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## The Roh Moo Hyun Government's Policy Toward North Korea

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# **The Roh Moo Hyun Government's Policy toward North Korea\***

Choong Nam Kim (East-West Center)

## **Introduction**

Despite the emergence of a second North Korea nuclear crisis, President Roh Moo Hyun has expanded the sunshine policy that he inherited. As a result, the Roh government has experienced difficulties in managing both its North Korea policy and the U.S.-ROK alliance. The engagement policy is based on the assumption that inter-Korean cooperation will reduce tension on the Korean peninsula and induce change in the North. The policy appears to be reasonable for the long term, but not for the short term, especially for the resolution of immediate and complex issues such as the North Korea nuclear problem.

For many South Koreans, everything is going well in inter-Korean relations. On 15 June 2005 in Pyongyang, several hundred South Koreans and thousands of North Koreans celebrated the fifth anniversary of the historical inter-Korean summit. Subsequent inter-Korean ministerial and economic cooperation meetings resulted in a set of agreements that will expand inter-Korean cooperation. Two road and rail corridors have already breached the long-sealed demilitarized zone (DMZ), facilitating visits by thousands of tourists from the South to the Mt. Kumgang resort in the North. Managers drive daily from Seoul to a growing industrial park at Kaesong, north of the DMZ. South Korean trade with North Korea is at an all-time high, making the South North Korea's second largest trading partner.

For Washington and Tokyo, however, North Korea represents a grave international crisis. Although Pyongyang agreed to rejoin stalled Six-Party Talks, the prospects of a peaceful resolution are highly uncertain. American homeland security experts fear that terrorists will detonate a nuclear bomb in an American city. The danger that Saddam Hussein would sell weapons of mass destruction to terrorists was a basic

rationale for the U.S. attack on Iraq. North Korea is another member of Bush's "axis of evil," and is regarded as more dangerous than Iraq by the Bush administration.<sup>1</sup>

The two contrasting images of North Korea represent the complex nature of inter-Korean relations. The Roh government inherited the opportunities as well as the burdens of the sunshine policy from the previous government.<sup>2</sup> The Roh government benefited from the channels and foundations established by the previous government, but there are significant burdens as well. Critics complain that the South has poured money into the North but the North Korean leader, Kim Jong Il, has yet to make a return visit to Seoul and there is no meaningful progress in tension reduction on the Korean peninsula. The disclosure of secret payments of \$500 million by the Kim Dae Jung government to Pyongyang and the revelation of North Korea's uranium enrichment program, which touched off a second North Korea nuclear crisis, have weakened domestic and international support for engagement with Pyongyang.

The Roh government should have critically reviewed the sunshine policy that it inherited and developed a more realistic North Korea policy that takes into consideration drastically changed circumstances, namely, an ongoing nuclear crisis and America's war on terror. In this connection, this paper attempts to review the successes and limits of the Roh government's North Korea policy. It addresses (1) the nature of inter-Korean relations, (2) the legacy of the sunshine policy, (3) Roh Moo Hyun's "peace and prosperity policy," and (4) Roh's "balancer in Northeast Asia" doctrine.

### **The Nature of Inter-Korean Relations**

Inter-Korean relations encompass complex issues: economic, political, security, and unification issues. The rapprochement between the two Koreas depends not only on the political and economic contexts of South and North Korea but also on the changing realities of international politics. In particular, inter-Korean relations include two contradictory factors—reunification and security. The former tend to be viewed as a

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\* A paper prepared for presentation at the annual conference of the International Council on Korean Studies on "Korea and Major Powers: the Quest for a Nuclear-Free Korea," August 5-6, 2005, Arlington, Virginia.

<sup>1</sup> "North Korea: The War Game," *The Atlantic Monthly*, July/August 2005, pp. 97-98.

<sup>2</sup> Cha Do-Hyueogn, "Challenges and Opportunities: The Participatory Government's Policy Toward North Korea," *East Asian Review*, Vol. 16, No. 2 (summer 2004).

domestic issue, while the latter is a domestic as well as international issue; the former emphasizes peace, cooperation and common prosperity while the latter pays more attention to the North Korean military threat and the Korea-U.S. alliance. In addition, unification is a long-term difficult process while security (such as weapons of mass destruction) is an immediate and dangerous issue. For half a century, security has been a dominant goal in South Korea.

Only recently has unification emerged as an important goal of Korean nationalism. The post-Korean War generations, who do not remember the war and have witnessed the end of the Cold War and German reunification, tend to have a “unification first” mentality. Historical revisionism has led South Koreans to see their country as a victim of the great powers and the Cold War. Reunification is seen as the true recovery of Korean identity and an utmost goal of the nation. Therefore, unification and inter-Korean reconciliation have become popular slogans for political leaders.

However, there is a contrast in the priority order of national goals between North and South Korea (Table 1). Pyongyang’s top priority is regime survival. In order to achieve this goal, it concentrates its limited resources on the development of weapons of mass destruction.

Table 1. Priority Order of North and South Korea

North Korea	South Korea
Regime survival	Inter-Korean cooperation
Strong military (Development of WMD)	Peaceful resolution of the North Korean nuclear issue
Economic recovery	Economic development
Reunification	Regional cooperation

On the other hand, Seoul gives top priority to inter-Korean reconciliation and cooperation. Its emphasis on peaceful resolution of the North Korean nuclear issue aims to support its top priority. In order for inter-Korean relations to develop smoothly, the priority order of the two Koreas needs to be similar. As Table 1 shows, the North emphasizes security while the South puts its priority on the ultimate goal of unification. Seoul has assumed that an engagement policy will change North Korea’s aggressive behavior but it is uncertain whether Pyongyang, which is desperate for survival, will

easily change its priorities. In short, the South's peace-oriented policy does not match the North's "military first" policy.

Moreover, Kim Dae Jung's drastic shift from security-first policy to a peace-oriented unification policy has brought confusion, debates and conflicts in the South and its relations with allies. Given that the Korean peninsula has been divided for more than half a century into two competing ideological systems, the history of the North's invasion of the South in order to bring the entire peninsula under its control, and more recently the North's attempts to develop weapons of mass destruction including nuclear warheads, inter-Korean reconciliation is a very difficult and dangerous task. An engagement policy with Pyongyang touches the complicated dynamics of social and political forces in the South and the interests of major regional powers, including the Korea-U.S. alliance. In order for Seoul's engagement policy to succeed, therefore, it needs to meet four conditions—have domestic consensus, be based upon a strong economy, enjoy international support, and elicit a positive response from North Korea.<sup>3</sup>

First of all, inter-Korean reconciliation is socially and politically controversial. Millions of South Koreans were victims of the North's invasion and subsequent and continuous North Korean provocations; it is therefore natural that many South Koreans distrust and hate the North. Without an intensive effort to build a strong national consensus, a policy of inter-Korean reconciliation will result in serious social and political conflicts. Obsessed with early success of his policy Kim Dae Jung politicized North Korea policy and has consequently become inflexible to changing circumstances, such as declining domestic support for the policy and Washington's adoption of a hard-line North Korea policy after the September 11 terrorist attacks. By contrast, West Germany promoted a policy of non-partisan, consensus-based gradual engagement with East Germany.

Second, the engagement policy includes substantial economic assistance to an economically bankrupt North Korea. If South Korea's economy were strong and expanding, South Koreans would likely support at least humanitarian aid to suffering Northern brethren. However, if the southern economy were in trouble, this might become

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<sup>3</sup> Choong Nam Kim, "The Sunshine Policy and Its Impact on South Korea's Relations with Major Powers," *Korea Observer*, Vol. 35, No. 4 (winter 2004).

a further obstacle to the policy. Unfortunately, since late 1997, the South Korean economy has been struggling with its own financial crisis that resulted in millions of unemployed. Despite South Korea's serious economic difficulties after the 1997-1998 financial crisis and Pyongyang's reluctant response to the Seoul's overtures, the Kim Dae Jung administration pushed the sunshine policy, and, as a result, weakened the fragile national consensus for the policy.

Third, as we learned from the German experience, international support, especially that of the United States, is essential. Although West Germany did not fight a war with East Germany, it made enormous efforts to mobilize international support for its unification policy.<sup>4</sup> The Korean peninsula is a place where the interests of four major powers in the region – the U.S., Japan, China and Russia – intersect and has remained an area of major power rivalry and conflicts. Therefore, skillful diplomacy is a necessity for the success of Korean rapprochement. Furthermore, Pyongyang's weapons of mass destruction pose a serious threat not only to South Korea but also to the major powers. In particular, inter-Korean relations depend largely upon South Korea-North Korea-US trilateral relations. If North Korea-US relations were relatively smooth, inter-Korean reconciliation might speed up. On the other hand, if the United States and North Korea confront each other, both inter-Korean reconciliation and U.S.- South Korea relations would be strained. In short, Seoul's unification-oriented (and security-neglecting) sunshine policy conflicts squarely with Washington's security-oriented North Korea policy.

Progressives in South Korea tend to believe that security and unification are mutually exclusive. When the South and the North reconcile and cooperate with each other for ultimate reunification, they wonder why they should worry about a North Korean threat, and question the role of U.S. forces in Korea. Another view is the more widespread portrayal of the U.S. as an obstacle to Korean unification.<sup>5</sup> Preoccupied with the rapid development of inter-Korean relations, South Koreans tend to believe that the United States undermines Korean efforts for unification. An early 2004 poll showed 46%

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<sup>4</sup> Stephen F. Szabo, *The Diplomacy of German Unification* (New York: St. Martin's, 1992).

<sup>5</sup> Norman D. Levin, *Do the Ties Still Bind: The U.S.-ROK Security Relationship after 9/11* (Santa Monica, Calif.: RAND, 2004), pp. 28-29.



of South Koreans saw the United States as the main obstacle to Korean reunification, compared to 27% who name North Korea.<sup>6</sup>

At the same time, Pyongyang has sought to take advantage of Seoul's engagement policy. Since the Pyongyang summit, North Korea has emphasized inter-Korean cooperation (*minkok kongjo*). Through this slogan, Pyongyang intends to ensure that Seoul will continue its engagement policy, while attempting to drive a wedge between Seoul and Washington and calling for the formation of a "united front" between the South and North against the United States through a strategy of national cooperation on the nuclear and other important issues.<sup>7</sup> North Korean propaganda of "inter-Korean cooperation" has become more effective than Washington's hard-line policy in persuading South Koreans. Thus, inter-Korean cooperation (cooperation for unification) is perceived as more important than U.S.-South Korea cooperation (*hanmi kongjo*, cooperation for security). According to an opinion survey, 45 percent of South Koreans believe inter-Korean cooperation must precede U.S.-South Korea cooperation while 39 percent believe the contrary.<sup>8</sup>

The September 2001 terrorist attacks on the United States renewed its fears of weapons of mass destruction in the hands of rogue regimes such as North Korea. It also changed the way American policymakers looked at their traditional alliances. Washington put aside most other considerations; each nation was enlisted to fight terrorism and expected to fit their interests into the new security paradigm. Furthermore, with the growing nuclear and missile threats from North Korea, Tokyo has strengthened its armed forces and its security partnership with the United States. For Seoul, in contrast, reconciliation and cooperation is not just one of many options; it appears to be the only path toward peaceful reunification.<sup>9</sup> Engagement with North Korea is recognized in all sectors of South Korean society as the preferred option. Inevitably, Seoul faces serious

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<sup>6</sup> Yoo Dong-ho, "6 in 10 Koreans Back U.S. Military Presence; Nearly Half Say U.S. Biggest Barrier To Unification," *Korea Times*, February 23, 2004.

<sup>7</sup> Kihl-jae Ryoo, "North Korea's Influence on Policy-Making Processes and Institutional Development in South Korea," paper presented at the conference on Inter-Korean Reconciliation: Challenges and Prospects on March 1-3, 2005 organized by the Asia-Pacific Center for Security Studies, Honolulu.

<sup>8</sup> The survey was conducted by *Wolgan Joongang* on April 8-9, 2005.

<sup>9</sup> Kongdan Oh, "Terroism Eclipses the Sunshine Policy: Inter-Korean Relations and the United States," *Asia Society*, June 2002.

problems of policy coordination toward North Korea with the U.S. and Japan, Korea's traditional allies.

Finally, the ultimate success of the policy is greatly dependent upon the positive response of Seoul's counterpart, Pyongyang. Seoul's engagement policy is aimed at encouraging North Korea's reform and opening. Nonetheless, in seven and half years since the beginning of the policy, North Korea has not show any signs of fundamental change. Preoccupied with the survival of its socialist regime, the North has been reluctant to reform and open up, including further engagement with the South. It has continued to pursue its aggressive "military first" policy. Under such conditions, Seoul's engagement policy seems doomed to limited success.

### **The Legacy of the Sunshine Policy**

Kim Dae Jung's sunshine policy brought a major breakthrough in inter-Korean relations.<sup>10</sup> The first summit between leaders of the two Koreas in half a century of partition set the framework for inter-Korean cooperation in economic, political, military and cultural sectors and brought unprecedented economic and civic exchanges. The scope and level of government and civic exchanges more than doubled after the summit, generating hopes that the enhanced inter-Korean relationship would help increase interdependency and resolve the lingering military confrontation. By historical standards, the follow-up bilateral exchanges and cooperation were impressive.<sup>11</sup>

For the past five years since the summit, inter-Korean ties have enhanced to a level beyond imagination. The two Koreas held a total of 124 meetings, or 24 meetings a year, including 14 rounds of Cabinet-level talks.<sup>12</sup> After the Korean War, there were no inter-Korean meetings until 1971. From 1971 till the summit there were an average of 12 meetings annually. The South and North also signed 46 joint agreements, compared to 49 from 1971 until the summit. Trade between Koreas also increased since the summit. In 2001, the year after the summit, trade was worth \$400 million, up from \$100 million in the mid-1990s. Overland routes linking the two Koreas in the country's eastern and

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<sup>10</sup> Chung-in Moon, "The Sunshine Policy and the Korean Summit: Assessments and Prospects," *East Asian Review*, Vol. 12, No. 4 (winter 2000).

<sup>11</sup> See <http://www.uniedu.go.kr/dataroom/indexjsp? Send=book/2004/book10/book10.htm>

<sup>12</sup> "Five Years Since Historic Summit Bring Unprecedented Economic Exchanges," *Korea Herald*, June 15, 2005.

western section were completed in November 2004, and cross-border railway links severed since the war are to be reopened soon. An estimated 23,946 family members separated during the Korean War had the opportunity to meet each other at 10 reunion ceremonies since Aug. 15, 2000. The Mt. Kumgang tour project and the industrial park at Kaesong (a northern city across the DMZ) are the most prominent symbols of inter-Korean reconciliation. Since opening in November 1998, South Korean tours to the resort on the North's eastern coastline have attracted more than 1 million South Korean tourists.

But the post-summit developments outlined above appear limited in relation to the goals of achieving substantial opening and reform in the North and reducing the threat of conflict. It is in the security realm, the key issue of reconciliation, that the least progress has occurred. There has been one meeting of South-North defense ministers with no concrete results. The grudging response of the North to Kim Dae Jung's generous assistance and magnanimous offers has led to skepticism and a mood of sharpening political polarization in the South. There is a growing sense in the South that the lack of reciprocity from the North suggests that Kim Jong Il's changes are more tactical than substantial.

In fact, North Korea's reluctant response, South Korean domestic opposition, and the US war against international terrorism, have worked to delay the implementation of the agreements made between Kim Dae Jung and Kim Jong Il. North Korea wanted economic aid from South Korea but has been reluctant to implement the agreements. Kim Dae Jung was also too preoccupied with the early success of his North Korea policy. He wanted to be remembered as a great leader who opened a new chapter in Korean history – building a firm foundation for unification. Kim who aimed to sign a South-North peace agreement before the end of his term tried to achieve too much too early. His hasty and asymmetrical reconciliation policy brought about some damaging side effects—social and political cleavages in South Korea, Washington-Seoul disputes over North Korea policy and a concomitant rise in domestic anti-Americanism. Thus, hope and enthusiasm for reconciliation faded in South Korea. According to a Gallup Korea survey, nearly 87 percent of South Koreans supported the sunshine policy in August 2000 (about two months after the summit), but support slipped to only 34 percent by June 2001.<sup>13</sup>

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<sup>13</sup> *Chosun Ilbo*, June 15, 2001.

An important effect of inter-Korean reconciliation was to further reduce the already declining sense of a North Korea threat inside South Korea. There was public euphoria over the thawing of the inter-Korean relationship in the early months after the summit. Bad news about the North Korean leadership, refugees, human rights violations, or other illegalities was downplayed or barely covered in the South Korean media.<sup>14</sup> The image of North Korea as South Korea's archenemy shifted into that of a compatriot to be embraced and engaged by the South. South Koreans, especially the young generation, are sure that South Korea has already won the competition against the North in terms of economic prosperity, political democracy and superior military capability. Therefore, they are supportive of a policy to engage and embrace their compatriot to the North and are not demanding that the North give back as much as it receives.

There has thus been a serious division of opinion in South Korea on whether North Korea, the main enemy of the South Korea-U.S. alliance, is no longer an enemy. Progressives want to make the pursuit of Korean reunification and national unity the number one priority in inter-Korean relations. On the other hand, opponents of the sunshine policy believe the North is still the main enemy. The sunshine policy has become so politicized that one can no longer distinguish between criticisms of the policy and character assassinations of the president. Nevertheless, the government has deleted the term "enemy" from its defense white paper. It might now see North Korea as a partner, or it might have decided that, in order to turn the old enemy into a partner, it is necessary to placate the North. In short, North Korea is an enemy as well as a partner for South Korea, and the dual character of inter-Korean relations inevitably provides a serious dilemma for South Korean policymakers.

In addition, the Pyongyang summit planted two seeds of future tension between Seoul and Washington. These are based on the fundamental differences in priorities, Seoul favoring reconciliation and economic cooperation and Washington focusing only on the nuclear threat posed by North Korea. Not only did the inter-Korean summit fail to address any of the pressing security issues, it did not even mention the word "security" at

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<sup>14</sup> Scott Snyder, "Alliance and Alienation: Managing Diminished Expectations for U.S.-ROK Relations," *Comparative Connections*, CSIS Pacific Forum, August 2004

all. Seoul also did not demand reciprocity in its dealings with Pyongyang, arguing that South Korea, as the stronger “elder brother” should be patient.

Furthermore, it is important to note one unintended consequence of the sunshine policy: generally, the level of support for U.S. forces remaining in South Korea among South Koreans has been inversely proportional to the level of comity between the North and South; in other words, every time the North takes a positive step, more South Koreans question the need for U.S. forces in their country. Differences between Kim’s softer sunshine policy and Bush’s hard-line North Korea policy were perceived in Seoul as undercutting inter-Korean reconciliation.<sup>15</sup> Many South Koreans believed that Washington’s hard-line policies were driving North Korea into a corner, risking provocation and unnecessary harm to the process of inter-Korean reconciliation. In January 2002 Bush labeled North Korea a member of an “axis of evil,” along with Iran and Saddam Hussein’s Iraq. At the same time, Pyongyang’s skillful tactic of freezing South-North relations in 2001, then strongly hinting that the Bush administration’s hard-line North Korea policy was the cause, reinforced anti-American sentiment in the South.

Growing differences in perspective and policy toward North Korea not only struck at the heart of the Korea-U.S. alliance but also created mutual resentments. If the U.S.-ROK alliance is predicated on a threat from North Korea and if South Korea continues to insist that North Korea is no longer a threat, then it is hard for many to conclude that the alliance can remain strong.<sup>16</sup> The Bush administration appears concerned that improvement in South-North Korean relations might divert international attention from the issue of North Korean weapons of mass destruction. Seoul was providing a life-support system to Pyongyang, which was developing nuclear weapons and missiles and harboring international terrorists. Washington tends to believe that the sunshine policy undermines whatever leverage the United States might have had in negotiations with North Korea, as well as the very rationale for the continued stationing of US troops in South Korea.

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<sup>15</sup> Victor Cha and Michael O’Hanlon, “A Clumsy U.S. Risks Ties to Seoul,” *Los Angeles Times*, December 11, 2002.

<sup>16</sup> Eric V. Larson, Norman D. Levin, Seonhae Baik, Bogdan Savych, *Ambivalent Allies: A Study of South Korean Attitudes Toward the U.S.* (Santa Monica, Calif.: RAND, 2004), pp. 60-61.

Even worse, the abrupt revelation in October 2002 that North Korea had an active nuclear program further complicated the issue. The North Korean nuclear program inevitably heightened tension between North Korea and the U.S. government. Given the U.S.'s fight against terrorism, which focuses on weapons of mass destruction and nuclear arms, Pyongyang's nuclear program put serious pressure on the ROK-U.S. alliance.

The disclosure that Kim Jong Il, North Korea's leader, was secretly paid at least \$500 million to host Kim Dae Jung shortly before the June 2000 South-North summit cast a dark shadow over the sunshine policy.<sup>17</sup> Some of Kim's top advisers involved were convicted and sentenced to prison terms. From 1999 to 2003, Hyundai also made public cash payments of about \$600 million to North Korea for the Mt. Kumgang project and two other projects. The United States believes that with the cash North Korea gained greater financial flexibility to pursue its weapons of mass destruction programs and to make military purchases. In particular, Washington believes that the Hyundai payments helped North Korea to accelerate the financing of its secret uranium enrichment nuclear weapons program. According to the CIA, in 2001 North Korea purchased large quantities of materials needed to build a facility for the production of highly enriched uranium.<sup>18</sup> A former South Korean intelligence officer revealed that President Kim Dae Jung funneled 2 trillion won (\$1.7 billion) to North Korean dictator Kim Jong Il in return for holding the June 2000 summit. With the cash, North Korea bought key components for nuclear weapons, 40 Soviet-made MIG jets and a submarine from Kazakhstan.<sup>19</sup>

The "cash for summit" scandal, in which prosecutors stopped short of charging Kim Dae Jung, has dimmed South Korean public ardor for continuing to provide significant amounts of aid in return for minimal concessions by Pyongyang, especially in light of continued threats over its nuclear program.

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<sup>17</sup> Larry A. Niksch, "Korea: U.S.-Korean Relations," Congressional Research Service, April 13, 2005. According to CIA estimates quoted by Niksch, the Hyundai cash payments of over \$1 billion made up approximately 25% of North Korea's foreign exchange earnings from 1999 to 2000.

<sup>18</sup> "Unclassified Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions," Central Intelligence Agency, January 1-June 20, 2002 ([www.cia.gov/cia/reports/721\\_reports/jan\\_jun2002.html](http://www.cia.gov/cia/reports/721_reports/jan_jun2002.html))

<sup>19</sup> "North Korea Bought Nuclear Arms with South Korean Bribes," <http://www.newsmax.com/archives/articles/2003/2/4/913...>

In short, the lack of mutual benefit, transparency, and public accountability as well as poor international cooperation has raised questions about the efficiency and moral hazard of Kim Dae Jung's strategy of asymmetric engagement with the North.

Nevertheless, how to deal with North Korea and how to view the South Korea-U.S. alliance emerged as dominant issues in the December 2002 South Korean presidential election. For many voters, the election became a choice between increased autonomy and close cooperation with the United States in dealing with North Korea. Candidate Roh Moo Hyun represented more continuity with the sunshine policy. In contrast, the opposition candidate offered unwavering support for the Bush administration's policy in dealing with North Korea. The voters' choice revealed that the country was almost evenly divided along this line. Roh won the election but only by a narrow margin of 2.3 percent. Roh benefited from the pro-North Korean and anti-American sentiments that resulted from the sunshine policy.

### **Peace and Prosperity Policy**

In the midst of the massive anti-American candlelight demonstrations in late 2002, a pro-sunshine candidate, Roh Moo Hyun, was elected president. Throughout the presidential campaign, Roh consistently adhered to the view that "for the existence and prosperity of the nation, the sunshine policy is absolutely necessary, and thus must be carried on." He frequently criticized the United States, stoking anti-American sentiment in an apparent effort to appeal to young voters who wanted a more "equal" relationship with the United States. He provoked a strong reaction in the United States in particular by saying that he might favor neutrality if a war ever broke out between North Korea and the United States.<sup>20</sup>

North Korea policy was the main agenda of the new presidency. President Roh focused his inaugural address on his North Korea policy under the title "An Age of Northeast Asia Begins: A New Takeoff Toward an Age of Peace and Prosperity," in which he promised to maintain the general framework of the sunshine policy while aiming to establish permanent peace on the Korean peninsula and promoting common

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<sup>20</sup> Norman D. Levin, *Do the Ties Still Bind: The U.S.-ROK Security Relationship after 9/11* Santa Monica, Calif.: RAND, 2004, p. 21.

prosperity in Northeast Asia. He stated, “We have to change the peninsula into a land that sends out messages of peace that connects the Eurasian landmass with the Pacific Ocean.”<sup>21</sup> This is a broader goal than the previous administration’s “sunshine policy,” which focused mainly on inter-Korean reconciliation.

Unfortunately, Roh inherited the evolving second North Korean nuclear crisis. Since the revelation of Pyongyang’s uranium enrichment program, the 1994 Agreed Framework virtually collapsed and KEDO suspended deliveries of heavy fuel oil to Pyongyang. As reactions, in January 2003 the North withdrew from the NPT, removed the seals and IAEA monitoring equipment from the nuclear reactor at Yongbyon and restarted the reactor. And on several occasions in 2003, Pyongyang declared it had finished reprocessing its 8,000 spent fuel rods. Furthermore, international tensions were high surrounding the U.S. war against Iraq. It was widely speculated that North Korea would be the next target of Bush’s war against terrorism. In short, Roh found himself in the middle of Asia’s gravest security crisis in over a decade. Moreover, from the beginning of the second North Korean nuclear crisis, domestic opinion began to swing away from promotion of inter-Korea cooperation.

Nevertheless, the Roh administration made reconciliation with Pyongyang its top priority. The peace and prosperity policy is intended not only to expand the scope of the sunshine policy but also accelerate inter-Korean exchanges and cooperation. The policy aims to “reinforce peace on the Korean peninsula and seek the co-prosperity of both South and North Korea to build a foundation for a peaceful unification and a base for South Korea to become the economic hub of Northeast Asia.”<sup>22</sup> It implies that the Roh government would attempt not only to seek peace and prosperity beyond inter-Korean reconciliation and cooperation but also to promote economic and security cooperation with nations in the region, especially China and Russia.<sup>23</sup> The policy is based on the view that providing assurances of economic, political and military survival to the North will eventually enhance North Korean dependence on the outside world thereby forcing it to

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<sup>21</sup> The address is available at <http://english.president.go.kr/>

<sup>22</sup> Ministry of Unification, *The Participatory Government’s Policy of Peace and Prosperity* (in Korean) (Seoul, March 2003), p.2; and Se-Hyun Jeong, “Inter-Korean Relations under Policy for Peace and Prosperity,” *Korea and World Affairs*, Vol. 28, No. 1 (spring 2004), p. 7

<sup>23</sup> Hyeong Jung Park, “First year of the Roh Moo-Hyun Administration: Evaluation and Prospects of North Korea Policy,” *Korea and World Affairs*, Vol. 28, No. 1 (spring 2004), p. 10.



modify its behavior. Roh's Presidential Transition Team has prepared several "Silk Road" development programs such as linking the trans-Korean railway with the Trans-Siberian Railway and building oil and gas pipelines from Russia through North Korea (2,500-mile paired oil and gas pipelines running from Irkutsk, Russia, through China and North Korea, into South Korea and Japan). This \$20 billion pipeline project would provide cash to Russia, free energy to North Korea, and promote regional economic development. South Korea also explored the possibility of building a gas pipeline running from Sakhalin Island through North Korea into South Korea.

Roh has frequently expressed hopes for the two Koreas to sign a peace treaty to ensure stability on the peninsula. For Roh, the equation is simple: Korean reunification is inevitable, likely within the next decade or two, and the faster the South can bring the North's infrastructure and economy out of its third-world status, the easier the technical aspects of reunification will be. Roh once said, "He would not mind the failures of all other policies only if the North Korea policy were successful." The Roh administration is seen as one of the most conciliatory toward North Korea, perhaps even more so than that of Pyongyang's ally, China.<sup>24</sup>

Roh's three-step strategy in the peace and prosperity policy aims to resolve North Korea's nuclear crisis in the short-term, bring lasting peace to the peninsula in the mid-term, and build a Northeast Asian economic hub in the long-term.<sup>25</sup> If he fails to achieve the goal of the first step, his entire strategy would be compromised. In other words, the urgent issue is the North Korean nuclear crisis.

The peace and prosperity policy is a bold and ambitious vision of a peaceful and prosperous Korean peninsula and Northeast Asia. It is a good policy for a long term but not so good for the resolution of the immediate North Korean nuclear threat. It also encompasses diplomacy, security, economic cooperation and unification: it is too complex to implement. Kim Dae Jung tried to separate economics from politics in its relations with the North. But Roh tries to put inter-Korean policy, regional policy, and Korea-US alliance into one basket. Since the components of the policy can be mutually conflicting, priority setting and planning are important. Furthermore, Korea's aim to

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<sup>24</sup> "South Korea: Rifts, Mixed Messages and Frustrations," *Strategic Forecasting*, April 26, 2005.

<sup>25</sup> Ministry of Unification, *op. cit.* p. 14.

become the economic hub in Northeast Asia is too ambitious a goal because both Japan, the second largest economy in the world, and China, a rapidly rising economic power, may also want to be this hub. Thus, even some lawmakers of the government party believe that Roh's policy is too idealistic.

The Roh administration is stronger in rhetoric than action. Amateurism prevails in foreign policymaking and implementation. North Korea policy and other foreign policies appear to be the extension of domestic politics. Roh, who lacks understanding of foreign policy issues, is surrounded by inexperienced academics and politicians; he has paid little heed to governmental agencies and think tanks. He has centralized policymaking power in the hands of the staff of the National Security Council, which is only responsible for secretarial role of the council. The council, led by Lee Jong-Seok, deputy chief of South Korea's National Security Council and a North Korea expert, allegedly holds sway over security and defense issues, while foreign and defense ministers have to play second fiddle. Lee has been leading the so-called "independent forces" of policymakers who value South Korea's U.S. foreign policy on an equal standing.<sup>26</sup> As a result, the government has experienced trials and errors in its foreign policies.

The Roh government believes that improved inter-Korean relations will prevent tensions from escalating on the Korean peninsula. By increasing the North's dependence on the South, Seoul can improve its leverage in persuading Pyongyang to give up its nuclear weapons program. In addition, in order to ease Washington's strong stance against Pyongyang, inter-Korean relations must be improved to maintain peace and stability on the peninsula.<sup>27</sup> Facing two conflicting agenda – resolution of North Korea nuclear issue and promotion of inter-Korean cooperation, the Roh administration aimed to catch two rabbits at the same time: to resolve the North Korean nuclear issue and to develop inter-Korean relations. Washington also urged Seoul to maintain a common front to pressure Pyongyang to give up its nuclear weapons development program. Thus, the

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<sup>26</sup> "Top Security Advisor to S. Korea's Roh Grilled over Mishandling of U.S. Ties," East-Asia-Intel.Com, May 24, 2005; see also Bruce E. Bechtol, Jr., "Civil-Military Relations in the ROK and Their Impact on North-South Relations," a paper presented at the conference on Inter-Korean Reconciliation: Challenges and Prospects on March 1-3, 2005 organized by the Asia-Pacific Center for Security Studies, Honolulu.

<sup>26</sup> The survey was conducted by *Wolgan Joongang* on April 8-9, 2005.

<sup>27</sup> Kim Keun-sik, "The North Korean Nuclear Crisis and Inter-Korean Relations," *East Asian Review*, Vol. 16, No.1(spring 2004).

Roh administration found itself in the delicate position of attempting a policy of “dual appeasement”: of simultaneous placating Washington and Pyongyang.

Roh has had a hard time reconciling his strategy for North Korean nuclear crisis with Washington without damaging inter-Korean relations. The Roh administration has endeavored to preserve the improved inter-Korean relations made by his predecessor by promising to supply Pyongyang with 500,000 tons of rice and 300,000 tons of fertilizer per annum, and continuing to pursue inter-Korean economic projects, while minimizing policy differences with the U.S. The South, in fact, has provided 300,000 tons of fertilizer and 400,000 tons of food to the North in 2003 and 2004. At the same time, Roh risked alienating many of his supporters by publicly supporting the U.S.-led war against Iraq and sending troops there. During his first meeting with President George W. Bush in Washington in May 2003, President Roh stated that “future inter-Korean exchanges and cooperation will be conducted in light of developments on the Korean nuclear issue.”<sup>28</sup> Nevertheless, the Roh administration has since failed to synchronize inter-Korean relations with the negotiations of the North Korean nuclear issue.

Lingering anti-American sentiment in South Korea has also complicated the Roh administration’s North Korea policy. Anti-Americanism has been on the rise since the end of the Cold War due in part to a perception that the absence of a serious global security threat vitiates the need to tolerate U.S. arrogance and unilateralism. The engagement policy toward the North has further reduced the threat from North Korea. The reduced threat perception and Washington’s hard-line North Korea policy has combined in South Korea to create a situation that does not augur well for future of U.S.-South Korean relations. Many young Koreans believe that Washington’s aggressive pursuit of the “war on terror,” particularly its pre-emptive policy and pressure on North Korea, poses even graver risks to peace on the Korean peninsula than North Korea’s nuclear weapons program. An opinion survey in Seoul indicates that 39 percent of South Koreans view the United States as the greatest threat to South Korea’s security, while 33 percent saw North Korea as the greatest threat.<sup>29</sup> This represent a drastic reversal in

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<sup>28</sup> For the full text of the joint statement, see *Korea Times*, May 15, 2003.

<sup>29</sup> *Chosun Ilbo*, January 11, 2004. The respondents were asked to pick the following countries as the source of the most serious threat to South Korea’s national security: (1) U.S. –39%, (2) North Korea – 33%, (3)

perceptions when compared to the results of a similar opinion poll conducted by Gallup Korea in 1993, in which the United States was ranked fourth (1%) as the greatest threat, behind North Korea (44%), Japan (15%), and China (4%).<sup>30</sup>

The change in ideological spectrum and generation in South Korea exacerbates the trend. The young generation is reform-minded, liberal, and more receptive to North Korea. Group of young people are a driving force of the Roh government's progressive policies in its foreign policy. They are less compromising and tolerant of a U.S. unilateral policy toward the Korean peninsula. The changing sentiment among South Koreans makes it difficult for South Korea and the United States to formulate a common strategy toward the North. The Bush administration's tough and uncompromising stance toward the North Korean nuclear issue has become unpopular among South Koreans. The Korea-U.S. alliance tends to be seen within the context of the so-called "Korean triangle" consisting of the two Koreas and the U.S. The more the U.S. pushes South Korea to join Washington's approach to North Korea, the faster the attitudes of South Koreans veer away from its traditional ally, the U.S., and closer to the North.<sup>31</sup>

Supported by the favorable public opinion and the newly emerged majority government party after the April 2004 elections, Roh has opposed out any sanction against the North, saying it would be "very, very dangerous."<sup>32</sup> He believes that a US military strike against North Korea is an extremely serious matter that could lead to a war on the peninsula and he therefore opposed even a review of such a possibility and has expressed strong opposition against a military option regarding the North Korea nuclear issue. During a KBS TV interview shortly after his election as president, he remarked: "During the presidential election, the hawks and officials of the U.S. government openly talked about preemptive strikes at North Korea. I felt so desperate and thought that they must be stopped no matter what...I don't think there are any other credible alternatives to

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China – 12%, (4) Japan – 8%. A recent survey by *Joongang Ilbo* on April 13, 2005 shows different perceptions: Japan (37%) as the greatest threat, followed by North Korea (29%), U.S. (19%), China (12%).

<sup>30</sup> Quoted from Yun Duk-min, "Major Challenges and Tasks Ahead for ROK-US Alliance," *Korea Focus*, May-June 2004, p. 86.

<sup>31</sup> Jeong-Woo Kil, "Multifaceted Challenges in the Korean Peninsula," <http://www.nni.nikkei.co.jp/FR/NIKKEI/inasia/future/200...>

<sup>32</sup> Doug Struck and Bradley Graham, "What Do U.S. and Allies Make of North Korea's Statement," *Washington Post*, April 25, 2003.

dialogue because sanctions and pressure tactics can cause war.”<sup>33</sup> He also believes that North Korea’s collapse would burden his country with refugees and economic and political challenges that dwarf what West Germany faced more than a decade ago.

The Roh government has thus given priority to peaceful resolution while intentionally downplaying U.S.-South Korean relations and turning a blind eye to signs of North Korean nuclear development. Every time Washington suggested the possibility of sanctions against Pyongyang, the Roh government opposed it. In the Six-Party Talks on North Korea’s nuclear program, Seoul tends to share a similar position to China and to criticize the American hard-line position. President Roh gave policy speeches in Los Angeles and Europe in November 2004, criticizing the Bush administration, rejecting pressure on North Korea, defending North Korea’s assertion that it needs a “nuclear deterrent” in view of its perception of a threat from the United States, and describing North Korea’s “reward for freeze” proposal as “a considerably positive proposal.”<sup>34</sup> Despite the nuclear crisis, the Roh administration has speeded up three major economic cooperation projects: the construction of the Kaesong industrial park, the linking of railroads and roads, and the development of the Mt. Kungang tourism project.<sup>35</sup>

North Korea has been working on nuclear weapons for many years and it is not about to easily give them up. Solving this problem is going to be a long and difficult process. The Kim Jong Il regime has pursued a “military first” policy: North Korean people are starving to death but the regime continues to focus its limited resources on amassing a nuclear arsenal instead of feeding its citizens. No country can achieve economic viability with a costly military first policy. Pyongyang has invested enormous resources, by the standards of its wretched economy, in its nuclear and missiles programs.

We can assume that the primary motivation for North Korea’s nuclear program today is military and has been so for a long time – not only because the long-range missile programs make little sense without nuclear warheads, but also because the North has not made any serious effort to obtain international aid for its energy problems. If North Korea had been genuinely concerned about its energy crisis, it would have asked

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<sup>33</sup> *Chosun Ilbo*, January 18, 2003.

<sup>34</sup> *JoongAng Ilbo*, November 13, 2004.

<sup>35</sup> In 2003, the total number of inter-Korean exchanges of people reached 16,000 and the total volume of inter-Korean trade stood at \$720 million. See Se-Hyun Jeong, “Inter-Korean Relations under Policy for Peace and Prosperity,” *Korea and World Affairs*, Vol. 28, No. 1 (spring 2004), p. 7.

KEDO to build thermoelectric power plants, which could have been built faster and with far fewer diplomatic hurdles, instead of insisting on nuclear power plants. According to Hagiwara Ryo, a Japanese expert on North Korea, during the final days of Kim Il Sung, the senior Kim and his son Kim Jong Il disagreed over the priority of national objectives. The senior Kim wanted to build conventional power plants in order to revitalize the economy while Kim Jong Il insisted on building nuclear reactors which require about 10 years. This implies that Kim Jong Il was determined to have nuclear weapons.<sup>36</sup>

Considering the divergent positions of Pyongyang and Washington, a resolution to the North Korea nuclear crisis may not be achieved by peaceful means alone; other means such as economic sanctions or military threat may need to be used to persuade North Korea to negotiate away its nuclear weapons program. In addition, an easing of military tensions between the South and the North will be almost impossible while the United States and North Korea confront each other regarding the nuclear issue. Therefore, balancing the nuclear issue and inter-Korea cooperation will be difficult; priority must be given to the resolution of the nuclear issue, even if this means temporarily stepping back from inter-Korean cooperation.

Pyongyang seemed to play a game when it faces American pressure. In June 2004 when the Six-Party Talks on the North's nuclear issue broke down, the two Koreas concluded a shipping agreement, began measures to prevent naval clashes, and halted propaganda broadcasts along the DMZ. South Korea has made little attempt to link economic engagement with the North to progress on the nuclear issue, preferring instead to press ahead with initiatives including the opening of the industrial park at Kaesong, reconnection of the inter-Korean railway, and initiation of a daily bus service from Seoul to Kaesong. The Roh government also removed any reference to North Korea as a "main enemy" in its 2005 defense white paper. But since July 2004 until recently—and in obvious connection to the stalled Six-Party Talks—Pyongyang has unilaterally closed most channels of dialogue with Seoul.

The Kaesong industrial park, located in North Korea only 37 miles from Seoul, is South Korea's most important economic cooperation project in North Korea. Although

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<sup>36</sup> Hagiwara Ryo, *Kim Jong Il's Hidden War: Exploring Kim Il Sung's Death and Mass Starvation* (Tokyo: Bungei Shunju, 2004) (in Japanese).

Seoul has pledged not to initiate new projects with North Korea so long as the North Korean nuclear issue casts a shadow on the peninsula, the industrial park project has expanded considerably and is moving forward more rapidly than many expected given the tense atmosphere in and around the peninsula. The Roh government believes that internal trade activity based on manufacturing sectors can contribute to developing the South-North relationship in the business sector and may result in lessening military and political tension. Seoul hopes that the industrial zone will be a “win-win” deal to convince Pyongyang that business is better way than bombs. A pilot industrial facility was completed in late 2004, and four of the 15 South Korean companies committed to the zone have started production operations, while the other 11 are at various stages of factory building. By the end of 2006 some 250 to 300 companies are expected to move in and begin manufacturing goods. Ultimately, the plan is for 2,000 companies to invest in the zone, using North Korean raw materials and 75,000 northern workers. This is significant change in that it heralds further growth in inter-Korean trade and economic cooperation.

Assuming that the two Koreas will eventually reunite, South Korea is seeking to upgrade the North Korean economy so that a united Korea will not face even worse problems of income inequality than West and East Germany did after German reunification. In all, South Korea's government says the zone could be worth \$2.7 billion a year to the North Korean economy, equal to 12% of North Korea's estimated gross national product in 2003.<sup>37</sup> The full promise of Kaesong probably will not be realized without North Korea agreeing to give up its nuclear program.

However, the burgeoning inter-Korea economic cooperation has become a symbol of the divide between South Korea and the U.S. on how to handle North Korea. Flourishing business between North and South Korea has strained American attempts to build a consensus among the nations involved in talks on disarming the North. Without the support of North Korea's two largest trading partners, China and South Korea, any attempt by the U.S. to impose economic sanctions would have little effect. South Korea and China provide North Korea with a considerable amount of unconditional economic assistance. As long as such economic support is coming, Pyongyang will not feel as much

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<sup>37</sup> “Koreas Partner in Building Industrial Park, Advances Reunification,” *US Today*, August 12, 2004.

of a need to address the nuclear issue.<sup>38</sup> Therefore, one can argue, rather than Seoul's enhanced leverage against Pyongyang, North Korea could strengthen its leverage against the United States, partly released from its economic crisis thanks to South Korean economic aid.

As Pyongyang refused to return to the Six-Party Talks since the summer of 2004, domestic and international skepticism of the engagement policy has increased. In late 2004 a survey conducted by a government agency shows that less than half of South Koreans (47%) supported Roh's North Korea policy.<sup>39</sup> But Roh has been consistent, but his blithe optimism fails to convince. Sunshine is now an axiom, yet under cool evaluation the policy clearly has not changed North Korea. The wider North Korean economy remains in dire straits. South Koreans now know the North better and fear it less, but there is no reciprocity.<sup>40</sup>

Pyongyang raised the stakes on February 10, 2005 by announcing that it possesses nuclear weapons and would boycott the six-party talks until Washington gives up its "hostile" policy. It proceeded to unload 8,000 spent fuel rods from its Yongbyon nuclear power plant, a move that will help it increase its supply of weapons-grade plutonium. Pyongyang's announcement embarrassed the Roh government, which has been advocating the North's causes even at the risk of sacrificing the 50-year-old alliance with the United States. It also made Roh's North Korea policy appear naive and it weakened Seoul's position vis-à-vis Washington. Nevertheless, Seoul has repeatedly played down North Korean nuclear threats as a "bargaining chip."<sup>41</sup> Roh believes that "the North Korean threat has decreased far more than ever before...Inter-Korean relations will get better, and economic cooperation projects would gradually reduce tension on the Korean peninsula."<sup>42</sup> Seoul remains unwilling to come to terms with the fact that the engagement policy has neither made South Korea safer nor led to reform in North Korea.

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<sup>38</sup> Anthony Faiola, "A Trade Boom in North Korea; Brisk Business with Russia, China, South Korea Strains U.S. Efforts to Set Sanctions," *Asian Wall Street Journal*, May 13, 2005.

<sup>39</sup> *Chosun Ilbo*, December 30, 2004. The Advisory Council on Democratic and Peaceful Unification conducted the survey.

<sup>40</sup> Aidan Foster-Carter, "The Sun Is Setting on North Korea," *Financial Times*, June 15, 2005.

<sup>41</sup> Victor Cha, "Korea: A Peninsula in Crisis and Flux," in *Strategic Asia 2004-2005: Confronting Terrorism in the Pursuit of Power*, ed. Ashley J. Tellis and Michael Wills (Seattle, WA: The National Bureau of Asian Research, 2004), p. 152.

<sup>42</sup> "Roh Opposes Sanctions on N. Korea," *Chosun Ilbo*, April 14, 2005.



In the face of mounting pressure of international community, in early July 2005 Pyongyang announced it will come to the forth round of the Six-Party Talks and expedited inter-Korean dialogues. At the 10<sup>th</sup> inter-Korean economic cooperation talks in July 2005 in Seoul, the two Koreas agreed on complementary economic development: the South will provide capital and technology to the North while the North will allow South Korean companies to develop mineral resources in the North from next year. They also agreed to conduct a trial run of two cross-border railways and hold fisheries talks in late July 2005.<sup>43</sup> The effect of the expanding inter-Korean cooperation on the negotiations of the North Korean nuclear issue is to be seen.<sup>44</sup>

### **A Balancer in Northeast Asia**

For Roh Moo Hyun, foreign policy is partly the extension of his North Korea policy as well as domestic politics. The Roh government, fixated on the improvement of inter-Korean relations, often regards growing South Korea-U.S. differences as an inevitable price for inter-Korean reconciliation. Roh's new foreign policy paradigm, dubbed "balancer in Northeast Asia," appears to be closely related with his North Korea policy.

There is a big gap between the Bush administration's brand of conservatism and the Roh government's very liberal policies toward North Korea. The combination of Roh's comprehensive agenda of the peace and prosperity policy and Bush's new military strategy of "strategic flexibility" have further complicated South Korea's relations with the U.S. As part of its strategic flexibility, the United States has promoted the relocation of U.S. military bases and transformation of U.S. troops in South Korea. Seoul was shaken when the U.S. revealed plans to transfer 12,000 troops, one-third of those currently stationed in South Korea, to Iraq. The problem is that such an extremely important decision was made without adequate policy coordination between the U.S. and South Korea. U.S.-Korea watchers on both sides of the Pacific have lamented a crisis in bilateral relations; some even argue that they are at their lowest point in 50 years.

Based on the strategic flexibility, Washington has declared that it would allow the U.S. Forces in Korea to play a regional role outside of the peninsula. The Roh

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<sup>43</sup> "Seoul Pushes for Defense Talks," *Korea Herald*, July 13, 2005.

<sup>44</sup> Kim Jong Il may play a game again. Whenever Pyongyang faces serious external pressure, it expedited inter-Korean dialogues.

administration's response to this policy has been largely negative. In his speech at the Korea Air Force Academy on March 8, 2005, President Roh remarked "South Korea will not allow U.S. troops in Korea to become involved in any dispute in Northeast Asia without the consent of the South Korean government. Our people will not get entangled in regional disputes against our will in the future. We will go ahead with this as a firm principle."<sup>45</sup> He continued that South Korea would begin to play a "balancing role" in Northeast Asia and added that "the power equation in Northeast Asia will change depending on the choices we make," suggesting that support for its traditional allies, the United States and Japan, would not be automatic. The statement was interpreted as a clear objection to turning the United States forces in Korea into a regional expeditionary force, and the Blue House even dubbed it the "Roh Moo Hyun doctrine." Roh stated later that his country would maintain an equal distance between Tokyo and Beijing. The "doctrine" is seen as an expression of the dissatisfaction with the progress made under the current arrangement and could be interpreted as a change of the status quo that benefits Beijing at the expense of the alliance with Washington.<sup>46</sup> Quite remarkably, this position of being an independent actor in international relations corresponds very well with the North Korean position and opens one more field of possible future cooperation for both Koreas. Thanks to his new foreign policy paradigm, the Korea-U.S.-Japan trilateral alliance has become a focus of serious debate among South Korean scholars and politicians.

The Roh government argues that the southern trilateral alliance (the U.S., South Korea, and Japan) created to counter the North Korea-Soviet Union-China northern trilateral alliance in the Cold War period has become an obstacle to, rather than a bulwark for, peace and security in Northeast Asia because the northern alliance has disintegrated. It advocates that under the circumstances the southern alliance should be replaced by a Northeast Asia Security Community and South Korea should play the role of a balancer in this process. The notion of balancer further helps to strain South Korea's relations with the United States and Japan, seriously weakening the Seoul-Tokyo-Washington triangle.

From the beginning, the Roh administration has tried to maintain a more independent foreign policy from the U.S. and build self-reliant armed forces. At the same

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<sup>45</sup> "President Opposes Role for USFK in Regional Conflict," *Korea Times*, March 8, 2005.

<sup>46</sup> Reudiger Frank, "A New Foreign Policy Paradigm: Perspectives on the Role of South Korea as a Balancer," *Policy Forum Online* (nautilus Institute), April 25, 2005.

time it wants to improve relations with China because it believes that as long as China seeks the status quo, it will contribute to peace and prosperity in Northeast Asia and to the improvement of inter-Korean relations. Roh's progressive supporters also have more of an interest in the rise of China than in a commitment to maintaining a half-century long alliance with the United States. In their view, China is seen as a potential alternative to the U.S. as a strategic partner in the future of Korea. Surprisingly more than 60 percent of new members of the majority ruling party share this sentiment. The Roh government found China to be more cooperative and flexible. Sino-Korea rapport is reinforced by the increasing overlap in their bilateral social-economic interests. In addition, both South Korea and Russia found mutual benefits in their North Korea policies. When Roh's policy of a balancing role in Northeast Asia goes beyond rhetoric, then the issue becomes more serious. In February 2005, President Roh stated, "Our military should be one with the right to operate independently to serve as a balancer in Northeast Asia." In line with the president's policy, South Korean defense ministry is considering reducing military exchanges with Japan and strengthening its military ties with China.

Roh's desire to move his country away from the United States and Japan, and closer to China and Russia is a radical departure from traditional South Korean diplomacy. During the Cold War, the Korean peninsula was a key battleground between the Soviet Union and the United States; at the DMZ, two trilateral alliances confronted one another – to the north, Moscow and Beijing siding with Pyongyang, while to the south Washington and Tokyo sided with Seoul. Therefore, Roh's new foreign policy appears to be very risky because the United States believes China has become a contender and South Korea's new northern policy would weaken the southern triangle. Washington is pursuing a double-edged strategy toward China – a combination of containment and engagement and is strengthening its alliance with Japan. Due to strained relations with China and to the growing threat from North Korea, Tokyo has also been very sensitive to Seoul's policies toward North Korea and China.<sup>47</sup> Due to not only recent disputes over history issues and Dokdo Island but also diverging regional policies between Seoul and Tokyo, South Korea-Japan relations have significantly strained. Thus, the Japanese deputy foreign minister openly made a comment that since Washington no

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<sup>47</sup> "Seoul's 'Balancing' Role," *Asian Wall Street Journal*, May 31, 2005.

longer trusts the South Korean government Tokyo should not pass confidential information on North Korea to Seoul. South Korea's dangerous diplomatic maneuvering seems to be compromising U.S. interests in Northeast Asia.

In this connection, a Korean newspaper recently reported that a U.S. official threatened to withdraw U.S. troops unless Seoul accepts Washington's request for more strategic flexibility. During his visit to Seoul, Richard Lawless, U.S. Deputy Undersecretary of Defense, said that "South Korea's strategic value was finished, and if it fails to accept American demands, the U.S. forces in Korea could be withdrawn."<sup>48</sup> A week earlier, Mr. Lawless told the Korean ambassador in Washington that "Korea's Northeast Asian balancer role is a concept that cannot coexist with the Korea-U.S. alliance. If you would like to change the alliance, say so anytime. We will do as you like."<sup>49</sup>

South Korea's national interests greatly depend on its relations with the United States. Furthermore, as German experience shows, international support, especially from major powers in the region such as the United States and Japan, is crucial for the development of inter-Korean relations and the ultimate achievement of unification.

### **Conclusion: A Nuclear North Korea or a Permanent Peace on the Peninsula?**

Inter-Korean cooperation and exchanges have played a positive role as they helped the two Koreas develop more flexible or accommodating attitudes to each other. However, the inter-Korean development was not matched by a reduction in military tension. On the contrary, due to Pyongyang's continued pursuit of nuclear weapons, tension on the Korean peninsula has heightened. The limitations of the engagement policy appear to be clear.

The Korean peninsula stands at a critical juncture. It is highly uncertain whether the North Korean nuclear crisis will be resolved peacefully or if the nuclear issue will escalate into dangerous confrontation and conflict. Roh's "peace and prosperity policy" is aimed at the Northeast Asian region as a whole, but it rests on the assumption that the North Korean nuclear issue will be resolved. As long as the crisis remains unresolved, the

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<sup>48</sup> "U.S. Keeps Grumbling as Summit Looms," *Chosun Ilbo*, June 9, 2005.

<sup>49</sup> *Ibid.*

future of inter-Korean relations and regional security will be highly uncertain. Roh's vision of making his country an economic hub will also go nowhere if North Korea continues to refuse a peaceful resolution of its nuclear weapons program. If North Korea decides to conduct a nuclear test, the political fallout would be nothing short of disastrous and Roh would face the most critical challenge of his presidency. Priority setting is the most important element of leadership. Roh has to reexamine his priority of his North Korea policy – inter-Korean cooperation first or resolution of the nuclear issue first.

South Korea and the other regional powers must develop a more realistic North Korea policy. It has become clear that Pyongyang's objective of attaining a nuclear arsenal has been a top state priority: it has pursued nuclear weapons consistently and steadfastly for over two decades.<sup>50</sup> Therefore, solving an issue peacefully means more than focusing only on solutions based on talks or negotiations. North Korea's declaration that it possesses nuclear weapons, whether true or false, is now forcing Japan, Australia, Taiwan, and South Korea to either obtain ironclad guarantees of inclusion under the American nuclear umbrella or develop nuclear capabilities themselves. It would be intolerable for those countries to face a North Korean nuclear threat.

For North Korea, possession of nuclear weapons offers three overlapping benefits: deterrence, offensive military capability and political clout.<sup>51</sup> In terms of deterrence, Pyongyang may believe the ability to deliver nuclear payloads against South Korea, Japan, and maybe eventually the U.S., will deter a U.S. attack on the North. Second, nuclear weapons also give North Korea an offensive military capability. Although an all-out attack on the South looks unlikely, it is logical to assume that this idea remains alive in the minds of the North Korean leadership. The North Korean regime makes little sense if it is stripped of its long-term mission to unify the peninsula.

Kim Jong Il is unlikely to peacefully abandon his nuclear weapons or other WMD capabilities for the simple reason that they are needed to justify his ironclad rule. For a country that spends more than 30% of its GDP on defense, diverts most of its energy and food supplies to its armed forces and continues to work on newer classes of missiles,

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<sup>50</sup> Dan Blumenthal, "Facing a Nuclear North Korea," *Asian Outlook* June-July 2005 (American Economic Institute).

<sup>51</sup> Robert Dujarric, "The Logic of North Korea's Nuclear Program," Research Institute of Economy, Trade and Industry, December 14, 2004 available [http://www.rieti.go.jp/en/columns/a01\\_0155.html](http://www.rieti.go.jp/en/columns/a01_0155.html)

militarism is not only a slogan but also the super glue that holds the regime together. North Korean propaganda has convinced North Koreans that they have suffered in order to defend their nation from American attack. If the U.S. were no longer an enemy, it is uncertain how Kim Jong Il will justify his dictatorship.<sup>52</sup>

A nuclear-armed North Korea will have the most serious effect on the interests of South Korea. First of all, if North Korean nuclear weapons were to be used, South Korea would be the primary victim. Second, South Korea's program of "independent" defense would be meaningless; Seoul would have to reformulate its overall security strategy whether through strengthening its alliance with the United States or considering its own nuclear option. Third, nuclear weapons translate to political clout for Pyongyang. Through blackmail and brinkmanship, the North could use its nuclear capabilities to gain political advantage and economic aid. These capabilities also would be a way for North Korea to ensure that its existence as a state is not negotiated away during discussions about unification. Possession of nuclear weapons is one means of retaining membership in the international community. Small, impoverished nations like North Korea can increase their presence in world affairs if they are seen as dangerous troublemakers with nuclear capabilities. Finally, Pyongyang's possession of nuclear weapons would discourage domestic and foreign investments in South Korea, leading to serious economic difficulties.

Pyongyang returned to the negotiating table. Seoul seems more optimistic about the prospects of peaceful resolution of the North's nuclear issue. Pessimists, however, believe it will be difficult to find a solution because Pyongyang has nuclear weapons and because it is more desperate for regime survival. Seoul proposed to provide massive economic aid, dubbed a "Korean Marshall plan," to Pyongyang if the North gives up nuclear weapons program. The proposal includes the supply of 2 million kilowatts of electricity per year.<sup>53</sup> Washington is more flexible than ever before. The ball is clearly in Pyongyang's court. Kim Jong Il has to make a strategic decision. Ending the nuclear standoff is a prerequisite for peace and prosperity on the peninsula and Northeast Asia,

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<sup>52</sup> Lee Chung-min, "South Korea Needs to match Rhetoric with Action," *Asian Wall Street Journal*, May 16, 2005.

<sup>53</sup> "Seoul Offers Electricity Aid to NK," *Korea Times*, July 12, 2005.

Roh's ultimate goal. In order to achieve this goal, Seoul and its allies need a well-coordinated strategy.