endorsement, reasoning that the president should not determine such a vital issue all by himself. Ahead of a presidential election set for next year, the opposition is attacking the president for sacrificing too much to Pyongyang.

In spite of harsh criticism by the opposition party, the majority of South Koreans still believe in the rationale of the government's North Korea policy.<sup>6</sup> They see the June 15 Joint Declaration as an achievement to promote inter-Korean reconciliation, although worded in general and vague terms. With the domestic economy in poor shape, however, a growing number of people are becoming critical of the cost-effectiveness of the sunshine policy, demanding that the government should pursue inter-Korean economic projects with due consideration of South Korea's financial ability.<sup>7</sup> What is worse, President Kim's declining popularity as the result of various policy failures, such as the decline of the South Korean economy, the financial crisis of the health insurance system and the disoriented reform of the education sector, have made it difficult for the president to push ahead with his sunshine policy consistently.

### **North Korea's Dual Strategy**

After the conclusion of the Geneva Agreement in 1994, North Korea's top priority had been to build better ties with the U.S. And it

had been seeking ways to sign a peace treaty with Washington, while rejecting South Korea as a party concerned.<sup>8</sup> At the Four-party talks, North Korea reiterated its demand for the withdrawal of U.S. forces and tried to drive a wedge between Seoul and Washington. But relations with the U.S. did not develop as smoothly as the North had expected. Rather, North Korea faced a crisis in 1998 over the issue of the suspected underground nuclear facility in Kumchang-ni and long-range missile development. While U.S.-DPRK relations were strained, South Korea's sunshine policy stood out as a relief for the North.

President Kim advocated a comprehensive package deal on pending issues between Washington and Pyongyang. According to President Kim's comprehensive approach, North Korea should faithfully abide by the 1994 Agreed Framework and completely resolve the issue of missile production and exportation. In return, the U.S. and Japan should improve and normalize their respective ties with the North. And President Kim made diplomatic efforts to persuade the U. S. and Japan. The North seemed to be impressed with the South Korean government's effort to persuade William Perry to accept the comprehensive approach to solve the nuclear and missile issues.<sup>9</sup>

### *Policy toward the South*

With the recognition that it is impossible to resuscitate its failing economy and to end its isolation from the international community without support by Seoul, the North has positively responded to the sunshine policy and accepted the South-North summit proposal.<sup>10</sup> Chairman Kim Jong-il's performance during the South-North summit indicates that he has decided to shift its South Korean policy from confrontation to peaceful coexistence. After the summit, Pyongyang has shown some changes in its attitude toward South Korea. However, there is a big difference between shifting the direction and setting the speed.

From July 15-31, 2000, the first inter-Korean ministerial talks were held in Seoul, and the two sides agreed to begin discussing the reopening of the severed railway links. On August 15, the North-South Liaison office in Panmunjon reopened, and 100 South Koreans and 100 North Koreans visited Pyongyang and Seoul respectively to meet their separated families. On September 25-26, the first inter-Korean defense ministerial talks were held in Cheju Island, South Korea. On this occasion, both sides agreed to establish a working-level panel to discuss military support in reconnecting the inter-Korean railway. The defense ministers agreed to begin clearing mines and create an area of joint control in the DMZ for the connection of the cross-border railroads. They also agreed to hold the second round of the defense ministerial talks in November 2000, but this failed to take place.

In October 2000, when the U.S. and the DPRK resumed talks, North Korea slowed the pace of the inter-Korean process. The North again played its old games of raising complaints and outrageous demands, while trying to create an impression that the South was to be blamed for the lack of progress. After the South Korean government released Defense White Paper 2000 on December 4, it became North Korea's main target of criticism because the North was identified as the prime security threat to the South.<sup>11</sup> Thereafter, North Korea threatened to put off the implementation of an agreement on joint regulation for the cross-border railway projects unless the South dropped its policy of regarding Pyongyang as its main enemy.

The fourth round inter-Korean ministerial talks was held on December 12-16, 2000, in Pyongyang. The North demanded that the South should agree to provide 500,000kw of electricity as a prerequisite for more dialogue. North Korea, however, postponed the fifth ministerial talks indefinitely just hours before the meeting was to take place on March 13, 2001, in the wake of diplomatic confusion between Seoul and Washington over the North Korean policy.

At the various inter-Korean talks, the North has displayed some enthusiasm for the issues of economic cooperation, but has shown less zeal on the issues of easing military tension and establishing peace. It is, therefore, suspected that North Korea is still attempting to deal directly with the U.S. to sign a peace agreement. In any case, the North feels burdened to discuss comprehensive confidence-building measures with the South.

#### *Policy toward the U.S.*

Following the South-North summit, North Korea has conducted multifaceted diplomacy. First of all, it mended diplomatic relations with China and Russia, which had soured after the collapse of the eastern European socialist block. Kim Jong-il has restored North Korea's friendly relationship with China and Russia through a series of diplomatic summits. And the North has established diplomatic ties with the Philippines, Australia, and European Union (EU) nations.<sup>12</sup> It has also joined the regional forum of the ASEAN, and has taken a big step toward normalizing ties with the U.S.

Kim Jong-il sent special envoy Jo Mong-rok, deputy chairman of the National Defense Commission, to Washington on October 9-12, 2000. In the meeting with President Clinton, the North Korean official reportedly offered to end its export and development of long-range missiles in exchange for third country satellite launch services, financial compensation, sanctions relief, and normal diplomatic relations with the U.S.<sup>13</sup> This visit was followed by Secretary of State Madeleine Albright's

trip to Pyongyang.

On October 23-24, 2000, Kim Jong-il and Albright reached a broad consensus on issues of major concern, including the North Korean missile development program, as well as the removal of North Korea from the list of terrorism-sponsor states. Kim Jong-il also extended his invitation to President Clinton. Kim Jong-il tried to seal the missile negotiations while the Democrats, whom he considered more lenient than the Republicans, remained in power. Unfortunately, however, things did not develop as he expected.

After the inauguration of the Bush administration on January 20, 2001, North Korea became anxious about the hard-line stance of Washington. North Korea criticized the Bush administration for exaggerating North Korea's missile threats to rationalize its missile defense (MD) projects. And Pyongyang announced that North Korea would no longer tie itself to the commitments it made with the Clinton administration; it threatened to revive its suspended test firing of missiles and frozen nuclear development.<sup>14</sup> However, North Korea's threat appears to be a negotiation tactic. Pyongyang is well aware that improved relations with the U.S. are essential to assure its security and economic assistance. Pyongyang is using a dual strategy of threats and appeasement to coax Washington into an early resumption of dialogue.

### **The U.S. Hard-line Stance on North Korea**

The Clinton administration made efforts to contain North Korea within the sphere of U.S. influence through economic and diplomatic incentives. In return for the engagement policy, it expected reciprocity from the North in the form of discarding its nuclear and missile programs. After the South-North summit in June 2000, the U.S. policy on North Korea generally followed guidelines laid down by the Perry Report, which advocated a comprehensive package deal with the North.<sup>15</sup> The Perry Report suggested that the North should be pressed to freeze its nuclear and missile programs, but Washington should, in return, normalize relations with Pyongyang. The cross-visit by North Korean envoy Jo Myong-rok and Secretary of State Albright could be regarded as the realization of the U.S.-DPRK high-level talks that the Clinton Administration had been pursuing through the Perry Process.

However, the Bush administration's diplomatic and security team is very critical of Clinton's stance on the North Korean engagement policy. The Bush team believes that the U.S.-DPRK missile deal is fraught with uncertainty and that the Geneva Agreement falls short of exercising a binding power to deter the North from developing nuclear weapons. For example, Secretary of Defense Donald Rumsfeld thinks that the North Korean missile program is a threat to the U.S.; Deputy Secretary of

Defense Paul Wolfowitz argues that the U.S. must convert the current foreign aid program to one that would provide conventional, fossil fuel, or hydroelectric power instead of nuclear reactors to North Korea.

Bush administration officials think that the South Korean president's peace initiative has moved too fast with too few concessions from the North. They regard South Korea's sunshine policy as a naive appeasement policy in that North Korea has done little to mitigate the military threat it poses to South Korea, and rather deployed more than 55 percent of its key forces near the frontline. Such events as family reunions and the railroad link have hardly convinced U.S. officials who believe that inter-Korean progress—centered on the South's unilateral food and economic aid—could be rendered all for naught if military confrontation broke out. According to them, it is unwise to proceed with large-scale economic aid and investment without reciprocity from North Korea. Moving North Korean forces back from the DMZ, mutual conventional force reductions should be the price of major assistance.

Secretary of State Colin Powell said, "We are open to a continued process of engagement with the North as long as it addresses political, economic and security concerns, is reciprocal and does not come at the expense of our alliances and relationships."<sup>16</sup> However, the precise direction of the Bush administration's North Korean policy is still in the process of articulation. Deputy Secretary of State Richard Armitage, who leads the working-level policy formulation on the two Koreas, accentuates the principles of reciprocity and transparency in its future relationship with the North. He stresses that the U.S. will not give a penny of economic aid to the North unless transparency is guaranteed over the nuclear development and missile issues.

#### *The U.S.-ROK summit and its aftermath*

The cooperative U.S.-ROK relationship has served as the cornerstone in deterring North Korea's aggression, and the U.S.-ROK security alliance remains essential to prevent North Korean miscalculation and to keep pressure on North Korea to act in good faith. In dealing with North Korea, South Korea's foremost concern is to maintain good relations with the U.S.; without progress between the U.S. and North Korea, advances in inter-Korean relations are difficult to achieve. Therefore, President Kim Dae-jung has made efforts to persuade President Bush and his security team of the merit of the sunshine policy.

In the U.S.-ROK summit talks on March 7, 2001, in Washington, President Bush said that he would support South Korea's engagement policy toward the North. After the summit, however, President Bush told reporters that he had some skepticism about Kim Jong-il and that the U.S. would not resume missile talks with the North soon. And Secretary of



State Powell stated in his Senate testimony held during President Kim's Washington trip that "We have no illusions about the nature of the gentleman who runs North Korea... we have expressed in the strongest possible terms our concerns about their efforts toward development of weapons of mass destruction and the proliferation of such weapons and missiles and other materials to other nations."<sup>17</sup> Thus, the Bush administration has made it clear that there will be no progress in U.S.-DPRK relations unless the North resolves its nuclear and missile threat.

Although Washington expressed support for Seoul's engagement policy toward the North, the summit talks confirmed that the two allies have different views on North Korea. The Bush administration has placed more of the political burden on President Kim by recognizing South Korea's leadership in dealing with the North. Thus, President Kim, who had visited Washington to eliminate stumbling blocks to his peace initiatives, brought home great barriers: reciprocity, verification, and transparency.

After the U.S.-ROK summit, President Kim pledged to implement the North Korean policy on a more reciprocal basis. He proposed to adopt comprehensive reciprocity in dealing with the North: the proposal calls for South Korea and the U.S. to provide North Korea with economic aid, promises not to strike first against the North, and support for the North's bids to join global organization in return for the North's promise to observe the Geneva Agreement, scrap missile concerns, and declare nonaggression. The president seemed to believe that the demand for reciprocity and verification is legitimate, but a strict reciprocity of give-and-take is not practical. In fact, friendly inter-Korean relations are impossible if Seoul seeks to secure tit-for-tat rewards from Pyongyang in return for its concessions.

The President also promised that South Korea would consult with the U.S. every step of the way, so that progress in South-North Korea relations serves the interests of the two allies. And he said that South Korea would reactivate the dormant 1992 inter-Korean Basic agreement, rather than push for a new peace declaration in the planned second South-North summit in Seoul.<sup>18</sup> In reality, any measures associated with peace on the Korean peninsula could be directly linked with the status of the U. S. forces in Korea. So, President Kim may feel a heavy burden in promoting the peace declaration with Kim Jong-il at a time when South Korea and the U.S. are showing a perception gap in regards to North Korea.

### **International Dimension of Inter-Korean Relations**

#### *U.S. strategic interests and inter-Korean relations*

The United States, the sole superpower in the post-Cold War,

international order, and the most powerful player in the Korean game, has enjoyed almost exclusive influence in East Asia during the past ten years. Its strategic priority in East Asia has been to prevent any single country from dominating that region. To counterbalance the U.S. influence, China and Russia have agreed to retain a strategic partnership. In spite of all the differences with the U.S., however, each has preferred to work out its own compromise arrangements with Washington rather than jointly collaborate against U.S. interests. And both have been very cooperative with the U.S. to restrain North Korea's nuclear and missile development. In fact, one of the main arguments made by the Clinton administration regarding the value of close Sino-U.S. ties had been Beijing's positive role as an interlocutor with Pyongyang.

China and Russia have persistently advised North Korea to pursue a direct dialogue with Seoul. In some respects, they encouraged the South-North summit as a countermeasure to strong U.S. influence on the Korean peninsula. They believed that the inter-Korean summit and its ramifications would likely alter the dynamics of Northeast Asia's geopolitical balance. Soon after the summit, as they expected, the U.S. seemed to have lost its firm grip on Korean affairs: President Kim's peace initiatives put South Korea on the frontlines of diplomatic negotiations with the North, relegating the U.S. role to intermediary.<sup>19</sup> By contrast, China and Russia seemed to be emerging as new contenders, given their newly restored friendship with North Korea. Against this backdrop, the strategic questions regarding the future of inter-Korean relations and its relationship to the U.S.-ROK security alliance were raised in Washington: how will the U.S.-ROK alliance fit into the regional security architecture in the era of the seemingly diminishing North Korean threat?

Some strategists became concerned that the peace process in the Korean peninsula could touch off disputes about the withdrawal of U.S. forces in Korea. Nevertheless, the Clinton administration gave support to President Kim's peace initiatives and made diplomatic efforts to contain North Korea within the sphere of U.S. influence through the U.S.-DPRK normalization talks. In fact, the Clinton administration virtually outpaced the South in engaging the North at the end of Clinton's tenure by visits of high-level officials. But the situation has changed abruptly with the rise of the Republican administration.

The Bush administration regards China as a strategic competitor, rather than a cooperative partner. And it gives strategic priority to the establishment of a missile defense (MD) system. It alleges that the missile defense system would protect American territory from being hit by ballistic missiles from rogue states, including North Korea. However, many believe that the administration uses North Korea as a cover to contain China as a potential future adversary. Although the U.S. insists

that MD is a purely defensive system, China and Russia find the missile defense system inherently provocative. In protest against the U.S. efforts to build a missile shield, China and Russia are putting aside their differences and talking about ways to undermine U.S. hegemony. Meanwhile, North Korea has reached a consensus with these two countries to oppose the U.S. missile defense program.

South Korea is not interested in the missile defense system. Rather, its strategic priorities focus on reducing North Korean forward deployed artillery and other conventional weapons aimed at Seoul. Seoul has been eager to please China as well as Russia as South Korea endeavors to use them to pressure North Korea towards a more positive response to President Kim's sunshine policy. As the friction has intensified among the four major powers over the MD issues, however, the diplomatic game surrounding the Korean peninsula has become extremely complicated. And South Korea finds itself in a very awkward situation.

President Kim and Russian President Vladimir V. Putin held summit talks on February 27, 2001, in Seoul. At the end of their meeting, they issued a joint communique, which declared that the 1972 Anti-Ballistic Missile (ABM) Treaty was a cornerstone of strategic stability and that it should be preserved and strengthened.<sup>20</sup> Although Seoul has denied that the Putin-Kim statement was, in effect, a criticism of the U.S. missile-shield project, foreign media analysts interpreted it as a sign of Seoul's tilt toward Moscow in the Washington-Moscow dispute over MD. However, President Kim gave tacit support to the MD plans at the U.S.-ROK summit talks on March 7 by agreeing with President Bush that threats posed by missiles and weapons of mass destruction require a new approach. By endorsing Russia's position that the U.S. should abide by the ABM Treaty and then later backing away from it, Seoul's status has eroded in both Washington and Moscow.

#### *European Union factor*

South Korea has developed close diplomatic ties with China and Russia as part of the engagement policy with North Korea. Recently, however, it has become difficult for South Korea to pursue cooperation with China and Russia without damaging its traditional alliance with the U.S. And the contention over the MD issue has almost ended the behind-the-scenes cooperation between Washington and Beijing in talking sense to North Korea. To make matters worse, ties between Seoul and Tokyo have also reached a new low over the history textbook distortion dispute, adversely affecting the three-nation joint approach toward Pyongyang. While South Korea's peace initiatives are driven into a corner, the European Union (EU) and its member countries are strengthening their diplomatic activities as intermediaries between the two Koreas.

Throughout Europe there has been growing concern that the Bush administration's new strategy may be engendering a more confrontational era in world politics. European worries about the Bush administration's hard-line policy toward North Korea have led to greater EU involvement in inter-Korean affairs. At an EU summit held in Stockholm on March 23-24, European leaders agreed to dispatch a team of mediators, led by Swedish Prime Minister Goran Persson, to the two Koreas in the near future.<sup>21</sup> EU leaders at the summit agreed that it is important to maintain a dialogue with Pyongyang and instill new momentum in the Korean peace process, even at the risk of antagonizing the Bush administration. Among the 15-member EU, Germany has a particularly strong feeling about the importance of the conciliatory approach of Kim Dae-jung, who is sometimes compared to Willy Brandt, the Social Democratic chancellor 30 years ago.

On May 3, 2001, North Korean leader Kim Jong-il told a visiting European delegation led by Swedish Prime Minister Goran Persson that his country would maintain a moratorium on missile tests until 2003, a promise regarded as a positive step towards settling the sensitive issue. Chairman Kim also expressed his intention to visit Seoul to reciprocate President Kim's trip. The EU initiative is noteworthy as an expression of goodwill, but it does not have much leverage beyond the diplomatic and commercial concerns that each member nation pursues with North Korea. And the EU cannot replace the current role held by the U.S., but rather play the supposed supplementary role.

## **Prospects for the Future**

### *The U.S.-DPRK normalization talks*

Upon completion of his North Korea policy review, President Bush announced a reopening of dialogue with the North on June 6, 2001. Bush's proposed agenda includes an "improved implementation" of the Agreed Framework relating to the North's nuclear activities, "verifiable constraints" on its missile programs, and the conventional military posture.<sup>22</sup> Bush said that Washington would pursue these discussions in the context of a "comprehensive approach" toward the North to encourage "progress toward inter-Korean reconciliation, peace on the peninsula, a constructive relationship with the United States, and greater stability in the region." However, President Bush's short statement did not specify detailed ideas for the U.S.-DPRK talks that would cover a broad range of tough issues.

At the U.S.-DPRK talks, the U.S. would seek to revise the 1994 Agreed Framework to ensure the transparency of North Korea's past nuclear activities and address North Korea's missile issues, comprising

their production, export and deployment. It would focus on verification in dealing with the North. For its part, North Korea would counter that the nuclear inspection should depend on implementation of the Agreed Framework. And it would demand international assistance in launching North Korean satellites and large sums of money as compensation for ending its missile development. Considering the wide gap between the two views, the U.S. and North Korea would confront each other on every issue. Particularly, the issue of verification would be the main issue of contention.

If negotiations stall without producing tangible results, the U.S. would express its strong intention to deter the North's missile exports on the open sea and make a preemptive attack against the North's nuclear and missile facilities.<sup>23</sup> But the coercive measures would be hard to impose, since South Korea would not risk increasing tension on the peninsula. North Korea might feel tempted to resort to diplomatic brinkmanship on its part. The North could react with threats of war and nuclear development. However, it is unlikely that the North would transform its threat into real action. Pyongyang is well aware that the combined U.S.-ROK forces in the case of war would quickly defeat the North. And the possibility of North Korea's abrogation of the Geneva agreement is low, considering the fact that it is prepared to trade its military threat for economic assistance and security assurance.

The deadlock in U.S.-DPRK negotiations is not likely to last long, given North Korea's poor economic situation.<sup>24</sup> North Korea cannot maintain its system without foreign assistance. The pressing need to secure foreign aid will force Pyongyang to make concessions to the U.S. Therefore, it is expected that the U.S. and North Korea will be able to reach an agreement on improving relations as well as settling the nuclear and missile disputes before 2003, even though its timing and manner remain uncertain. Probably, they will settle the missile issue in a way similar to the method that they used in resolving the nuclear issue. Pyongyang should take proper actions to clear up suspicions about its nuclear facilities, suspend missile development and exports, and reduce tensions caused by conventional weapons; the U.S. and South Korea should take steps to assist the North Korean economy in return. If the U.S. and North Korea reach an agreement, the U. S. should remove North Korea from the State Department's list of terrorism-sponsor countries and setup a rehabilitation fund for North Korea in cooperation with the World Bank and the Asian Development Bank. And it should accelerate its efforts to normalize ties with North Korea.

#### *South-North Korea's peace building*

With the resumption of the U.S.-DPRK talks, inter-Korean dialogue

can also begin. The North may try to increase inter-Korean economic cooperation. However, it cannot obtain the necessary capital to restart its economic development because South Korea may implement its North Korean policy in a more transparent manner to earn confidence from the U.S. Since Seoul's policy toward Pyongyang is closely related to U.S. policy, the stalemate in U.S.-DPRK relations will also slow down the progress in inter-Korean relations. Thus, South-North Korean relations are likely to go through a cooling-off period until the U.S. and North Korea conclude an entente.

In parallel with the U.S.-DPRK improvements, inter-Korean relations should improve. The inter-Korean economic exchanges and cooperation will be increased substantially, and the leaders of the two Koreas can hold summit talks to establish a peace system on the Korean peninsula. But it will take considerable time before the two Koreas can come up with a peace treaty and arms control measures that might be sufficient to convince the U.S. and China to join the party. Even though the two Koreas have made an agreement on a feasible peace structure, a possible conflict between the U.S. and China can still undermine the ongoing peace process. If U.S.-China relations become strained due to the MD issue, China might choose to be confrontational on Korean issues. Then it may increase pressure on the two Koreas to withdraw U.S. forces in Korea (USFK). In this case, the critical issue for peace building on the Korean peninsula will be how to redefine the U.S.-ROK security alliance to make it serve the regional stability.

Regardless of the Bush administration's chosen catchphrase, some form of cooperative engagement and managed competition is likely to guide Sino-U.S. relations in the future. And pragmatic common interests of the two countries, such as reducing the number of military forces and weapons of mass destruction in the Korean peninsula, will enable them to cooperate in the Four-party talks to establish a permanent peace regime on the peninsula. If a deal is made at the Four-party talks, the U.S. and ROK should make the necessary structural adjustments in the role, mission, and force structure in the USFK in tandem with new political arrangement in the talks.

With the settlement of the peace system, the industrial capability of North Korea could expand markedly with enormous economic aid from the international community. With the passage of time, if the North succeeds in economic development, South and North Korea could reach a peaceful unification agreement through negotiations as equal parties.<sup>25</sup> In case the North Korean economy collapses, the South, despite foreign assistance, will have few options besides absorbing the North. In any case, reunification is an enormous task that could take more than two decades.

## Conclusion

The South-North summit agreement is undoubtedly an event of major historical significance. At the same time, it is just the first step in a long voyage toward reunification. The way will be long and arduous, requiring incessant effort and patience from those on both sides. If the German case is any guide, the dismantling of the Berlin Wall in 1990 had to wait two decades after the first East-West summit in 1970.

The South Korean government emphasizes the establishment of a peace regime. But, peace and reconciliation in the real sense of the words will not be achieved unless Pyongyang engages Seoul in a serious dialogue on military tension-reduction and confidence-building measures. Therefore, the South should give economic assistance based on the North's reciprocal measures on security matters.

The U.S. is hardly wrong in its demand for solid evidence of North Korea's real change, not just its tactical change. Nevertheless, the U.S. should engage the North consistently. The process of obtaining a North Korean guarantee to give up its nuclear and missile programs requires a great deal of patience. And it appears premature for the two Koreas to enter shortly into dialogue on the reduction of conventional weapons, because they need further confidence-building processes. It seems better that the issue concerning North Korea's conventional weapons should be dealt with by the two Koreas, not between Pyongyang and Washington.

South Korea and its neighboring countries are concerned about the future of the Korean peninsula because of the uncertain attitude of North Korea. The political risk in the sunshine policy has been the possibility that the North will fail to respond to President Kim's peace initiatives. Chairman Kim Jong-il must show the world that he is not merely utilizing the sunshine policy to sustain a military dictatorship. It is a crucial time for leaders in Pyongyang to prove to the world with practical moves that they take the process of inter-Korean reconciliation seriously.

## Notes

1. Ministry of Unification, The Republic of Korea, *Kim Dae-jung's Policies on North Korea: Achievements and Future Goals*, Ministry of Unification, ROK, 1999.
2. It is estimated that Pyongyang's joining the World Bank will enable the cash-strapped government to receive a loan of between \$1 billion and \$4.5 billion. A possible entry by North Korea, however, would mean that a number of diplomatic preconditions would have to be met. That is, North Korea should make rapprochement with the U.S. and Japan, the two biggest shareholders.
3. The South's "Korean National Community Formula" suggests three phases, from reconciliation and cooperation to a confederation and eventually a unified Korea. In the second stage, one nation and two allied states exist, while a unified Korea should be one nation, one state, and one government, according to the formula. North Korea's

unification model is a revision of the "Koryo Democratic Confederate Republic," introduced in 1980. The plan aimed at transforming the two Koreas directly into a federation. In 1991, North Korea introduced the idea of "one nation, one state, two systems and two autonomous regional governments," making the federation a provisional entity in the process toward full reunification. The change is said to make the North Korean unification plan closer to that of the South.

4. Ministry of Unification of the Republic of Korea, *Korean Unification Bulletin*, No. 28, February 2001.

5. On April 16, 1996, South Korean President Kim, Young Sam, and U.S. President Bill Clinton put out a co-proposal that South and North Korea, the U.S., and China hold Four-party talks without any conditions whatsoever, with a view to setting up a peace structure on the Korean peninsula.

6. According to a survey conducted by a major polling organization on March 30-31, 2001, President Kim Dae-jung's engagement policy toward the North earned an endorsement of 53.1 percent, while 39.6 percent supported the opposition Grand National Party's policy emphasizing reciprocity. *The Korea Herald*, April 9, 2001.

7. South Korean business groups hesitate to expand investments to the North, where they cannot expect short-term benefits. For one thing, the Hyundai Group, suffering from a severe liquidity crunch, recently failed to honor its pledge to pay \$12 million a month to North Korea for the Mt. Kungang tourism project.

8. North Korea's argument was that the South is not eligible to sign a peace agreement because South Korea was not a signatory of the Armistice Agreement and because the U.S. forces in Korea have the operational control of all the armed forces in South Korea.

9. *The Korea Times*, December 8, 1998.

10. The primary factor that makes North Korea engage with the South is its deteriorating economic situation. The North Korean economy had recorded negative growth rates for nine years in a row since 1990. But it shifted to a positive growth of 6.2 percent in 1999, and its GDP growth slowed to 1.3 percent in 2000, the Bank of Korea estimated.

11. The Ministry of National Defense, ROK, *Defense White Paper 2000*, p. 68.

12. North Korea has linked diplomatic ties with 10 countries in 2001: the Netherlands, Belgium, Canada, Spain, Germany, Luxembourg, Greece, Brazil, New Zealand and Kuwait.

13. *The Pyongyang Times*, October 14, 2000.

14. "Fully prepared for worst scenario: DPRK Foreign Ministry spokesman warns Washington against new Korea policy," *The Pyongyang Times*, March 3, 2001.

15. William J. Perry, *Review of United States Policy Toward North Korea: Findings and Recommendations*, (Unclassified Report) Washington, D.C. October 12, 1999.

16. Colin L. Powell, Statement before Foreign Relations Committee, January 17, 2001.

17. Colin L. Powell, Testimony at Budget Hearing before the Senate Foreign Relations Committee, March 8, 2001.

18. *The Korea Herald*, March 12, 2001.

19. Sung-Joo Han, "The Koreas' New Century," *Survival*, vol. 42, no. 4, Winter 2000-01, pp. 85-95; Kurt M. Campbell and Mitchell B. Reiss, "Korean Changes, Asian Challenges and the US Role," *Survival*, vol.43, no. 1, Spring, 2001, pp.53-69.

20. 7-point Joint Communique Issued by President Kim Dae-jung of the Republic of Korea and Vladimir Putin of Russia on February 27, 2001, in Seoul.

21. *The International Herald Tribune*, March 27, 2001.

22. The White House, *Statement by the President*, June 6, 2001 .

23. Richard L. Armitage, "A Comprehensive Approach to North Korea," *Strategic Forum*, No. 159, March 1999, pp. 1-8.



24. North Korea has suffered chronic food shortages since the early 1990s. It needed to import 1.8 million tons of grains this year because the previous fall's poor harvest supplied only 3 million of the 4.8 million tons of grains that North Korea's 23 million people need to feed themselves. *The Korea Times*, April 18, 2001.

25. The ROK government declares that it is pursuing a negotiated unification. The most desirable scenario from South Korea's perspective is to delay the process of unification until a later date, when the industrial capabilities of North Korea have grown markedly. But there are many critics of the assumption of unification by mutual consent. Nicholas Eberstadt, "Hastening Korean Reunification," *Foreign Affairs*, vol. 76, no. 2, 1977, pp. 77-92; Marcus Noland, *Avoiding the Apocalypse: the Future of the Two Koreas*, (Washington, D.C.: Institute for International Economics), 2000.

