

South-North Korean Relations Under The Roh Moo-Hyun Government

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Introduction

In his inaugural address in February 2003, President Roh Moo-Hyun declared his intention not only to retain his predecessor's North Korea policy (the "sunshine policy") but also to expand the scope and the content of the "sunshine policy" in order to build a "structure of peace" on the Korean Peninsula.¹ Dubbed as the Policy for Peace and Prosperity," it envisions three stages of development. In the first stage, South Korea seeks to resolve the North Korean nuclear issue and facilitate peace on the Korean Peninsula. In the second stage, Seoul seeks to develop further inter-Korean economic cooperation and lay the foundation for a peace regime. In the third and final stage, the policy is to launch a peace regime on the Korean Peninsula.² In implementing the North Korea policy, Roh has pledged to adhere to four basic principles: (1) all issues should be resolved through dialogue; (2) priorities should be placed on building mutual trust and "upholding reciprocity"; (3) the inter-Korean issues should be resolved by South and North Korea in cooperation with the international community; and, (4) Seoul will strive to ensure transparency, expand citizen participation, and secure "bipartisan support" in implementing North Korea policy.³

The Roh government's policy toward North Korea is based on a bold and ambitious vision seeking a peaceful and prosperous Korean Peninsula. It encompasses political, economic and security cooperation between South and North Korea that would help attain eventual peaceful unification. However, the Roh government has encountered numerous problems in implementing its North Korea policy such as the North Korean nuclear issue which has heightened tensions on the Korean Peninsula. North Korea's unwillingness to abandon its nuclear weapons program has aroused not only much apprehension about the North Korean nuclear threat but also strong skepticism among many South Koreans about the efficacy of the Roh government's policy of providing political,

diplomatic and economic assistance to North Korea. As a result, instead of building a national consensus on the North Korea policy, the Roh government's policy for peace and prosperity toward North Korea has become controversial and divisive. In addition, the Roh government's overly conciliatory attitudes and policy toward North Korea have brought about frequent disagreements and discord with the U.S. in dealing with North Korea's nuclear issue.

It is the purpose of this study to examine the Roh government's North Korea policy from the time of its inauguration in February 2003 to the present with the emphasis on the analysis of factors which have shaped the implementation of Seoul's "peace and prosperity" policy and the outcome of the policy.

Inter-Korean Economic Cooperation

Under the Roh government, it is increasingly clear that the goal of reconciliation through economic cooperation with Pyongyang has become its top priority. Through the improvement in inter-Korean relations, it aims "to reinforce peace on the Korean Peninsula and promote co-prosperity of the both South and North Korea" so as to build a foundation for peaceful unification.⁴ Furthermore, through the successful implementation of the policy, the Roh government hopes to transform South Korea into the economic and financial hub of Northeast Asia. This is why Roh has been quoted to have said that "he would not mind the failures of all other policies only if the North Korea policy were successful."⁵

In spite of the rising tensions on the Korean Peninsula, triggered by the North Korean nuclear crisis, the Roh government has decided to promote economic cooperation and cultural exchanges with North Korea through various channels, including inter-Korean ministerial talks on economic cooperation. Apparently, it assumes that the promotion of inter-Korean reconciliation through economic cooperation will help reduce tensions and stabilize peace and security on the Korean Peninsula. Furthermore, it expects that the South's economic assistance will contribute not only to alleviating the North's economic hardship but also to moderating Pyongyang's behavior and policy toward the outside world.

Since 2003, it has provided more economic and humanitarian aid to North Korea than the total amount provided by its

predecessors from 1995 to 2002. The Roh government believes that the improvement in reconciliation and cooperation between South and North Korea is essential to the reduction of tension on the Korean Peninsula and for the eventual resolution of the nuclear standoff. Thus, while cooperating with the U.S. and other powers in seeking the peaceful resolution of the North Korean nuclear issue, the Roh government has endeavored to promote inter-Korean economic cooperation by supporting three major economic cooperation projects: (1) the construction of the Kaesong Industrial Complex (KIC); (2) the linking of two key railways and roads between South and North Korea; and, (3) the continued development of the Mount Kumgang Tourism Zone.

First, on the basis of the agreement between Seoul and Pyongyang on the reconnection of the Seoul-Shinuiju (or Akyongui⁷) Line, a cross border section of the railway between Dorasan Station (in the South) and Kaesong (in the North) was completed together with a parallel road by the end of 2003. It was followed by the construction of the Tonghae (East Coast) Line (involving railway and a parallel road) between Jeojin (the North) and Ongjin (the South) in 2004. As North Korea also built its share of the cross border railways and roads in accordance with the agreement with the South, the Kyongui and Tonghae lines were reconnected by November 2004⁶. As a result, South Korean tourists can now visit Mt. Kumgang via the Tonghae road instead of using sea-lanes which were more time-consuming and costly. At the same time, the reconnection of the Kyongui road has made it possible for South Korean workers to use the overland transport from the South to the Kaesong Industrial Complex (KIC). About 300 buses and trucks travel to the North daily using the two newly reconnected highways.⁷

In order to operate the two reconnected key railways, Seoul and Pyongyang agreed to schedule test runs for the railways on May 25, 2006. However, the trial runs were cancelled abruptly by North Korea one day before the scheduled event. This is the third consecutive time that Pyongyang failed to honor the agreement on the test run of the reconnected railways. Seoul strongly criticized the North for unilaterally calling off the test runs. However, instead of apologizing to the South, North Korea blamed South Korea for the cancellation, specifically criticizing the South Korean military's

refusal to accommodate North Korea's demand on the adjustment of the existing sea boundary (i.e., the Northern Limitation Line [NLL]) separating the two Koreas in the West Sea (the Yellow Sea). Pyongyang wants to draw a new sea boundary further south from the existing line, the one set by the U.N. Command at the end of the Korean War in 1953. It was clearly not an issue directly related to the reconnected railway. Apparently, North Korea wants to squeeze major concessions on the NLL (i.e., boundary of the existing territorial waters between the South and North) out of Seoul before agreeing to the operation of the reconnected railways. When South Korea refused to give in to the North's demand, North Korea refused to agree on the safety measures for the operation of the reconnected railways on May 18. Infuriated by the North's failure to honor the agreement on the railway test runs, it was reported that the Roh government was reconsidering its agreement with the North to provide millions of dollars worth of raw materials for the North's light industries.⁸ The unilateral cancellation of the opening of the reconnected railways has not only disappointed the Roh government but has also undermined the trustworthiness of the Kim Jong-Il regime.

Second, the Roh government has helped Hyundai Asan to revitalize the Mt. Kumgang Tourism Project. Following its debut in 1999 as a pioneering inter-Korean cooperative venture, the Mt. Kumgang project had stagnated shortly thereafter due to the decline in demand and popularity of the tour program. However, it began to show signs of revitalization after the North agreed to accept the South's proposal to make overland tour programs to Mt. Kumgang available in September 2003. To provide a more secure atmosphere for tourists, North Korea agreed to set the boundary on the estimated 19.8 million square meters as a special tourism zone in October 2003. Apparently, the availability of the overland transport from the South to Mt. Kumgang following the reconnection of the Tonghae Line has revived the popularity of the Mt. Kumgang tourism project and made it financially viable. The tour project has drawn over 1.2 million visitors since the beginning of the program.⁹

In spite of the symbolic value of the Mt. Kumgang project for inter-Korean reconciliation and cooperation, it has had very little effect on North Koreans' perceptions and attitudes toward South Korea, for the tourists from the South are not allowed to interact

with ordinary North Koreans who are kept out of the tour zone, except for a small number of North Koreans who are recruited by the North to work for the hotels and restaurants in the Mt. Kumgang tour zone.

Third, the Kaesong Industrial Complex (KIC) has become a showcase project of inter-Korean cooperation under the Roh government's peace and prosperity policy. Both in terms of visibility and significance, the KIC overshadows all the other joint projects between South and North Korea. Located about 37 miles (or 60 kilometers) north of Seoul, the industrial complex covers an area of about 66 square kilometers in Kaesong, North Korea. After some initial disagreements over such issues as wages for North Korean workers and the price of the land plots, the two Koreas were able to hammer out a package deal by April 2004 when the Hyundai Asan (the South) and the Asia-Pacific Peace Committee of North Korea (the North) concluded an agreement on the construction of the KIC.

According to the agreement, the industrial park was to be completed through three stages of development. Stage 1 involves the development of 3.3 square kilometers land plot, including a pilot site of over 92,500 square meters, to be leased to domestic and foreign companies by the end of 2007. The land involved in the first stage was leased from North Korea for 50 years. The remaining 62.8 square kilometers will be developed later in accordance with further consultation between Hyundai Asan and North Korea later to accommodate the participation of over 2,000 South Korean and foreign firms. Already fifteen South Korean companies are operating in the KIC where some 6,500 North Korean workers are employed by these companies with salaries averaging \$57.50 per month. By the end of 2006, it is expected that approximately 15,000 North Korean workers will be employed by South Korean firms; and by the end of 2007, 70,000 North Koreans are expected to be employed by about 250 firms¹⁰. Eventually, the number of the Northern workers is expected to rise to over 350,000 by 2012, making the industrial park a pivotal model of South-North economic cooperation.¹¹

As a joint venture, the KIC is expected to benefit both sides. It will benefit South Korean companies by easing the cost burden in such area as wages and rents, while helping economically

hardpressed North Korea by providing an important source of hard currency. By combining South Korean capital and technology with North Korea's cheap labor and land, it will become a profitable and cost-effective joint venture. Thus, it is regarded as a "win-win" strategy for both sides. It is by far the largest and most ambitious project of economic cooperation between Seoul and Pyongyang to date. It is also a key to South Korea's strategy for inducing North Korea to adopt market-oriented economic reform. For North Korea, the Kaesong model could lead to a revitalization of its economy with only a limited dose of openness to the outside world.¹² While the financial risk is assumed fully by South Korea, which has already invested more than \$2 billion, North Korea may have to take a political risk, as contacts with South Koreans could become contagious and may affect adversely the Kim Jong-Il regime's grip on power built around the *juche* ideology.

To be sure, the future of the KIC is by no means secure or rosy, as the unresolved dispute over North Korea's nuclear weapons program could derail or delay any large-scale expansion of the KIC. Furthermore, South Korean firms cannot produce certain strategic or high-tech products in the KIC under the existing agreements between South Korea and the U.S. Moreover, the unwillingness of the U.S. to recognize products manufactured in the KIC as those made in South Korea could cast a dark shadow over the future of the KIC.¹³ Unless these products are treated as those manufactured in South Korea, U.S. tariffs would be prohibitively high for them to be exported to the U.S. market. Such a development in turn could substantially diminish the attractiveness of the KIC for many South Korean companies. Reflecting significant progress in economic cooperation between South and North Korea, the inter-Korean trade volume increased from \$697 million in 2004 to over \$1 billion in 2005.¹⁴ Currently, South Korea ranks as North Korea's second largest trading partner superceded only by China. Moreover, under the Roh government, South Korea has increased economic and humanitarian aid to North Korea. The amount of such aid increased from 1,888 million won in 2003 to 2.984 million won in 2004. In 2005, it totaled 2,138 million.¹⁵ In terms of South Korean currency, won, the total amount of aid to North Korea under the Roh government exceeded the combined total aid provided by its predecessors from 1995 to 2002. It should also be noted that, under

the Roh government, South Korea has increased cultural and personal exchanges with the North. For example, in 2005 more than 87,000 South Koreans visited North Korea, while over 1,500 North Koreans visited South Korea. Meanwhile, over 10,000 members of separated families had family reunions from June 15, 2000, to the end of 2005, and more opportunities will become available to them as video meetings have been introduced.

Although the Roh government maintains that inter-Korean reconciliation and cooperation through the increased exchange of people and goods between South and North Korea will alleviate tensions, improve bilateral relations and foster peaceful coexistence between the two Koreas, there are clearly limits to promoting reconciliation and peaceful coexistence through economic cooperation and cultural exchanges between the two entirely different political systems. Unless and until North and South Korea can work out a significant agreement in the military field, including the dismantlement of Pyongyang's nuclear weapons program and conventional arms control and reduction, it is doubtful that there can be genuine rapprochement and peaceful coexistence between South and North Korea.

North Korea's Nuclear Threat and Persisting Tensions

In spite of steady progress in inter-Korean economic relations, the Roh government has not been able to reduce military tensions on the Korean Peninsula.¹⁶ Without securing an agreement on dismantling the North's nuclear weapons program and the reduction and pullback of North Korea's forward deployed troops along the Demilitarized Zone (DMZ), it is difficult for anyone to claim that the danger of war has been eliminated from the Korean Peninsula. It is evident that South Korea should utilize the "political capital" accumulated through inter-Korean economic cooperation to persuade Pyongyang to abandon its nuclear weapons program and adopt meaningful measures of military confidence building and conventional arms control, for such agreements will not only ease military confrontation on the Korean Peninsula but also alleviate mutual mistrust and animosity. Without securing an agreement on dismantling the North's nuclear weapons program and the reduction and pullback of North Korea's forward deployed troops along the Demilitarized Zone (DMZ), it is difficult for anyone to claim that

the danger of war has been eliminated from the Korean Peninsula.

So far, South Korea has not succeeded in working out significant military confidence-building measures (CBM) or arms reduction with the North, for Pyongyang has insisted upon arms reduction first, especially the withdrawal of U.S. forces from South Korea. Out of some 150 meetings held between Seoul and Pyongyang since June 15, 2000, only four military talks have discussed security issues between the two Koreas. They have brought about a few minor agreements such as the halting of propaganda broadcasting along the DMZ, the establishment of a hotline, and the use of the same frequency in radio communication to prevent accidental armed conflict on the West Sea (the Yellow Sea). Much remains to be done in this field before genuine rapprochement and peaceful coexistence can become a reality on the Korean Peninsula.

The more serious threat to South Korea's security emanates from North Korea's nuclear weapons program. The Roh government has declared that North Korea's possession of nuclear weapons would not be acceptable under any circumstances and the North Korean nuclear issue should be resolved peacefully through dialogue.¹⁷ Moreover, in May 2003, during his first meeting with President George W. Bush in Washington, President Roh stated that "future inter-Korean exchange and cooperation will be conducted in light of developments on the Korean nuclear issue."¹⁸ However, the Roh government has failed to effectively synchronize the inter-Korean relations with negotiations on the North Korean nuclear issue. Instead of linking the expansion of economic cooperation with the North to progress on the nuclear issue, the Roh government has decided to place the priority on improving relations with Pyongyang by increasing inter-Korean economic cooperation. Such an approach has brought about frequent disagreements with the U.S. in dealing with North Korea's nuclear issue. At the same time, it has aroused concerns of many conservative South Koreans who are critical of the Roh government's overly conciliatory attitudes and policy toward North Korea.

The Roh government believes that the improvement in inter-Korean relations will prevent the escalation of tensions on the Korean Peninsula and help prevent the outbreak of war there. Furthermore, by increasing the North's economic dependence on

South Korea, it hopes to succeed in persuading Pyongyang to give up its nuclear weapons program. In dealing with the North Korean nuclear issue, the Roh government has insisted on the peaceful resolution of the nuclear standoff, while opposing any sanctions against North Korea, saying that they would be “very, very dangerous”¹⁹ Thus, every time the U.S. has suggested the possibility of sanctions against the North, the Roh government has opposed them. In addition, the Roh government has declared its intention to oppose any attempt to coerce, pressure, or topple North Korea in dealing with the North’s nuclear weapons issue. In a related move, in November 2004, in his speech in Los Angeles, Roh criticized the Bush Administration’s hardline policy toward Pyongyang, while expressing his view that North Korea’s attempt to develop nuclear weapons was understandable in view of its perception of the threat from the U.S.²⁰ Such a statement not only displeased the Bush administration but also undermined its confidence in the Roh government. In this regard, it seems plausible to believe Japanese Vice Foreign Minister Yachi Shotaro, who was quoted as having told a group of South Korean lawmakers in Tokyo in May 2005 that “Japan receives a lot of intelligence on North Korea from the U.S. but cannot pass it on [to South Korea] because Washington does not fully trust Seoul.”²¹

The Roh government, which repeatedly discounted the North’s nuclear weapons program as more of a bargaining chip rather than as a serious attempt to become a bona-fide nuclear power on the part of Pyongyang, was clearly embarrassed by the North Korean announcement on February 10, 2005, that it possessed nuclear weapons. Moreover, it would boycott the six-party talks until the U.S. give up its “hostile” policy. In an attempt to facilitate the resumption of the six-party talks in Beijing, Seoul took a proactive role by offering 2 million kilowatts of electricity in June 2005 in return for Pyongyang’s abandonment of its nuclear weapons program. Such an approach undoubtedly helped to bring about the resumption of the six-party talks in July, which led to the adoption of a joint statement by the six powers in Beijing on September 19, 2005. In the joint statement, Pyongyang agreed to abandon its nuclear weapons program and rejoin the Nuclear Non-proliferation Treaty (NPT) and the safeguards agreement of the International Atomic Energy Agency (IAEA) in exchange for energy and

economic assistance from neighboring states and a security guarantee from the United States. However, the six powers failed to work out a roadmap for the implementation of the joint agreement at the fifth meeting of the six-party talks in November 2005. Since then, Pyongyang has declared its intention not to participate in the six-party talks unless the U.S. lifts financial sanctions against North Korean firms as well as the Banco Delta Asia in Macau which was involved in laundering counterfeit currency for North Korea. As a result, the North Korean nuclear issue remains unresolved with little prospect for any breakthrough for the resolution of the thorny issue in the near future.

A nuclear-armed North Korea will have serious consequences for the security of South Korea and beyond. If North Korea were to use nuclear weapons, South Korea would become embroiled in a nuclear nightmare. Furthermore, South Korea’s announced policy of developing an “independent defense” capability would be jeopardized in the face of nuclear-armed North Korea.²² Through blackmail and brinkmanship, North Korea could also use its nuclear capability to gain political advantage or squeeze economic aid from its neighbors. In addition, North Korea’s acquisition of nuclear capability would likely discourage domestic and foreign investment in South Korea.²³ Moreover, the emergence of a nuclear-armed North Korea could also destabilize Northeast Asia by triggering a nuclear arms race among regional powers (i.e., Japan, South Korea, Taiwan, and China).

To prevent North Korea’s acquisition of nuclear weapons, critics argue that the Roh government should cooperate more closely with the U.S., Japan and other powers to persuade Pyongyang to abandon its nuclear weapons program. South Korea should also make its position clear that any future expansion of inter-Korean economic cooperation will depend largely upon Pyongyang’s concrete actions in abandoning its nuclear weapons program. Many South Koreans believe that providing massive economic assistance to North Korea with no strings attached will not be an effective strategy in resolving the nuclear standoff on the Korean Peninsula, because such a strategy will not give any incentives for North Korea to abandon its nuclear weapons program. Besides, it should not be forgotten that South Korea’s engagement “sunshine policy” has from the very beginning been designed to provide economic

assistance to the North for the purpose of inducing North Korea to become a normal member of the international community through reforms and increased openness to the outside world. Clearly, it is not a one-sided give away policy. Rather, it requires reciprocity from North Korea.

North Korea's Missile Launches and Its Effects

The Roh government's North Korea policy was subjected to a serious challenge in the summer of 2006 when North Korea test-fired seven missiles, including a long-range intercontinental ballistic missile, Taepodong-2, on July 5. Apparently, Pyongyang was resorting to missile launches in an attempt to pressure the U.S. to hold direct talks with North Korea to deal with outstanding issues, including the lifting of financial sanctions imposed by the U.S. As Pyongyang's missile tests violated several international agreements, including the September 19th (2005) joint statement adopted by the parties to the six-party talks in Beijing, international reactions to the missile launches were quite negative. Every major power with a stake in North Korea including its ally, China, publicly denounced the action. On July 15, the U.N. Security Council unanimously passed a resolution condemning North Korea for the test-firing of seven missiles, demanding that "the DPRK suspend all activities related to its ballistic missile program" and urging strongly that Pyongyang "return immediately to the six party talks without precondition."²⁴ At the same time, it directed member states not to conduct missile-related dealings with North Korea (such as the transfer and procurement of missile-related goods and technology). In addition, it also urged them not to transfer "any financial resources in relation to DPRK's missile or WMD programs."²⁵ Although the resolution did not include a contentious Chapter 7 clause allowing for military enforcement and economic sanctions for non-compliance, it prompted key players in the region to take punitive measures against North Korea. Japan banned the entry of North Korean ships into Japanese ports, while blacklisting corporations sending money or strategic military supplies to Pyongyang. The U.S. Senate passed a bill adding North Korea to the Non-Proliferation Act of 2000, which would empower the President to impose sanctions on any foreign corporations or individuals who transfer goods or technologies to North Korea to help manufacture

weapons of mass destruction (WMD).²⁶ Even China, North Korea's sole ally, was no exception, as the Bank of China in Macau has reportedly frozen North Korean assets to cope with North Koreans' illicit money laundering and counterfeiting activities.

In contrast, South Korea's reactions to Pyongyang's missile launches were relatively mild as compared to the stern warnings and punitive measures adopted by major powers. On July 5, the South Korean government criticized North Korea's "unwise act" as not helpful to the stability of the Korean Peninsula. It urged the North to "discontinue such provocative acts."²⁷ For some unknown reasons, however, President Roh Moo-Hyun kept silent on the missile crisis for nearly two weeks before issuing a relatively mild statement on July 19, in which he scolded Korea's missile launches as "wrong behaviors" that would heighten tensions and "prompt an arms race."²⁸ Roh cautioned other countries not to react excessively, for such reactions "could raise regional tension." Meanwhile, the presidential website posted statements that discounted the impact of Pyongyang's missile test-firing by stating that it did not constitute a crisis, because "it was not aimed at any particular party." Instead of denouncing Pyongyang's provocation, the presidential website criticized Japan for overreacting to the incident by convening an early morning emergency meeting at Prime Minister's official residence to deal with Pyongyang's missile test-firing on July 5: "There is no reason to fuss over this from the break of dawn like Japan, but every reason to do the opposite."²⁹ Instead of denouncing North Korea's missile launches, in a statement released on July 11, a presidential spokesman continued to criticize Japan's "aggressive" intentions rather than North Korea's brinkmanship for heightening tensions on the Korean Peninsula, denouncing some Japanese leaders' (including Chief Cabinet Secretary and now Prime Minister, Abe Shinzo) comments on the possibility of preemptive strikes at North Korean missile facilities if a missile attack on Japan becomes imminent.³⁰

Despite the opposition parties' strong demand to postpone high-level talks with the North in the aftermath of the missile launches, the Roh government went ahead with a planned inter-Korean ministerial meeting a week after the North's missile test-firings, ostensibly to convey Seoul's concern over the North's missile launches and to urge Pyongyang to return to the stalled six-

party talks. At the meeting, the North Korean delegation refused to discuss any matters related to the missile and nuclear issues, saying that these issues were irrelevant to the ministerial meeting. Instead, it demanded humanitarian and economic aid from South Korea. When the South rejected the North's request for 500,000 tons of rice and 100,000 tons of fertilizers until the North would reinstate a moratorium on the missile test-firing and return to the six-party talks, the Northern delegation decided to break up the 19th inter-Korean ministerial talks one day ahead of schedule and returned to Pyongyang after issuing a warning that said in part: "The South will pay a due price for making the North-South high level talks fail and causing unpredictable catastrophic consequences in North-South relations."³¹

Apparently, in retaliation for Seoul's suspension of food and fertilizer shipments to North Korea, Pyongyang decided to withdraw some of their officials from the Kaesong Industrial Complex (KIC), halt construction on the family reunion facility by Hyundai Asan at Mt. Kumgang, and remove over 130 South Korean construction workers from the area. Furthermore, Pyongyang also informed Seoul that it would call off the scheduled North-South family reunions because the South had refused to discuss humanitarian aid at the recent inter-Korean ministerial talks.³² These developments cast a chill over inter-Korean relations, dealing a setback to the Roh government's North Korea policy. Nevertheless, by early August 2006, North Korea expressed its willingness to continue to develop key projects of economic cooperation (e.g., the Mt. Kumgang tour project and the Kaesong Industrial Complex) with South Korea.

Problems with Roh's North Korea Policy

The Roh government, often reviled as too amateurish in its handling of diplomatic affairs,³³ came under renewed attack from the opposition parties after Pyongyang launched the seven missiles into the East Sea in defiance of the international community's (including South Korea's) repeated calls for restraint. The missile launches shocked many South Koreans, especially the more conservative ones. They were also deeply disturbed by the Roh government's low-keyed, slow response to the North's provocative action. The main opposition party (the Grand Korea Party) and many civic groups lambasted President Roh and his defense and

security staff for their ineffective handling of the missile crisis, as they could not understand why the Roh government was so timid in facing up to the challenge posed by the North's July missile launches.³⁴ They wanted to know why President Roh was silent for two weeks before responding to the crisis, unlike many top leaders of major powers who condemned North Korea's provocative action immediately following the North's missile launches. President Roh's staff attempted to justify his "strategic silence" on the ground that the missile test-firings were actually "a political ploy rather than a security threat."³⁵ Such an explanation was hardly convincing to many Koreans who were shocked by North Korea's reckless action. Clearly, they were disappointed by what they viewed as the Roh government's inadequate and ineffective handling of the missile crisis.

In the wake of the missile crisis, many South Koreans are questioning the effectiveness of their government's "sunshine policy" of engaging North Korea, a policy pioneered by former president Kim Dae-Jung and retained by his successor, President Roh. As North Korea launched missiles in defiance of South Korea's repeated pleas for restraint,³⁶ they are increasingly wondering what South Korea has been getting from North Korea in return for the "sunshine policy." In the wake of Pyongyang's missile launches in July, there are clear signs that popular support for the Roh's North Korea policy has declined. According to a public opinion survey conducted jointly by the *Munhwa Ilbo* and the KSOI, a well-known polling organization, on July 11, 2006, 62.3% of the respondents disapproved the Roh government's North Korea policy, while 34.1% approved it.³⁷ The results represented a sharp decline in the popular support of the Roh's policy as compared to the same poll conducted in May 2005, in which 48.1% approved the Roh government's North Korea policy, while 40.5% disapproved. Regarding the general direction of the Roh government's North Korea policy, 58.4% expressed the view that "some revision is necessary while retaining its general direction," whereas 29.8% wanted a "fundamental reexamination" of the Roh government's North Korea policy. Only 10.3% wanted to retain the policy without change.³⁸

The decline in the popular support of Roh's North Korea policy is in a sense inevitable in view of the growing dissatisfaction among

South Koreans with the policy. First, conservative Koreans expressed their displeasure with the Roh government for having made one-sided concessions to Pyongyang without securing reciprocal measures from the North. Such criticism intensified in the wake of the missile launches which demonstrated clearly that the North had ignored South Korea's repeated pleas not to test-fire missiles in the spring of 2006. As Pyongyang has defied Seoul's wishes on the nuclear and missile issues, while benefitting from the economic aid provided by South Korea, critics have demanded that Roh not make unilateral concessions to the North but insist on reciprocity. The Roh government's decision to suspend economic aid to North Korea until Pyongyang reinstates the moratorium on its missile tests has mitigated the criticism somewhat.

Second, conservative South Koreans are also critical of the engagement policy, for they suspect that the policy has been helping North Korea's arms buildup and missile development program. In view of Pyongyang's dire economic difficulties, many suspect that Pyongyang might have diverted part of the cash received from the South, including the \$450 million remitted by the Hyundai group in complicity with the Kim Dae-Jung government for the realization of the South-North summit meeting of June 15, 2000, and the cash payment from the Hyundai group for the Mt. Kumgang tour project (which amounted to over \$451 million by August 2006³⁹), for North Korea's ambitious military buildup program. To prevent the North from diverting the revenues to arms buildup, critics of the Roh government have demanded that Seoul scale down the size of economic cooperation projects with the North until such time as Pyongyang abandons its nuclear weapons and missile development programs. There is no reason to give aid to the Kim Jong-Il regime that continues to build up both conventional and nuclear arms while neglecting its starving masses.

Third, conservative leaders of South Korea also question the wisdom of the Roh government's overly conciliatory policy toward the North at a time when Pyongyang refuses to give up its nuclear weapons program but engages in such provocations as the recent missile test-firings. Until such time as Pyongyang behaves, Seoul should not reward the bad behavior of the North. In this context, they are quite critical of President Roh's May 9th (2006) statement issued in Ulan Bator, Mongolia, in which he declared his

willingness to provide unconditionally large-scale economic aid to North Korea. Since Roh expressed his desire to meet with Kim Jong-Il in the same statement, many suspected Roh was making such a bold and unbridled overture to the North in order to realize a summit meeting with the North Korean dictator in the hope of propping up the sagging popularity of his government (e.g., 14.6% in August 2006).⁴⁰

Fourth, critics of the sunshine policy are skeptical about the validity of the Roh government's assumption that the engagement policy will help to bolster the position of the pragmatic reform wing within the North Korean regime in inducing the North to open up and reform. They maintain that the engagement policy has failed to entice North Korea to adopt reform policies and openness and deny serious factional division within the regime. Thus, it might be wishful thinking to anticipate political change and economic reform in the North in the foreseeable future. In fact, many critics of the Roh government's North Korea policy believe that the engagement policy has changed very little, if any, the North Korean regime's attitudes and policies toward South Korea. North Korea still does not recognize the legitimacy of the Republic of Korea (ROK), which it regards as a puppet of the U.S. "imperialism."⁴¹ In addition, the ruling North Korean Communist party's by-laws still stipulates that the ultimate goal of the party is to communize the entire Korean Peninsula, including the southern half. Apparently, North Korean leaders continue to maintain the illusion that Korea can be reunited under their terms. Furthermore, they believe they can "liberate" South Korea as soon as the U.S. withdraws its forces from the South. For these reasons, many South Koreans are skeptical about the beneficial effects of the "sunshine policy." Instead, they believe that little has changed in North Korea's grand strategy toward the South in spite of the "sunshine policy" pursued by the Kim Dae-Jung and the Roh Moo-Hyun governments.

Fifth, many opposition leaders are alarmed by the dangerous effects of the sunshine policy on the South Koreans' perceptions and attitudes toward North Korea. In spite of the North's military buildup, South Korea's so-called progressive leaders contend that there is no danger of war on the Korean Peninsula. In their view, North Korea's nuclear weapons program is defensive in nature and designed to cope with the U.S.'s hostile policy toward the North.

Furthermore, even if North Korea develops nuclear weapons or long-range ballistic missiles, they are not designed to be used against the South. Unlike its predecessors, the Roh government no longer defines North Korea as the “main” enemy of the republic. In fact, such a designation was deleted from the South Korean Defense White Paper in 2005. Instead, Seoul regards the North as an impoverished weak partner for the task of national reunification, rather than as a serious threat to the South’s national security. Furthermore, many so-called progressive elements within the Roh government want to repeal the National Security Law (banning pro-Communist subversive activities), allow the activities of pro-Communist groups, and curtail the power of major conservative newspapers which have been critical of the government. In view of the Kim Jong-Il regime’s repressive policy toward any elements suspected of being pro-South Korean or pro-Western capitalism, many of whom are imprisoned in concentration camps, many South Korean leaders demand that the Roh government not make too hasty moves to repeal the security law and related regulations, which can endanger South Korea’s national security.

Sixth, critics of the Roh government’s North Korea policy are deeply disturbed by the adverse effects of Seoul’s North Korea policy on the U.S.-ROK alliance. In the name of national reconciliation and cooperation, the Roh government has frequently taken different positions from those of the U.S. in dealing with North Korea. Unlike the Bush administration which has tried to pressure, isolate, and topple North Korea in dealing with the latter’s nuclear weapons development program, the Roh government has not only opposed any pressure or sanctions against the North but has also provided economic assistance to North Korea. As Morton Abromowitz put it so succinctly, the differing view between Seoul and Washington on how to manage North Korea has allowed Pyongyang to “escape the consequences of bad behavior” and also made effective negotiations with Pyongyang more difficult.⁴² For example, the U.S. has imposed financial sanctions against North Korea in an attempt to punish North Korea’s illicit activities of money laundering and counterfeiting currency. However, the Roh government has not fully supported the U.S. policy but has questioned the validity of U.S. financial sanctions against North Korea on the ground that there is no material evidence to

substantiate the U.S. charge of Pyongyang’s counterfeiting activities. It is a well-known fact that unlike Japan, which has closely cooperated with the U.S. in dealing with the North Korean nuclear issue, South Korea has frequently sided with China and Russia rather than the U.S. at the six-party talks. Since the resolution of the North Korean nuclear issue requires close cooperation between the U.S. and its allies, South Korea and Japan, conservative Korean leaders have demanded that the Roh government to cooperate more closely with the U.S., instead of attempting to curry favor with the North or acting as a “chief lawyer” for the Pyongyang regime.

Seventh, critics of Seoul’s engagement policy have argued that the Roh government’s attempts to engage a bellicose neighbor with a sunshine policy of tourism, trade and economic aid have been highly ambitious but not too effective in bringing about genuine rapprochement or peaceful coexistence between the two political rivals on the Korean peninsula. In order for the engagement policy (based on the functional approach) to succeed in bringing about political and economic integration, as in the case of the European Union in Europe, there are several prerequisites for the participating powers to meet. For example, they should have similar political systems, comparable political cultures and values, compatibility between the political elites, and a willingness to accept the status quo insofar as the existing international order is concerned. Unless these requirements are met, it will be exceedingly difficult for a functional approach to succeed in promoting political reconciliation and economic integration. Unfortunately, as of now, South and North Korea do not share these necessary conditions or perspectives.

Conclusion

On the basis of the foregoing analysis, a few basic conclusions can be drawn: First, the Roh government’s North Korea policy, dubbed “the peace and prosperity policy,” has achieved some significant progress in promoting inter-Korean economic cooperation, including the Kaesong Industrial Complex (KIC) which is becoming a model of inter-Korean economic cooperation. If the KIC develops into a full-fledged joint venture between South and North Korea, it can benefit both South and North Korea

economically and facilitate the process of reconciliation and cooperation between the two Koreas. To be sure, the realization of a large-scale expansion of the KCI will require stability and peace on the Korean Peninsula and the resolution of Pyongyang's nuclear and missile issues. In the aftermath of North Korea's missile launches in July, South Korea has suspended accepting new applications from domestic firms desiring to operate in the KIC until the "market conditions," which became weakened by the missile crisis, would improve.⁴³

Second, inter-Korean cooperation in economic field has had only very limited spill-over effects on inter-Korean military relations. In spite of significant progress in inter-Korean economic cooperation, the Roh government has not been able to bring about the peaceful resolution of North Korea's nuclear and missile development issues or meaningful military confidence building measures and arms reduction between the South and the North. Until such time as North Korea abandons its nuclear weapons program and reinstates moratorium on its missile test-firing, and until such time as a significant progress can be made in the area of military confidence building and conventional arms control and reduction, one cannot say in good conscience that the danger of war has disappeared from the Korean Peninsula.

Third, South Korea must develop a more realistic policy toward North Korea's nuclear weapons and missile program. It has become clear that North Korea's objective of obtaining a nuclear capacity has been a top regime priority and not just a bargaining chip. It has consistently pursued the goal of becoming a nuclear power and is on the verge of becoming one. It is more realistic for South Korea to assume that the primary motivation for North Korea's nuclear program is military and will remain so for the foreseeable future. Without nuclear warheads, it does not make much sense for North Korea to develop long-range ballistic missiles. Since North Korea's acquisition of a nuclear capability will adversely affect South Korea's security interests, the Roh government should place its top priority in resolving the North's nuclear program by cooperating more closely with the U.S. and Japan, even if this means a temporary setback for inter-Korean economic cooperation.

Fourth, in spite of President Roh's pledge not to initiate a new policy toward North Korea so long as the North Korean nuclear

issue casts a shadow on the Korean Peninsula, South Korea has made few attempt to link economic engagement with the North to progress on the nuclear issue, preferring instead to press ahead with initiatives on economic cooperation. There are clear indications that the Roh government is willing to expand the scope of inter-Korean economic cooperation even if there is little progress in resolving the North Korean nuclear issue. A case in point is President Roh's announcement of his government's willingness to offer massive economic assistance to North Korea during his visit to Ulan Bator, Mongolia, in mid-May 2006. Such a statement clearly conveyed the impression that the Roh government has decoupled the linkage between the progress in the nuclear issue and inter-Korean economic cooperation. Such an announcement can give a wrong signal to North Korea that it may offer resistance on the nuclear issue without worrying about the possibility of losing economic assistance from South Korea. It should be remembered that the objective of South Korea's engagement policy is to induce North Korea to adopt reforms and openness so as to make its entry into the international community possible. It is also assumed that deepening economic cooperation will result in the mellowing of North Korea's posture toward the South and help promote reconciliation and cooperation between the two Koreas. In short, it is not simply a one-sided "give away" policy but requires reciprocity.

Fifth, despite its pledge to build a national consensus on the North Korean policy, the Roh government has failed to develop a consensus on the "peace and prosperity policy." Many conservative South Koreans are critical of the Roh government's North Korea policy. Under the Roh government's "policy for peace and prosperity," South Korea has either eliminated or relaxed many rules and regulations restricting the activities of pro-North Korean groups and individuals, whereas little has changed in North Korea's basic attitudes and policies toward South Korea. Since North Korea has not abandoned but continues its nuclear weapons development program, many South Koreans question the wisdom of the Roh government's overly conciliatory policy toward the North, despite the fact that such a policy has helped North Korea to drag on the nuclear issue while causing growing friction between Seoul and Washington. Under such circumstances, many South Koreans believe it is necessary for the Roh government to adopt a more

balanced, realistic policy toward Pyongyang. It remains to be seen how the Roh government will synchronize the inter-Korean relations with the South Korean-U.S. alliance.

Endnotes

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³Ibid. p. 117.

⁴Se-Hyun Jeong, "Inter-Korean Relations under the Policy for Peace and Prosperity," *Korea and World Affairs*, Spring 2004, p. 7.

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⁶Kang -Taeg Lim & Kyu-Ryoon Kim, "North Korean Economic Reform and Inter-Korean Economic Cooperation," *Korea and World Affairs*, Spring 2006, p. 40.

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¹³"U.S. Rules out Application of Proposed FTA to Goods from N. Korea Complex." *Asia Pulse*. July 24, 2006. See also, "Seoul Vows Not To Yield To Washington Over Kaesong Issue," *ibid*, July 21, 2006.

¹⁴Yong-Hyun Kim, *op.cit.*, p.9.

¹⁵Yong-Hyun Kim, *op.cit.*, p.11.

¹⁶Yong-Sup Han, "Establishing a Peace Regime on the Korean Peninsula," *Korea Policy Review*, April 2006, p. 21.

¹⁷Yu-hwan Koh, "Roh Moo-Hyun Administration's North Korea Policy and Nuclear Crisis Management," *Korea and World Affairs*, Spring 2006, p. 8.

¹⁸*Korea Times*, May 15, 2003.

¹⁹*Washington Post*, April 25, 2004.

²⁰*Joongang Ilbo*, November 13, 2004

²¹*Korea Times*, May 30, 2005.

²²Choong Nam Kim, *op.cit.*, p.28.

²³Marcus Noland of the Institute for International Economics forecasted that South Korea would be the most economically vulnerable to a "negative but not cataclysmic" nuclear escalation by the North. See "S. Korean Economy >Most Vulnerable' to N.K. Nuke Test," *Chosun Ilbo*, August 10, 2006.

²⁴For the full text of the U. N. Security Council's Resolution (No. 1695) on North Korea, see *Korea Policy Review*, August 2006, p.9.

²⁵Ibid.

²⁶*Sankei Shimbun*, July 26, 2006. See also Julia B. Cunico, "North Korea Update," *Koreas Insight*, August 2006, p.3.

²⁷For a full text of the South Korean government's statement, see *Korea Policy Review*, August 2006, pp. 8-9.

²⁸Burt Herman, "South Korean President says North's missile test could spark arms race," *Associated Press Worldstream*, July 19, 2006. See also, "Government Statements on North Korean Missiles," *Korea Policy Review*, August 2006, pp. 6-7.

²⁹"The Koreas: Sunshine and Storms," *The Economist*, July 15, 2006. p. 40.

³⁰See "Briefing on Statements by the Key Cabinet Members of the Japanese Government" by the President Roh's Spokesperson Jung Tae-Ho on July 11, 2006, in *Korea Policy Review*, August 2006, p.8.

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³⁸*Ibid.*

³⁹*Chosun Ilbo*, September 23, 2006.

⁴⁰*Joongang Ilbo*, August 16, 2006.

⁴¹For example, see the 2006 “Haksup Jaekang” (The Outline of [Ideological] Study) issued for the indoctrination of North Korean military officers in “Kumgangsan kwangang un uri rul nogiryeonun sulchek: Namchosun kwaeraedul jal boiryeo mujin aessunda [the Mt. Kumgang tour project is a trick to melt us down: South Korean puppets make enormous efforts to look good to us],” *Chosun Ilbo*, September 5, 2005.

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