

Political Economic Cooperation towards a Reconciled Korea

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1. 1. The Implication of the Summit from a Political Economic Perspective

One of the most influential thinkers in the field of international relations, David Mitrany argued in the 1940s that social and economic mal-adjustments were the basic causes of war and conflict. Functionalist (and neo-functionalists) theories stemming from his works have since had a significant impact on the way of thinking about, and the practice of, international relations. For instance, they have laid the theoretical foundation for the progress of European integration in the second half of the 20th century.

South Korean government, had few opportunities to apply the functionalist approach to the conflicts on the Korean Peninsula in the peak of cold war confrontation. Naturally, the government and its ally, the United States, have approached North Korean issues mainly from the strategic perspective.

I think the coming summit, if it turns out to be successful, will mark the beginning of a new, fully-fledged functionalist approach to the North Korean problem. This may be the most important implication of the summit. Instead of replacing the conventional strategic approach, the new approach will complement it. From a functionalist perspective, we have so far mainly dealt with the symptoms, such as the nuclear and missile issues, on an ad hoc basis. From now on, we may be able to begin tackling the fundamental causes of the problem - that is, the North's economic difficulties. Without curing this fundamental cause, the symptoms may appear repeatedly in the future.

The 1994 Geneva Agreed Framework and the 1999 Perry Process have partially incorporated the functionalist aspect. The former, for example, provided economic aid in the form of KEDO project of building two light-water reactors, and the latter promised to lift sanctions on North Korea. However, in handling these two cases, the U. S. and South Korean policy-makers have not yet fully adopted the functionalist approach.

2. 2. The Background of the Summit

The changed international environment has enlarged the room for South Korea, the United States, and Japan to practice this new approach to the North. First of all, the end of the cold war international order could not but influence the choice of policy options for North Korean policy-makers, which in turn led them to come to the summit table. For instance, it is well known that reduced support from Russia and China in the early 1990s was one of the major reasons for the North's economic difficulties. Despite its ideological rhetoric, North Korea's actual policy-orientation has gradually moved in a more pragmatic direction in recent years.

The role of curing the fundamental source of North Korean problem through economic cooperation seems to have fallen into the hands of the South's government and companies at the initial stage. There may be a few reasons for this. These may be at the same time the reasons for the North's top leader, Kim Jong-il, to come to the summit table. In fact, Kim Jong-il's decision represents an important change, since the North's policy has been not to recognize the South's government as the legitimate partner.

First, the South Korean government's consistent pursuit of an engagement policy has begun to reap the fruits. Despite North Korea continuing to issue hostile public criticism of the South's engagement policy, the North's leadership seems to quietly approve of it. For instance, the North seemed to recognize the sincerity of the engagement policy when the South permitted the Hyundai Group to begin the Keumgang Mt. Tour project. The South Korean public was somewhat concerned that it was dangerous to transfer cash to the North, but President Kim decided to permit it despite the potential for a negative political impact.

Kim Jong-il may also realize that without the South encouraging Western countries to open their doors to North Korea, it would be still very difficult to normalize diplomatic relations with them. Also, it was reported that almost every government from which the North has requested economic aid has encouraged it to deepen its economic ties with the South first. North Korea might have recognized finally that the South is the only country ready to undertake large-scale economic cooperation with the North.

Second, the North may have recognized that they can not expect much from the United States at least by the time the presidential election process ends this year. The Democratic government may be cautious on the North Korea issue, because they may not want to be the target of the attack from the Republican Party in this politically sensitive season. The fact that they could not wait until the inauguration of the new government in the United States may show how difficult their economic situation is nowadays.

Some observers may be concerned that the success of the inter-Korean Pyongyang summit may weaken the U.S. leverage on the North. I don't agree with this view. We have to consider the time factor here. Instead, the success of the summit will rather strengthen the U.S. leverage in the medium and long run. If North-South economic cooperation deepens quickly, the South's capacity to invest in North Korea will dry up sooner or later. Both Koreas will desperately need American capital investments. Furthermore, as the result of the much expected trial-and-error process in its economic cooperation with the South in the short run, North Korea will be better prepared institutionally, legally, and psychologically to accept more sophisticated U.S. capital investment later.

Actually, the U.S. government holds important leverage over North Korea even now. The United States is now mulling over the removal of North Korea from its list of terrorist-supporting countries. To finance the huge costs of rebuilding its infrastructure, the North will need assistance from the World Bank or the Asian Development Bank. This will not be available as long as the United States refuses to remove North Korea from the list. Thus, U.S. support is vital to the success of the economic-functionalist approach that will be practiced on the Korean Peninsula.

One important thing is that we still do not know whether North Korea will accept this functionalist approach or not. In other words, we still do not know whether Kim Jong-il is coming to the table mainly to get the fish from a short-term perspective, or to learn how to catch the fish from a long-term perspective as well. This remains to be seen, and is basically up to North Korea itself.

So its own decision will be important. But the signs coming from the North are not all that negative. Kim Jong-il seems to have become more confident nowadays, after securing control, especially over the military, and apparently steering the economy through the worst stage of its

economic difficulties.

Though Kim will likely not publicly announce it, he may be willing and ready to gradually and very cautiously follow the authoritarian developmental model of the Third World in the 1970s. For example, he may have the Park Chung Hee model of economic development in mind. This model was based on the assumption that economic development through market utilization can go together with strict political control. This model may not be that easy for North Korea to practice, and they may have to take some risks. However, this seems to be a more practical option than totally forsaking economic reform, or the former-Soviet Union's radical political economic reform.

3. 3. The Goals of the Summit

We should not expect too much from the summit. It will take time, and this is only the beginning. In my view, if the summit can get some results even in one of the following areas, we will be able to call it a success.

(1). Confidence building between the two leaders is the key to solving almost every pending issue related to North Korea. For the first time in the past half-century, we have a major opportunity to build confidence between the two Koreas. This will in turn change the nature of the game between the North and the South, and that between the North and the United States, from a cold war zero-sum game into a post-cold war positive sum-game. Thus, it is important for both leaders to agree on continuing the summit talks.

(2). Through the summit, both leaders should make a deal: the South should offer to help the North build economic infrastructure, such as providing electricity and reconnecting railroad across the border, while North Korea should promise to sincerely cooperate with the South on the issue of separated families. Almost ten million people have not heard from their separated families and do not know whether they are alive or not.

(3). The summit will provide an opportunity for President Kim Dae-jung to encourage the North Korean leader to follow the South's authoritarian developmental model of the 1970s. It may be somewhat ironic that Kim Dae-jung, pursuing the goal of achieving democracy and free markets in the South, should try to persuade Kim Jong-il to pursue the authoritarian model. But we had better be realistic, and admit that there are different stages in the course of economic development.

4. 4. Division of Labor between South Korea, the United States, and Japan

The summit, if it turns out to be a success, will naturally produce a division of labor between the South, the United States, and Japan in the near future. South Korea will have to mainly focus on dealing with the North's economic problems for the time being while it maintains current strategic cooperation with the United States and Japan. The latter two countries, while supporting Korea's efforts to solve North Korea's economic problems in various ways, will have to for now focus mainly on dealing with the issue of weapons of mass destruction (WMD) and other pending issues in bilateral negotiations.

If we define the nature of the first summit from this perspective, it is natural for the two leaders to focus on economic and humanitarian issues. Since this is the first of its kind in the last fifty years, the leaders may publicly announce their positions on the broad range of issues. However, the real bargaining will be mainly about economic and humanitarian issues.

In other words, North Korea should not seriously pursue politically sensitive issues like the withdrawal of the U.S. troops or the repeal of the South's national security law. Actually, the North's position on these issues will be a litmus test, showing their true intentions for coming to the summit. If the North insists and seriously pursues these issues as in the past, they will jeopardize the summit and show that they have not yet changed much.

On the other hand, the United States had better trust South Korea, but not expect much from the summit regarding the issue of WMD. The issue of WMD is better left for bilateral negotiations between the North and the United States, and between the North and Japan for the time being. If President Kim Dae-jung pursues this issue seriously, it may jeopardize the opportunity to achieve other goals from the summit. In this sense, we are entering a period in which we need more confidence in each other and more sophisticated forms of policy coordination between South Korea, the United States, and Japan.