

Korean Peninsula after the Summit Meeting: From Economic to Security Cooperation

Byung-joon Ahn*

Significance of the Summit

The inter-Korean summit is the historic event that can change the course of Korean history. Considering the past history of war and military confrontation on the Peninsula, the very fact that the summit is actually being held is the sign of the last iceberg of cold war melting. The history on the Korean Peninsula will proceed in a manner that is completely different from the past.

First of all, the summit itself will turn out to be a turning point that shows the way to peace and cooperation between the two Koreas and opens a new process of realizing those goals. During the past half-century, representatives of the two Koreas occasionally met and negotiated but top leaders never met to discuss peace and cooperation. So this summit is to break fresh ground to establish peace and cooperation between the two Koreas.

The summit is also important in that leaders of the two Koreas come to discuss issues on their own initiatives based on the principle of national autonomy. Despite the Basic Agreement of Feb. 1992, Pyongyang not only had avoided to implement it but also alienated Seoul and directly had talks with Washington in dealing with the issues of nuclear and missile development. Direct talks between two top leaders will have the effect of "Koreanizing" Korean issues.

* Department of Political Science, Yonsei University

The principle of resolving Korean issues between Koreans will guide the way to normalize relations between the two Koreas and set out to begin a process that realize them in concrete terms. In the summit president Kim Dae-jung may announce a new vision and measures to fulfil it.

After the summit, Seoul-Pyongyang relations will be geared toward peaceful cooperation in a gradual way. The normalization of Seoul-Pyongyang relations should be preceeded in a way that Seoul provides the economic cooperation and Pyongyang provides assurance on ease of tension and renunciation of nuclear and missile development program. This can be realized by implementing Basic Agreement of 1992. Even if this does not work that way, institutionalization of regular top or cabinet level meeting, hot line, and negotiation channels will make an effort at peace and cooperation bear fruit.

Let me add a little bit on the broader direction and process. First, the direction and process that leads to normalization of Seoul-Pyongyang relations will take the form of exchanging peace for cooperation. Seoul and Pyongyang can pursue common interests through economic cooperation only by establishing a stable ground for peace through security cooperation. This needs to be clearly understood by both sides from the start.

Second, Pyongyang will be in the process of gradual incorporation into the global international political economy. Non-proliferation of weapons of mass destruction by Pyongyang is the key for it to benefit from the comprehensive package intended by Perry Report. China's cooperation with Japan and the U.S. is important in assuring non-proliferation of the weapons of mass destruction. Russia's participation in this scheme will also contribute to stability in Northeast Asia.

Third, the above-mentioned principle is like a self-fulfilling prophesy. The cost and risk of this scheme is to be revealed only through the reality-testing of the domestic politics of the two Koreas, and through the foreign policy of the U.S., Japan, China, and Russia. What this means is that Seoul needs to have a realistic view of the summit and Seoul-Pyongyang relations that follows.

Fourth, Seoul faces dual tasks of both recovering its economic competitiveness from the current economic crisis and helping

Pyongyang rebuild its economy. What is clear is that Seoul has to play a leading role in reviving North Korean economy. This makes it all the more important for Seoul to create national consensus while maintaining international support and credibility for its policy toward Pyongyang.

Normalization of Seoul-Pyongyang Relations: Institutionalization of Peace-Building Process

The historic summit will be a turning point that sets a development course of Seoul-Pyongyang relations and launches a process of peaceful cooperation. Pyongyang has begun to give some credibility to the "sunshine policy" of Seoul which has been pursued by Kim Dae-jung government in a consistent manner and is expecting economic aid from Seoul to build social overhead capital and to improve agricultural structure. In order for Seoul to boost such a large scale economic cooperation, Pyongyang needs to guarantee ease of tension and to pursue confidence building measures in the military area.

At the first stage, Seoul will have to provide economic aid to help Pyongyang currently suffering from shortage of food, energy, and foreign currency. However, in order for Seoul to maintain domestic support for the economic aid to Pyongyang, Pyongyang needs to take corresponding measures that ensure peace. European Economic Community was able to develop into European Union due to the political reconciliation between France and Germany and due to the formation of the collective security community. Economic cooperation alone cannot ensure reconciliation and peace, which we now witness in the conflicts between China and Taiwan.

Especially in the North-South Korean relations with a history of long time military confrontation, economic common ground cannot last and develop into economic community as long as military conflicts remain. Seoul's priority to the economic cooperation is mostly designed to increase mutual trust and to institutionalize peaceful coexistence through economic cooperation.

Revived North Korean economy can play a good complementary role to the South Korean economy. Labor and land of North

Korea and capital and technique of South Korea, combined together, will provide benefits resulting from complementarity. Direct dialogue and negotiation between Seoul and Pyongyang will be needed to for this complementarity to work out. Financial aid and investment to the North Korea should be made only after the agreements on prevention of double taxation and investment protection are concluded. Likewise, Seoul's certificate of payment to Pyongyang's foreign debt should be made only after an agreement is made on the issue between the two Koreas.

"Koreanization of Korean issues" means that governments of the two Koreas resolve difficult issues such as economic cooperation and the building of peace system, which are not to be resolved at the civilian level, through official negotiation. From a longer term perspective, idea of economic community will not bear fruit before political trust is created and, as a result of that, security community is formed even partially.

Pyongyang's Incorporation into Globalization and Non-Proliferation of Nuclear and Missile Program

Pyongyang is in the process of being incorporated into the globalizing international political economy through the summit and economic cooperation. Pyongyang must have concluded that without participating in the globalization trend, which is being accelerated especially in the financial and information sector, it is hard to survive and achieve development. On the other hand, the U.S. and Japan continue to negotiate with North Korea to prevent Pyongyang's development of nuclear and missile program. To achieve this goal, Western countries are trying to engage Pyongyang to the international society in economic and diplomatic relations. This strategic approach will succeed only with China's active support.

Consent and support of the United States, Japan, and Germany are essential in securing financial aid needed to rebuild North Korean economy. The United States and Japan take a position that the easing of economic sanction against, economic cooperation and establishment of diplomatic ties with Pyongyang can be realized in exchange for the halt of nuclear program and of export and deploy-

ment of missile weapons. The similar case can be found in Western countries' policy to Russia. They agreed to provide an IMF bail-out in Russia when it faced national default crisis in 1998, because they wanted to ensure control of nuclear weapons.

United States is working on NMD to counter the threats from rogue states such as North Korea and Iran. China and Russia are strongly against NMD because it could nullify their nuclear deterrence capability. China is worried that development of missile weapons of Pyongyang might trigger and legitimate TMD idea. If China can persuade Pyongyang to stop proliferation of missiles, it will help resolve the tension between Washington and Beijing over the China-Taiwan conflict. Washington already passed the bill that is in favor of China's entrance to WTO by 237 to 197. This kind of cooperative relations between Washington and Beijing would make it easier for China to help Pyongyang participate in the world market.

Pyongyang will try to strengthen its bargaining power in negotiations with Washington and Tokyo on the basis of improved relations to Seoul. However, Washington and Tokyo, with the up-coming elections, are not in position to make any substantial concessions toward Pyongyang.

In this regard, China is the only country that can make Pyongyang respond positively to the demand of non-proliferation of nuclear and missile program. China is expected to play that role given that China's entrance to WTO is now almost guaranteed. With the improved relations with Washington, Beijing might come out with more active support for the stability and peace on the Korean Peninsula.

Thus, Beijing's cooperation is essential to achieve non-proliferation of Pyongyang's missile in addition to the continued joint effort by Seoul, Washington, and Tokyo. "Internationalization of Korean issue", which refers to the incorporation of Pyongyang to international society, can work most effectively when it is in accord with "Koreanization of Korean issue." The most urgent task of Seoul's diplomacy is that Seoul takes the lead in this effort and does it successfully.

Self-fulfilling Prophecy and Reality-Testing

The inter-Korean summit and Perry Report is a self-fulfilling prophecy. The feasibility of this prophecy needs to be examined through reality-testing, that is, through the domestic politics of two Koreas, and through the response of Washington, Tokyo, Beijing, and Moscow. What I am saying is that we must do our best so that engagement policy toward Pyongyang would succeed in a given environment. If the reality turns out to be adverse in pursuing our goal, then we will have to revise our policy and try to work out a compromise.

The most important is the response of Pyongyang. Pyongyang established diplomatic ties with Italy in early 2000 and have pushed for the opening to the outside world. However, we still do not see the sign that Pyongyang is working for the reform of the system. Pyongyang has been raising “fundamental issues” such as withdrawal of the U.S. troops, revision of National Security Law, halt of repression against pro-unification group. Pyongyang has tried to maintain existing policy toward Seoul while securing economic aid needed to survival and development on its own terms.

If the current trends continue, the summit will not bring about an epoch making change. What is expected is a success in a limited area such as economic cooperation and reunion of the separated families. More concrete cooperation can be made gradually through further dialogues and negotiations. Unexpected turn of the events might cause complications in Seoul-Pyongyang relations. This is why we should be cautious about what the summit can produce and therefore we should not expect too much.

To arrive at a consensus on many issues raised by the summit, though very important, will not be an easy task. The opposition Grand National Party emphasizes the principle of reciprocity and demands that the cost incurred by the economic cooperation with Pyongyang be approved by the Congress. This means that Seoul-Pyongyang relations can easily become a victim of political fray, which is not desirable but cannot be ignored given the confrontational politics in Seoul. The procedures and methods of the summit and related negotiations have the potential to disturb

domestic politics.

Given the retarded economic reform and recovery in South Korea, the issue of offering economic aid to build SOC and to conduct agricultural reform in the North Korea will be inevitably politicized. This makes it all the more important for South Korean government to create national consensus and public support for its policy toward Pyongyang.

It is also necessary to secure understanding and support for Seoul's Pyongyang policy among the political circles, the congress, the press, and the scholars of the United States and Japan. In the United States, if Bush is elected president, Washington is likely to pursue hardline policy toward Pyongyang. Even when Gore is elected, he will not be able to continue conciliatory posture that rewards brinkmanship of Pyongyang. Washington will implement the Geneva Agreement but will not acknowledge development of nuclear and missile program of Pyongyang, because non-proliferation of weapons of mass destruction is its top priority and NMD is being tested to be deployed. Japan is more strongly against Pyongyang's having such a military capability.

China and Russia are very negative on American supremacy in Asia and are critical of the U.S.-Japan alliance. In this regard, what is important for the non-proliferation of nuclear and missile program of Pyongyang is China's will to deal with Korean issue separately from its relations with the U.S. and Japan.

Thus, external environments are beyond the control of Seoul. Our task in diplomacy is to separate out Korean issue from the big power rivalry and to induce China and Russia to cooperate with the U.S. and Japan. What is needed is strategic thinking and cautious promotion of economic cooperation with Pyongyang.

Conclusion: Strategy to Accomplish National Competitiveness and to Build North Korean Economy

South Korea is facing dual task of strengthening national competitiveness to survive the globalization of world economy, on the one hand, and of building North Korean economy, on the other. The summit was made possible by Seoul's offer to help build SOC in North Korea, while Seoul itself is barely getting out of the eco-

conomic crisis, which reveals difficult situation of Seoul.

We must work out a strategy to cope with this dual task and implement it effectively. The basis of national strategy is security. To assure security Seoul must be able to deter war and prevent the spread of weapons of mass destruction. This requires the strengthening of the Korea-U.S. alliance and policy coordination with Washington and Tokyo together with the constructive role of China. Security cooperation is the key to the enhanced credibility of South Korea which is essential to recover national competitiveness. As is often mentioned, "security is like oxygen". Security and peace on the Korean Peninsula is the foundation for the economic cooperation between the two Koreas.

Building the North Korean economy is a task Seoul cannot do without as well as the security cooperation. Seoul is facing an era in which Seoul should feed Pyongyang. It is because only Seoul's leading role in reviving North Korean economy can maximize its diplomatic and economic leverage in the peace building process on the Peninsula as well as in ensuring stability of the Northeast Asia. ■■■