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Editor's Note

In 1998, a mood of reconciliation and cooperation has emerged in North-South Korean relations. The North Korea policy of the new South Korean Administration has returned to focusing on the 1991 North-South Korean Basic Agreement, which emphasizes the expansion of economic cooperation based on peaceful coexistence. With this as the basis of the North Korea policy, the new South Korean government announced a number of economic activation measures on April 30, which include allowing business people's visits to North Korea, and abolishing the limit on investment in North Korea. The new Government is also emphasizing the policy separating politics and economics and the so-called "sunshine" policy. Due to this changed environment, Chung Ju-yung, the honorary chairman of the Hyundai Business Group, was able to visit North Korea and returned with concrete results such an agreement on the development of Mt. Kumgang as a tourist spot, including setting up a cruise tour.

The North Korean government has also shown a conciliatory position toward South Korea. It has allowed the visit of South Korean business leaders and economic cooperation with them. In order to cope with its economic crisis, Pyongyang has been trying to induce foreign investment, including from South Korea.

Even after the infiltration of a North Korean submarine and armed agents onto the eastern seashore of South Korea, the Government showed that it would maintain its sunshine policy and the politics-economics separation policy. It allowed Hyundai's preparatory team for the Mt. Kumgang cruise business to visit North Korea. North Korea has also taken a cautious stance toward South Korea, in order not to break the mood of economic coopera-

tion, even when its submarine infiltration was revealed. When North Korea was asked by the South Korean government to apologize for the infiltration of submarine, it accepted its infiltration and received the dead bodies of the submarine crew. Recently, when the South Korean government requested an apology and a promise to prevent the recurrence of such an infiltration, it uncharacteristically kept silent. It rather showed a strong desire to maintain economic cooperation by sending a letter to Hyundai guaranteeing the security of the tourists and crews of the cruise ships.

It is hoped that this changed environment and the relevant policies of the new governments on both sides will lead to a new era in South-North relations, one which is marked by more active and widespread economic cooperation and subsequently greater trust and interaction. Toward this end, the contents of this issue of the *Economics of Korean Reunification* center around the prospects of increased economic cooperation and the related policy issues which need to be addressed.

This issue begins with a **Perspective** by Dr. Young-Shik Yang, the President of the Research Institute for National Unification. He provides a basic overview of the Kim Dae-jung's North Korea Policy, which will be based on peaceful coexistence, exchanges and cooperation.

Next, our **Special Interview** features the Minister of Unification, Kang In-duck. He discusses the changes in the government's unification policy and related structural dynamics, and also touches upon other major issues including promoting economic cooperation, the light-water reactor project, and the possibility of a summit meeting.

Our first **Current Issues** selection is by Dr. Sung Choi, currently working at the Blue House(Chong Wa Dae), who analyzes in greater detail the direction of Kim Dae-jung's unification and related foreign policies along with the major tasks ahead and policy alternatives for the new Administration.

The next piece is by Dr. Hakjoon Kim, the President of the University of Incheon. He discusses how the positions of the South and North Korean governments differ and how the environment surrounding the Korean Peninsula is evolving.

Dr. Seongwhun Cheon of the Research Institute for National Unification, addresses the issue of the burden sharing for the North Korean light-water reactor project, a subject of intense debate these days, especially in light of South Korea's current economic difficulties.

In a special section within our **Current Issues**, we focus on the recent measures taken by the Government to activate bilateral economic cooperation.

First, Mr. Eul-chool Yim, a reporter in the political section of the *Hankyoreh Shinmun*, takes a look at agricultural cooperation between South and North Korea and the future prospects. Cooperation in this area has far reaching implications, especially in consideration of the North's continual food shortages.

Next, Se Whan Park of the Samsung Merchandise Company discusses the abolition of regulations and the role the Government should play to promote cooperation, emphasizing that the Government needs to remain consistent and realistic in its policy making. Dr. Soo Young Choi of the Research Institute for National Unification delves into how to ensure the autonomy of businesses

in promoting economic cooperation and ways of dealing with potential problems.

In the first of our **Articles**, Dr. Chan-Woo Lee of the Daewoo Research Institute does an in-depth analysis of the promising industries for North-South economic cooperation, taking into consideration Korea's current economic hardships while under the IMF regime. He compares the changes in the South's industrial structure with the changes in the North's industrial structure, and then makes suggestion as to where cooperation is feasible and beneficial.

The second **Article** is by Dr. Yeon-chul Kim of the Samsung Economic Research Institute. He examines the recent changes in the international environment surrounding the Korean Peninsula and how these changes will affect North Korea's policy toward South Korea. He emphasizes how the post-Cold War era requires a different attitudes and how policies must remained focused on the long-term good by promoting cooperative coexistence.

The last **Article** is a comparative analysis of recent U.S. and Korean experts' views on the future of the North Korean regime, done by Dr. Yong-ho Kim of Hallym University and Dr. Keun Lee of the Institute for Foreign Affairs and National Security. The scholars are evaluated according to five factors: their perspective (economic, political, or both); which factors they emphasize (domestic, external, or interaction of both); whether they see a regime collapse or system collapse; what kind of policy responses are suggested; and if comparisons with other socialist countries are made. The similarities and differences among these experts' views should provide policy makers with added perspective in their deci-

sion making on North Korea.

The months ahead should prove to be a critical juncture in South-North relations, especially since the prospects for economic cooperation are brighter than ever. Chung Ju-yung's historic visit to the North with 500 head of cattle seems to have opened the door for a variety of potential new projects, as seen in the progress for running tourist cruises to Mt. Kumgang.

At the same time, there are indications that Kim Jong-il is moving to solidify his control over North Korea, which will hopefully provide stability to inter-Korean relations. Let us hope that in the end, Kim Dae-jung's "sunshine" policy proves successful in getting North Korean to take off its thick coat of isolation and closedness. EKR