

The Lee Myung-Bak Government's North Korea Policy And the Prospects for Inter-Korean Relations

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ABSTRACT

The inauguration of the Lee Myung-Bak government on February 25, 2008, aroused expectations that President Lee's new North Korea policy would bring about more effective results in dealing with Pyongyang, including the realization of denuclearization of North Korea. Contrary to initial expectations, Lee's North Korea policy has encountered unexpected problems and challenges as North Korea has not only suspended official inter-Korean dialogue and contacts since April but also refused to resume the talks with Seoul unless the Lee government would accommodate Pyongyang's demands: (1) to honor the two inter-Korean summit agreements: the June 15 Joint Declaration (2000) signed between Kim Dae-Jung and Kim Jong-Il and the October 4 (2007) Declaration signed between Kim Jong-Il and Roh Moo-Hyun; (2) to discard the Lee government's "Vision 3000: Denuclearization and Openness"; and (3) to abandon the strategy of strengthening South Korea's alliance with the U.S. and Japan to pressure North Korea. In short, North Korea wants the Lee government to continue the sunshine policy of engagement toward the North. However, it is difficult for the Lee government to accommodate the North's demand, for President Lee promised during the presidential election campaign in 2007 to discard the sunshine policy as it had failed not only to prevent North Korea's nuclear weapons program but also to induce North Korea to adopt reform and openness. Furthermore, Lee has promised not provide any large scale economic assistance to North Korea unless and until Pyongyang abandons its nuclear weapons program. In view of the fundamental difference in their perceptions and approaches to inter-Korean relations, the current stalemate is likely to continue for a relatively long period of time.

KEY WORDS: Vision 3000: Denuclearization and Openness, Lee Myung-Bak, Kim Jong-Il, June 15 Joint Declaration (2000), October 4 Declaration (2007), and Kaesong Industrial Complex (KIC)

The unification of the divided Koreas has been a cherished desire of the Korean people throughout the post-Korean War era. In every presidential election in South Korea, presidential candidates are expected to address the issue of national unification as well as the proper approach and policy toward North Korea. The most recent presidential election on December 19, 2007, was no exception. In fact, how to deal with North Korea became a major campaign issue as many South Koreans were deeply disenchanted with the inability of the Roh Moo-Hyun government to prevent the emergence of a nuclear-armed North Korea in spite of its lavish provision of economic aid to North Korea under the "sunshine policy." The major opposition party's (the Grand Korea Party) nominee, Lee Myung-Bak, not only severely criticized the Roh government's ineffective North Korea policy but also advocated a tougher new policy based on reciprocity toward North Korea. Lee won a landslide victory by defeating Chung Dong-Young, former Minister of Unification under the Roh government and the nominee of the United Democratic Party.

The inauguration of the Lee Myung-Bak government on February 25, 2008, aroused expectations that a new North Korea policy would bring about more effective results in dealing with Pyongyang, including the realization of the denuclearization of North Korea. Contrary to initial expectations, Lee's North Korea policy has encountered unexpected problems and challenges as North Korea not only suspended official inter-Korean dialogue and contacts shortly after the inauguration of the Lee government but also refused to resume talks with Seoul unless the Lee government dropped its "anti-national and anti-reunification" policy. Among other things, it has demanded that the Lee government honor and implement the inter-Korean summit agreements signed between Kim Jong-Il and Lee's predecessors (Kim Dae-Jung and Roh Moo-Hyun) in 2000 and 2007. However, the Lee government has not accommodated Pyongyang's demand because these summit agreements contain provisions which are unacceptable to the conservative leaders. Instead, it intends to implement a new policy toward North Korea, dubbed the "Vision 3000: Denuclearization and Openness." As a result, official inter-Korean relations have been virtually frozen since the inauguration of the Lee government.

It is the purpose of this article to examine the Lee Myung-Bak government's North Korea policy from the time of its inauguration in February 2008 to the present. In addition to an analysis of the theoretical foundation of Lee's new North Korea policy, it will discuss the major issues in South-North Korean relations which have cropped up under the

Lee government and evaluate the implications of Lee's North Korea policy for future South-North Korean relations.

II

For ten years, from February 1998 to February 2008, under the two left-leaning governments, South Korea pursued the so-called "sunshine policy" of engagement toward North Korea. This policy was initially advocated by former President Kim Dae-Jung from 1998 to 2003 and retained by his successor, Roh Moo-Hyun, as the policy of "peace and prosperity" from 2003 to February 2008. Essentially, it aimed at promoting rapprochement between South and North Korea by dismantling the legacy of the Cold War on the Korean Peninsula. Borrowing the idea from an Aesop's fable, it advocated generous economic assistance to the North as an effective way to persuade it to discard the policy of confrontation toward the South and live peacefully with South Korea. Even after the revelation of the North's clandestine uranium enrichment (HUE) program triggered the second North Korean nuclear crisis in October 2002, the Kim Dae-Jung government did not abandon the sunshine policy. It was retained by his successor, Roh Moo-Hyun (2003- February 2008) who assumed that inter-Korean economic cooperation would help reduce tensions and stabilize peace and security on the Korean Peninsula. Furthermore, it expected that the South's economic assistance would contribute not only to alleviating the North's economic hardship but also moderating Pyongyang's behavior and policy toward the outside world. In order to encourage North Korea to abandon its nuclear program and adopt a policy of reforms and openness, South Korea provided substantial economic assistance to North Korea of over \$3.5 billion from 1998 to 2007.¹ However, the Kim and Roh governments' inability to prevent the North's development of nuclear weapons not only disappointed many South Koreans but also made them quite critical of the Roh government's engagement policy.²

To be sure, under the sunshine policy, there were significant increases in the cultural and personnel exchanges between the two Koreas and the reunion of family members separated by the Korean War. In addition, the Roh government was able to build the Kaesong Industrial Complex (KIC) in North Korea as a showcase project of inter-Korean cooperation. It was by far the largest and most ambitious project of economic cooperation between Seoul and Pyongyang. By 2008, more than 30,000 North Korean workers were employed by over 70 South Korean firms. By combining South Korean capital and technology with North Korea's cheap labor and land, it was planned a profitable and cost-effective joint venture. The Roh government also helped Hyundai Asan

to revitalize the Mt. Kumgang Tourism Project in North Korea, which attracted more than 30,000 tourists from the South per month by the spring of 2008. However, in spite of progress in inter-Korean economic relations, the Roh government was not able to reduce military tensions on the Korean Peninsula, for it failed to secure an agreement on dismantling of the North's nuclear weapons program and the reduction and pullback of North's forward deployed troops along the Demilitarized zone (DMZ).³ In fact, the Roh government failed to work out any significant military confidence-building measures (CBM) or arms reduction with the North, for Pyongyang insisted upon the withdrawal of U.S. troops from South Korea. Out of some 150 meetings held between Seoul and Pyongyang from 1998 to 2007, only four military talks discussed security issues between the two Koreas.⁴

The Kim and Roh governments failed to understand the fundamental problem of North Korea. As a result, contrary to their expectations, the South's unilateral engagement policy failed to bring about the desired change or reform. Like many South Korean conservatives, the Lee government believes that both the Kim and Roh governments' perception of the North Korean regime was unrealistic, naïve and wishful, overlooking the true nature of the Kim Jong-Il regime which is basically a bellicose and rogue regime not interested in reform or opening North Korea. As a result, many Korean conservatives have doubts about the efficacy of the sunshine policy, which is justified, in part, by its supporters on the basis of the theory of functionalism or a functional approach to international integration and cooperation. The supporters of the sunshine policy tended to hold an overly optimistic view that North Korea would be susceptible to such an approach, ignoring the true nature of the North Korean Communist regime. While the functional approach has been effective in bringing about genuine international integration and cooperation between ideologically similar systems (e.g., Germany, France, Great Britain, etc.), such an approach normally does not work between the ideologically incompatible regimes. In order for such an approach to succeed, the states involved should have compatible political systems, comparable political cultures and values, and a willingness to accept the status quo insofar as the existing international order is concerned.

The Lee Myung-Bak government's new North Korea policy is, then, based on the assessment that the sunshine policy of the previous two administrations failed to achieve the professed objective of attaining genuine rapprochement between the two Koreas by transforming North Korea into a peaceful normal state from a militant revisionist one. Both the Roh and Kim governments' engagement policy toward North Korea

failed in inducing Pyongyang to undertake the necessary reform and achieve openness. It also failed to prevent the North Korean nuclear weapons program. Through unilateral concessions and lavish assistance to North Korea, their North Korea policy inadvertently helped to strengthen Pyongyang's international and domestic positions after 2002 rather than resolving the second nuclear crisis of that year. For example, when North Korea carried out a nuclear test in October 2006, the Roh government continued to pursue the same policy. Moreover, on the eve of the 2007 presidential election in the South, President Roh decided to hold the second inter-Korean summit with Kim Jong-Il in Pyongyang in early October 2007. There, he made additional concessions and commitments to the North which came to cover numerous additional projects (e.g., two major shipyards, railways, highways, etc.) as clearly elaborated in the South and North Prime Ministers' Agreement of November 16, 2007.⁵

In view of the "sunshine" regimes' failure to dissuade or tame North Korea on the nuclear issue, the Lee government believes that South Korea must move away from a unilateral policy of appeasement to a more realistic and effective policy toward the North to bring about the denuclearization of North Korea. South Korea should discard its delusion that the North Korean regime can be persuaded to undertake any serious reform or opening through the lavish provision of economic aid.⁶

There are, in fact, several points to be made about the Lee government's North Korea policy.⁷ First, the most important objective of the Lee government's North Korea policy is to dismantle North Korea's nuclear weapons program. In order to cope more effectively with Pyongyang's nuclear threat, the Lee government intends to strengthen its international ties with friendly powers, especially with the U.S. The strengthening of the alliance with the U.S. is vital to the national security of South Korea and for peace and stability on the Korean Peninsula. Together with the U.S., South Korea will strive for the denuclearization of North Korea. Seoul will also improve its relations with Japan, with which it shares similar values and concerns in dealing with the issues of peace and security in East Asia.

Second, the Lee government is willing to play the leading role in bringing about the peaceful reunification of Korea on the basis of democracy and a market economy. South Korea will not beg to have a dialogue or conduct negotiations with Pyongyang. The South will also take a more pro-active stance on the North's human rights issue. Unlike the Kim and Roh governments, which had abstained instead of voting for the resolutions criticizing North Korea's violations of human rights in the United Nations (U.N.), the Lee government is determined to criticize

Pyongyang's abuse of human rights and support U. N. resolutions condemning such practices.

Third, the South will provide humanitarian aid to the North, if requested by Pyongyang, even before the complete resolution of the North's nuclear issue. South Korea will, however, demand adequate monitoring and reciprocity in providing humanitarian aid to North Korea. Specifically, it will demand the repatriation of South Korean prisoners of war (POW) and several hundred fishermen abducted by the North after the Korean War. It will also request the North's cooperation to arrange family reunions among families separated by the Korean War.

Fourth, until North Korea's nuclear issue is resolved, South Korea will link its economic assistance to the denuclearization of North Korea.⁸ If the Kim Jong-Il regime takes decisive steps for dismantling its nuclear weapons program and liberalizing its economy, South Korea will help Pyongyang's economic development by providing both money and technical know-how.⁹ In short, South Korea's provision of economic aid to the North will be reciprocal in nature and linked to the abandonment of Pyongyang's nuclear weapons program. Such linkage is clearly incorporated in Lee's ambitious "Vision 3000: Denuclearization and Openness" plan.¹⁰

III

It became quite evident from the time of the 2007 presidential election campaign that Lee Myung-Bak's top priority was to eliminate North Korea's nuclear threat by strengthening the Republic of Korea (ROK) – U.S. alliance and enhancing cooperative ties with Japan and other powers in Northeast Asia. Since a nuclear-armed North Korea would not only pose a serious threat to South Korea but also imperil the balance of power on the Korean Peninsula, Lee did not want to repeat the mistakes committed by his left-leaning predecessors, Kim Dae Jung and Roh Moo-Hyun. After winning the presidential election, President-elect Lee made it clear that the denuclearization of the Korean Peninsula would be the top priority of his administration.¹¹ To attain this goal, his government would not provide economic assistance to North Korea unless and until the North faithfully implemented the agreements on the denuclearization of North Korea (e.g., the September 19 Joint Statement of 2005 and the February 13 Agreement of 2007, and the October 3 Agreement of 2007) reached at the six party talks in Beijing.

Following the inauguration of the Lee government on February 25, 2008, the new President took active steps to "restore" the ROK-US alliance which had been impaired under Roh Moo-Hyun. In order to ensure the security of South Korea, and also to cope effectively with the

North Korean nuclear issue, Lee believed that the strengthening of the ROK-US alliance through the restoration of mutual trust was essential. He also believed that a strong alliance with the U.S. would ensure South Korea's ability to deter any military threat or adventurism by North Korea. In addition, in order to bring about the denuclearization of North Korea, it seemed essential for Seoul to cooperate with Washington. Under the Roh government, South Korea had disagreed openly with the U.S. in dealing with the North Korean nuclear issue both within and outside the six party talks in Beijing. Such discord between the two allies unquestionably weakened the effectiveness of the U.S. efforts to resolve the nuclear issue with North Korea. In an interview with a group of Korean, Japanese and American reporters, Lee made it clear that there was a need to "restore" South Korean-U.S. relations which had been impaired in the previous ten years so that "better relations between South Korea and the U.S. will ensure better inter-Korean relations."¹²

In his inaugural address, President Lee pledged to strengthen ROK-US alliance as an important goal. Thus, there is no doubt that the ROK-US alliance will remain as the main pillar of the South Korean security framework. During his visit to the U.S. for a summit meeting with President George W. Bush in April 2008, Lee agreed to expand ties in military, economic, political and cultural sectors, cooperate for the denuclearization of North Korea, seek early ratification of bilateral free trade agreement (FTA), and open the Korean market for American beef. Furthermore, the two leaders agreed to upgrade the ROK-US alliance to that of a strategic alliance for the 21st century.¹³

In addition, in dealing with the denuclearization of North Korea, the Lee government also regarded it as important to strengthen cooperation with Japan. The cooperative relations between the two neighbors are not only vital to the promotion of their mutual interests and security, but also for the restoration of a de facto tripartite alliance among South Korea, the U.S. and Japan in dealing with North Korea. In his talks with former Japanese Prime Minister Fukuda Yasuo in the spring of 2008, Lee repeatedly said that he would not ask Tokyo to make a public apology for past mistakes. Rather, he would seek a future-oriented relationship with Japan. North Korea denounced Lee's visits to the U.S. and Japan, contending that Lee had committed acts of "treacherous treason" during his trips to the U.S. and Japan.¹⁴

The Lee government's initiative to revitalize and upgrade the ROK-US alliance, coupled with the resumption of close cooperation with Japan, angered North Korea. In response, Pyongyang stepped up a vicious propaganda campaign against the Lee government. On March 31, 2008, the *Rodong Sinmun*, the official organ of the North Korean regime,

criticized Lee's collusion with the U.S. and Japan " to establish a triangular military alliance." It denounced the Lee government's "pro-U.S. flunkeyism" and "anti-North Korean confrontation" policy, contending that Lee Myung-Bak was "trying to overturn everything that has been achieved between the North and the South" since the signing of the June 15 Joint Declaration in 2000.¹⁵ According to the paper, the Lee government was "raising [a] hue and cry over the so-called nuclear threat from the North," while insisting that the "priority should be given to the complete abandonment of the nuclear [programs]." However, the nuclear issue is "strictly" an issue between North Korea and the U.S. It went on to say that the South Korea's demand for the abandonment of the North's nuclear program "is nothing more than a declaration of confrontation and a declaration of war."¹⁶

IV

Another policy initiative announced by the Lee government, "Vision 3000: Denuclearization and Openness," has also become a thorny issue in North-South Korean relations. During the 2007 presidential election campaign, candidate Lee proposed this framework for his new North Korea policy. The new policy initiative has been retained after winning the presidential election. The proposed new plan stipulates that if North Korea decides to abandon its nuclear weapons program, the South will reciprocate with an equally decisive set of measures. Specifically, upon the successful implementation of denuclearization measures laid out in the September 19 Joint Statement (2005), South Korea, in cooperation with the international community, will promptly activate the Vision 3000 in order to help raise the North's per capita GNI from the current level (i.e.\$650) to \$3,000 within ten years by implementing a fairly comprehensive assistance plan in five key areas, namely economy, education, finance, infrastructure, and welfare systems.¹⁷

The new policy is designed to ameliorate North Korea's chronic economic problems. North Korea is one of the poorest countries in the world, and one of the few which still has a Stalinist "command economy." Moreover, without accepting foreign economic aid, it cannot feed its own people. Under the ineffective Stalinist "command economy," North Korea has been plagued by inefficient state-owned enterprises, obsolete production facilities, a deficient infrastructure, and a serious shortage of energy. Under these circumstances, it is extremely difficult, if not impossible, for North Korea to revitalize its economy on its own. Clearly, it requires outside economic assistance, particularly in capital and technology. Also, North Korea's economic reconstruction

requires a viable developmental strategy such as the Chinese or South Korean models.

In order to fulfill the goal of increasing North Korea's per capita GNI to \$3,000 within 10 years, South Korea will provide comprehensive economic aid packages in five key areas. First, the South will help North Korea's transition to an export-oriented economy. Specifically, it will develop 100 enterprises, each of which will be capable of exporting goods with more than \$3 million annually. In addition, five "free trade zones" will be established in North Korea. Second, it plans to train 300,000 North Korean professionals in economics, finance and technology. For this purpose, the plan calls for the establishment of several key science and technology institutes in North Korea, while assisting North Korean colleges and universities to offer programs in economics, finance and trade. Third, the South will also establish international cooperation funds equivalent to \$40 billion or more by securing loans and credits from the World Bank, the Asia Development Bank, the Inter-Korean Cooperation Funds (South Korea), and other international sources. Fourth, Seoul will construct a new "Seoul-Shinuiju" (Kyung-ui) Railroad Expressway, connect the inter-Korean main communication networks, and repair the North's ports, railways and highways. Fifth, Seoul plans to improve the North Korean quality of life by eradicating absolute poverty by resolving the food shortage, providing health care services, and planting 100 million trees to reforest North Korea.¹⁸

In order for Seoul to implement the Vision 3000 plan, the North's nuclear weapons program must be dismantled through the faithful implementation of the September 19 Joint Statement. In addition, North Korea must adopt reforms. Furthermore, the success of the Lee government's Vision 3000 plan requires active international community support and cooperation. The U.S., Japan, China, Russia and the European Union must cooperate with the two Koreas and participate in the Vision 3000 projects. Also, instead of unilateral giveaways by South Korea, future economic assistance to North Korea must be based on a sound investment strategy.

The Lee government intends to implement its "Vision 3000: Denuclearization and Openness" through a three-stage process.¹⁹ In the first stage, when North Korea completes the disablement of its nuclear facilities, Seoul will begin discussions on creating an economic community with the North. Once North Korea finishes its nuclear disablement and agrees on verification, the Lee government will begin the process of starting the Vision 3000 plan. At the second stage, through the high-level inter-Korean talks, Seoul will prepare a legal framework to stimulate economic cooperation, assist in investment and liberalize inter-

Korean trade. At the third and final stage, when the North completes its nuclear dismantlement, the South's aid plan will accelerate to actualize the goals of Vision 3000. The Lee government plans to draft and sign an agreement with the North on the formation of the Korean Economic Community (KEC).

Despite the Lee government's good intentions, the Vision 3000 plan has proved to be a "non-starter" with the Kim Jong-Il regime, which regards the South's new policy initiative as a scheme concocted by South Korea to bring about regime change in the North. Pyongyang has branded Lee a "traitor," while denouncing his North Korea policy as "anti-national, anti-reunification" and hostile. Pyongyang claims that Lee is seeking to undo the achievements of national reconciliation and cooperation, which were brought about by the "sunshine-era" governments in the South from Feb. 1998 to Feb. 2008.

V

In view of the Lee government's tougher policy toward North Korea, it was natural that the relationship between Seoul and Pyongyang would undergo a period of painful adjustment, starting in the spring of 2008. North Korea's initial reactions to President-elect Lee were cautious and characterized by a wait-and-see attitude. For instance, in a New Year's joint editorial carried by the state-run Korean Central News Agency (KCNA), the North refrained from commenting on President-elect Lee Myung-Bak and his North Korea policy.²⁰ Rather, it expressed the hope that the accords reached at the second Korean summit meeting in early October 2007 would be implemented on schedule under the incoming Lee government. Among other things, those records contained an agreement on numerous new aid projects that would require billions of dollars.

However, it became increasingly clear that Lee Myung-Bak was not going to honor or implement either the June 15 Joint Declaration or the October 4 (2007) Declaration signed by Kim Jong-Il and Roh Moo-Hyun. In his interview with several foreign correspondents in early February, President-elect Lee indicated a cautious approach to those projects, saying that "feasibility studies" would be necessary to review whether they were economically sound or not. In addition, it would be necessary to consider "whether we can handle the financial burdens" involved and seek a national consensus on the proposed large-scale projects.²¹ In addition, he declared that South's aid programs for the North would be linked to progress in the dismantlement of Pyongyang's nuclear weapons program.²² President-elect Lee also pledged a tougher policy toward North Korea by demanding more reciprocity from Pyongyang. Apparently, these statements indicated the seriousness of

Lee's intentions to reexamine the scope and nature of economic assistance to North Korea.

Following Lee's inauguration on February 25, 2008, inter-Korean relations began to deteriorate rapidly. On March 27, in a major change of position, South Korea decided to vote for a U.N. resolution criticizing human rights abuses in North Korea. The move signaled Lee's tougher policy line toward North Korea, particularly on the human rights issue, a departure from the two previous Korean governments. About the same time, the North expelled eleven South Korean officials stationed in the Kaesong Industrial Complex (KIC), one of the few symbols of inter-Korean economic cooperation, following South Korean Unification Minister Kim Ha-Joong's remarks that there would be no further expansion of the KIP until North Korea abandoned its nuclear weapons program. On the next day, North Korea test-fired short-range missiles off its west coast.

On March 31, 2008, the *Rodong Sinmun* denounced the Lee government's North Korea policy in general and its "Vision 3000: Denuclearization and Openness" in particular. Charging that the Lee government was pursuing a pro-U.S. and anti-North Korea policy, it contended that Seoul was also "trying to overturn everything that has been achieved between the North and the South" since June 15, 2000. In addition, Pyongyang rejected outright the Vision 3000 plan as "extremely absurd and presumptuous gibberish," in demanding the North's "complete abandonment of nuclear programs" and its "opening" to the outside world as prerequisites for the activation of the Vision 3000 plan. It went on to say that pursuing such a policy of "confrontation and war" would lead "North-South relations to ruin."²³ It contended that the Lee government's "talks about "the so-called opening" was "an intolerable provocation" to North Korea, for it was a plan that "is made completely without knowledge of us and with a lack of political sense." Moreover, according to the same paper, it is designed to bring about the subjugation of North Korea to the hegemonic powers. It added that the "no-nukes, opening, and \$3,000" was full of the provocative "sophism" against North Korea," revealing the "anti-reunification, anti-national nature of the Lee Myung-Bak regime." It warned that should "traitor" Lee opt for "the road of confrontation, scrapping the North-South declarations and agreements and being subservient to the outside forces," North Korea would have "no option but to respond differently."²⁴

On April 3, North Korea completely suspended the North-South dialogue and banned the crossing of the military demarcation line by South Korean officials. North Korea took issue with South Korea's chairman of the Joint Chiefs of Staff, General Kim Tae-Young, who had

testified earlier before the National Assembly that "if there were signs of imminent nuclear attack by North Korea, South Korea could launch preemptive attacks against the North's nuclear bases."²⁵ When Seoul attempted to clarify the meaning of General Kim's remarks by delivering a note of explanation, a North Korean representative at the senior military officers' talks not only refused to receive the note but also notified Seoul that the North would suspend its official dialogue and contacts with the South.²⁶ Since then, all inter-Korean official contacts and dialogue have been suspended.

By the early summer of 2008, it became increasingly evident that North Korea was reacting unfavorably to the Lee government's overtures for the resumption of a dialogue between South and North Korea because Pyongyang was clearly disturbed by Lee's policy toward North Korea. Specifically, North Korea was quite unhappy that: (1) the Lee government had refused to commit itself to honor the two inter-Korean summit agreements signed between Kim Jong-Il and Lee's two predecessors (Kim Dae-Jung and Roh Moo-Hyun) in 2000 and 2007; (2) instead of pledging to implement the June 15 (2000) Joint Declaration and the October 4 (2007) Declaration, the Lee government wanted to introduce and implement the "Vision 3000: Denuclearization and Openness" without any prior consultation with North Korea; and, (3), the top priority of the Lee government was the denuclearization of North Korea and for this purpose, the Lee government sought to strengthen its alliance with the United States. Clearly the Lee government's stance on all three issue areas was perceived by Pyongyang as hostile and troublesome. From the end of March 2008, North Korea's official media stepped up a virulent propaganda campaign against the Lee government, denouncing him as a "traitor" and a "sycophant."

Apparently, the Lee government's ambivalent position on the June 15 Joint Declaration (2000) and the October 4 Declaration (2007) was resented deeply by the North. Pyongyang demanded that the new South Korean government unequivocally acknowledge and adhere to these inter-Korean agreements²⁷, warning that there could be no progress in inter-Korean relations unless the Lee government did so. However, Lee did not give a clear-cut answer to the North's demand, saying that North and South Korea should honor all the major inter-Korean agreements reached since 1972, including the South-North Korean Basic Agreement on Reconciliation, Cooperation and Non-Aggression of 1992 and the North-South Korean Joint Declaration on the Denuclearization of the Korean Peninsula of 1991.

Moreover, regarding the implementation of the cross-border joint projects agreed upon at the second summit on October 4, 2007,

President Lee indicated that each project would be reviewed on the basis of feasibility studies, evaluating cost-effects aspects, analyzing South Korea's financial capability to shoulder the costs involved, and considering public opinion. Such an approach clearly angered Pyongyang, for it was counting on the implementation of these cross-border economic projects with massive financial assistance from South Korea.

Through a commentary published on April 14, the *Rodong Sinmun* denounced the Lee government's North Korea policy as "anti-national and reactionary." It went on to say that "Unless this policy is changed," North-South Korean relations "will be ruptured."²⁸ In addition, it emphasized that so long as the Lee government refused to recognize the legitimacy of the June 15 (2000) Joint Declaration and the October 4 (2007) Declaration, Pyongyang would not sit together or negotiate with the "national traitors' group."²⁹

Against this background, Minister of Unification Kim Ha-Joong indicated in his testimony before the National Assembly's Committee on Foreign and Trade Affairs that the Lee government was willing to discuss with North Korea the problem of implementing several major agreements signed between South and North Korea, including the South-North Basic Agreement (1991), the June 15 Joint Declaration (2000) and the October 4 Declaration (2007). Clearly, Kim's statement was more flexible than the remarks made by President Lee during the policy briefing at the Ministry of Unification on March 26. At that meeting, Lee had pointed out to senior officials that South and North Korea had signed the South-North Korea Basic Agreement (1991) and other agreements at the more recent inter-Korean summit meetings. Of these, he added, "the most important thing is the preservation of the spirit of the 1991 basic agreement." However, he said nothing about either the June 15 Joint Declaration or the October 4 summit agreement (2007)³⁰. Apparently, North Korea had become deeply disturbed by the Lee's omissions.

On May 8, the KCNA issued a commentary denouncing the Lee government's North Korea policy. It declared that "because of traitor Lee Myung-bak," North-South Korean relations, which had been improving on the basis of the June 15 Joint Declaration, "have now entered a phase of crisis." It then went on to say that, because of the Lee government's "hostile" policy toward North Korea, the atmosphere of national reconciliation and cooperation "has now evaporated," while "military tension and confrontation are aggravating," due to the Lee government's attempts to block the implementation of the June 15 Joint Declaration (2000) and the October 4 Declaration (2007).³¹ Denouncing the Lee government as a group of "traitors," the KCNA commentary warned that

"aggravated military tension and confrontation will lead to clashes," such as the second Korean war.³²

To clarify South Korea's position on the inter-Korean summit agreements, on June 20, Vice Minister of Unification Hong Yang-Ho pointed out that the Lee government had not officially "either rejected or approved" the validity of the June 15 Joint Statement and the October 4 Declaration. Furthermore, he pointed out that it was not appropriate to say that just those inter-Korean summit agreements signed with Chairman Kim Jong-Il were important, for there were other significant agreements signed between Seoul and Pyongyang. All should be studied together in order to prioritize the agenda on the basis of a realistic analysis.³³

Against the backdrop of heightened tensions on the Korean Peninsula, opinion leaders in South Korea began to advocate a more flexible approach to North Korea. For example, former President Kim Dae-Jung urged President Lee to "soften his hawkish policy on North Korea."³⁴ In a speech commemorating the eighth anniversary of the first inter-Korean summit, Kim stressed that the June 15 South-North Joint Declaration should be implemented to improve inter-Korean relations and ensure peace on the Korean Peninsula. A similar view was expressed by Son Hak-Kyu, chairman of the main opposition United Democratic Party (UDP).³⁵ In the meantime, other South Korean religious and civic leaders urged the Lee government to provide unconditionally humanitarian food aid to North Korea, as North Korea was suffering from a serious food shortage resulting from floods in 2007.

By the summer of 2008, there were indications that the Lee government was, in fact, becoming more flexible on implementing the Vision 3000 plan. As the plan had been initially conceived as a program to be activated following North Korea's abandonment of its nuclear weapons program, it was not clear what the Lee government was going to do before or during negotiations on denuclearization. Quoting a government source, the *Korea Herald* reported that there had been a misunderstanding that the Lee government would not provide any economic assistance to the North until after nuclear disarmament. According to the same source, Vision 3000 was a plan "that would promote, in steps, what is realistically plausible based on the situation regarding the North's nuclear problem."³⁶

Earlier, North Korea had also rejected President Lee's proposal for the exchange of liaison offices between Seoul and Pyongyang. Lee made the proposal in an interview with the *Washington Post* on April 19 during his trip to the U.S. for a summit meeting with President George Bush. Pyongyang also rejected Lee's proposal for an inter-Korean summit

meeting with Kim Jong-Il. According to the KCNA, since Lee had negated or ignored the agreements of the previous two inter-Korean summit meetings, "it is preposterous" for him to talk about the summit talks. It added that Lee should "clarify his stand towards the June 15 joint declaration and the October 4 declaration before talking about the summit talks."³⁷

VI

By the beginning of July 2008, there were indications that the Lee government's North Korea policy was now putting more "weight into fostering inter-Korean relations and less emphasis on the previously hawkish approach."³⁸ According to a South Korean source, Seoul was moving away from its hawkish stance because "the hard-line approach is proving to be ineffective." Within the Lee government, the "reciprocity approach" linking inter-Korean relations with full denuclearization and internal reforms in North Korea was "giving way to the less conditional, pro-engagement Sunshine approach."³⁹ For example, on the humanitarian aid issue, the Lee government announced on June 30 that South Korea would offer food aid to the North without an official request from Pyongyang. The announcement represented a subtle change from the original position in the spring 2008 that it would offer aid "only when North Korea specifically asks for it."⁴⁰

Furthermore, the Lee government's position on a number of other inter-Korean issues began to take a more dovish tone. Regarding the Kaesong Industrial Complex (KIC), Lee indicated a willingness to "actively seek a stable, long-term development of the joint project."⁴¹ Previously, in March, Unification Minister Kim Ha-Joong had expressed a more cautious view that "without full denuclearization by the North, there will not be any expansion of the Kaesong complex."⁴² Currently about 30,000 North Korean workers are employed by 72 South Korean firms in the KIC.⁴³

Regarding the October 4 Declaration (2007), the Lee government has now declared that it "is open to further discussion with the North" and that it may be possible to implement all the provisions in the declaration that was signed by then President Roh Moo-Hyun and Kim Jong-Il. For example, Unification Minister Kim told reporters on July 1 that "If we negotiate with North Korea, it may be possible to [discuss measures to] implement the October 4 declaration 100 percent," even though "it would be premature at this stage to decide what we can and cannot do."⁴⁴ The minister was also upbeat about the possible normalization of ties between North Korea and the United States, for as North Korea continues its denuclearization and as Pyongyang and

Washington improves their ties, "that will also have a positive impact on the Seoul-Pyongyang relationship."⁴⁵

A more flexible approach toward North Korea was also indicated by President Lee a fortnight later in his policy speech before the National Assembly. "Full dialogue between the two Koreas must resume," Lee said. "The South Korean government is willing," according to the President, "to engage in serious consultations about how to implement the inter-Korean agreements," including the two summit agreements signed in 2000 and 2007 by his predecessors and Kim Jong-Il. Such a statement signaled a significant shift in Lee's North Korea policy⁴⁶, for this is the first time that conservative Lee has expressed his willingness to discuss ways of implementing the agreements signed between South and North Korea leaders, including the June 15 Joint Declaration (2000) and the October 4 Declaration (2007). Previously, as a critic of the sunshine policy of his predecessor governments, Lee had shown reservations about, and even disregard for, the accords negotiated by Kim and Roh.

Lee's about-face came amid mounting internal and external pressure to change his policies. Crippled by weeks of protests against his decision to lift an import ban on U.S. beef in June-July 2008, Lee was hard pressed to placate left-leaning progressives in the opposition camp, especially those who strongly advocated reconciliation and cooperation with the North under the banner of the sunshine policy. His more moderate approach toward the North also reflected Seoul's growing optimism concerning the implementation of the second phase of the denuclearization agreement in the aftermath of Pyongyang's submission of its nuclear programs and facilities to China on June 26. The Bush administration had responded to the North's submission of the list by notifying to the U.S. Congress its intention to lift North Korea from Washington's list of state sponsors of terrorism.

To be sure, Lee still reiterated that his government's top priority in dealing with Pyongyang was the denuclearization of the North, hinting that no major economic aid would be forthcoming unless significant progress was made in ending the North's nuclear weapons program.⁴⁷ Still, Lee's overture was considered a softening of his hard-line posture.

Lee's overture was overshadowed, however, by the death of a South Korean tourist who was shot by a North Korean soldier at the Mt. Kumkang resort on the same day Lee delivered his speech. Seoul denounced the killing of the woman, urging Pyongyang to cooperate in the investigation of the incident so as to prevent similar incidents from happening again. South Korea also immediately suspended the Mt. Kumkang tourism program, a major source of hard currency for the cash-

strapped North. The tour, taken by an average of 30,000 tourists on a monthly basis, is seen as a symbol of reconciliation and economic cooperation between the two Koreas, as well as the Kaesong Industrial Complex. A total of 190,000 South Koreans visited Mt. Geumgang during the first half of 2008, an increase of 85,000 from the same period in 2007⁴⁸. The Hyundai Group pays hefty fees for the right to use the area. In recent years, the North Korean regime has been paid some \$72 million as annual rent, plus an additional fee per visitor, which has produced another \$10-15 million.⁴⁹ Additionally, more income is earned through the sale of overpriced local products and services. Clearly, this was the worst crisis in the decade-long history of the Mt. Geumgang project.

While the South demanded an apology, the North reacted with its own demand of apology. On July 13, North Korea not only blamed South Korea for the death of a South Korean tourist but also rejected the offer made by Lee in his July 11th speech to resume dialogue as a "laughable cheap trick."⁵⁰ "It contains nothing new, "according to the *Rodong Sinmun*. It further said that Lee's proposal was "not worth our consideration," for he has failed to clarify his stand on the historic June 15 joint Declaration (2000) and the October 4 Declaration (2007).⁵¹ Pyongyang also criticized Lee's speech for reaffirming that his government's top priority was the denuclearization of the North. It went on to say that the "resumption of multi-faceted dialogue" advocated by Lee was "nothing but an empty talk," and that his confrontational policy towards the North remains "unchanged."⁵²

Against mounting tensions in inter-Korean relations, the main opposition United Democratic Party (UDP) urged President Lee to modify his diplomacy. Comparing the atmosphere on the Korean Peninsula to that during the Cold War era, the UDP floor leader called for the Lee government to redouble its efforts to promote reconciliation and cooperation between the two Koreas.⁵³ Others advised Lee to change the title of the Vision 3,000 plan, for it was offensive to the North. So far, the Unification Ministry has not responded to such proposals.

To seek a breakthrough in inter-Korean relations, on August 15, President Lee reiterated his proposal for the resumption of full-fledged dialogue and economic cooperation between the South and the North. He urged the North to abandon its nuclear weapons program and embrace inter-Korean dialogue and cooperation for the creation of a Korean economic community. However, there was no favorable response from North Korea. In fact, North Korea's attitudes toward the Lee government remained unchanged as reflected in its denunciation of the annual joint U.S.-ROK military drills in August as preparations for a "war of

aggression” against North Korea.⁵⁴ Despite the North’s negative reactions, the Lee government has announced its intention to pursue the existing policy, which is now called officially the “policy of mutual benefits and common prosperity” toward North Korea.⁵⁵

VII

From the foregoing analysis, a few basic conclusions can be drawn: First, there are some observers who maintain that one should not be overly pessimistic about the current stalemate in South-North Korean relations, for this is not the first time that North Korea has taken a hawkish posture toward the South and made unreasonable demands. In an attempt to squeeze out concessions from new South Korean governments every five years, North Korea has utilized the tactic of suspending the inter-Korean dialogue as a means of testing and taming new South Korean administrations. It is not unusual for North Korea to wait at least one year or longer before it resumes talks with a new South Korean government. However, in view of the serious nature of the disagreement between Seoul and Pyongyang on a number of important issues, the current frosty inter-Korean relationship is likely to linger for a relatively longer period of time. North Korea wants the Lee government to continue the “sunshine” policy toward the North, whereas the Lee government has no intention of embracing such a policy which has failed to prevent North Korea’s nuclear weapons program. Unless North Korea abandons its nuclear weapons program, the Lee government will not provide economic assistance to North Korea.

Second, insofar as the Lee government is concerned, there is little incentive to make concessions to Pyongyang concerning the June 15 Joint Declaration and October 4 Declaration, because these agreements include certain provisions which are unacceptable to many Korean conservatives. For example, the June 15 Joint Declaration contains an agreement on the formula for the reunification of Korea (i.e., one based on some form of confederation), which contravenes the formula stipulated in the constitution of South Korea (to seek reunification through peaceful democratic elections in both South and North Korea). As for the October 4 Declaration, it reaffirms the June 15 Joint Declaration in its entirety. In addition, it contains numerous inter-Korean economic cooperation projects which would cost over \$13 billion to South Korea. Besides, it is not clear whether these projects would necessarily serve the national interest of South Korea. Lee has promised the South Korean voters not to make lavish giveaways or unprincipled concessions to the North. Thus, the Lee government will have to resist the North’s pressure rather than accepting Pyongyang’s demand to honor

and implement these two inter-Korean summit agreements. To be sure, Seoul can negotiate with Pyongyang on the possibility of implementing economic cooperation projects, including some in the October 4 Declaration. However, it will depend on whether North Korea faithfully implements the agreements on denuclearization made at the six party talks in Beijing.

Third, in view of the deteriorating economic situation in North Korea, time is clearly on the side of South Korea. North Korea's economy remains in serious difficulty with little prospect for significant improvement anytime soon. North Korea clearly needs South Korea's economic aid in order to cope with its current economic difficulties. For example, North Korea is suffering from an acute food shortage due to the heavy flooding in August 2007 that damaged severely crops in various parts of the North, including the Hwanghae province, the "rice bowl" of North Korea. The North's 2007 grain production was estimated to be falling short of Korean goals by approximately 1.6 million tons; the difference must be secured from abroad. In short, North Korea sorely needs economic assistance from South Korea and, therefore, will have to return to the negotiating table with the South.

Fourth, the future of South Korea's economic assistance to North Korea is clearly linked to the denuclearization of North Korea. Since the denuclearization of North Korea is a prerequisite for the resumption of inter-Korean economic cooperation, the future of South-North Korean reconciliation and cooperation will depend largely on the implementation of the denuclearization agreements by North Korea. In the summer of 2008, the denuclearization process was stalemated, largely due to North Korea's unwillingness to accept the U.S. drafted protocol on verification of the North's declared nuclear programs and facilities. The U.S. was not going to remove it from the list of state sponsors of terrorism unless Pyongyang accepted the verification protocol. However, North Korea indicated that unless it got the *quid pro quo* from the U.S., Japan and other powers involved in the six party talks, it would reassemble partially disabled nuclear facilities to resume its nuclear activities. In mid-October 2008, the U.S. removed North Korea from the list of state sponsors of terrorism, as North Korea agreed to continue the process of denuclearization and accept international inspection of the declared facilities. Until North Korea complies fully with the agreement on denuclearization, the frosty South-North Korean relationship is likely to linger on for a considerable period of time.

Lastly but not least, Kim Jong-Il's health status after suffering a stroke in mid-August has cast further uncertainty and doubts about a breakthrough in the suspended cross-border relations with the South.

Although Kim is reported to be recovering from the stroke, he is apparently partially paralyzed and will require a considerable period of recovery and rehabilitation under the best case scenario. In case of his total incapacitation or death, a period of political instability or even crisis can be expected, as there is no clearly anointed heir apparent to Kim Jong-Il. Under the circumstances, North Korea will be most likely preoccupied with the politics of succession rather than foreign relations. Also, the North Korean military is expected to play not only an important role in the politics of succession but also in the decision making in North Korea during the period of power transition. Since many military leaders are known to favor an uncompromising stance on the nuclear issue and cross-border relations with the South, it may be difficult to expect any major breakthrough on these issues until a moderate new leader or leadership group emerges in North Korea.

Notes:

¹ *Chosun.com*. September 18, 2008.

² Duk-min Yoon, "Vision 3000, Denuclearization and Openness," *East Asian Review*, Vol. 20, No. 2, Summer 2008, p.6.

³ For a detailed analysis, see Hong Nack Kim, "South-North Korean Relations under the Roh Moo-Hyun Government," *International Journal of Korean Studies*, Vol. X, No. 1, Spring/Summer 2006, p.43.

⁴ *Ibid.*, p. 44.

⁵ For a text of the agreement, see "Agreement on the First South-North Prime Ministerial Talks," *Korea Policy Review*, December 2007, pp.9-11. For a detailed analysis of the agreement, see "Korea Accelerate Economic Cooperation," *ibid.*, pp.6-8. According to the Unification Ministry, these projects will cost South Korea at least \$14.3 billion. *Chosun.com*, September 19, 2008. An earlier estimate of the cost for these projects by an economic think tank (i.e., KIEP) to the Roh government was reported to be over \$116 billion. See *ibid.*

⁶ Hyeong Jung Park, "Lee Administration's North Korea Policy in the Context of Northeast Asian International Relations," *Korea and World Affairs*, Vol. 32, No.1, Spring 2008, p. 21.

⁷ "Lee's Foreign Policy Based on Pragmatism: President-elect Takes Realistic Approach toward North Korea," *Korea Policy Review*, January 2008, pp.10-13.

⁸ *Ibid.*, p. 21.

⁹ *Ibid.*, pp. 21-22.

¹⁰ For a detailed analysis of the plan, see Yoon, *op. cit.*, pp. 9-16. See also, Jae-Jean Suh, "Lee Myung-Bak Government's North Korea Policy," *Vantage Point: Developments in North Korea*, Vol. 31, No. 3, March 2008, pp. 2-8.

¹¹ *Asahi Shimbun*, February 2, 2002.

¹² *DongA.com*, February 2, 2002.

¹³ "S. Korea – U.S. Summit & Inter-Korean Relations," *Vantage Point: Developments in North Korea*, Vol. 31, No. 5, May 2008, p. 2. See also, Sang-Hyun Lee, "South-North Korean Relations after the ROK-U.S. Summit," *ibid.*, pp. 18-22; and Ji-Hyun Kim, "Korea, U.S. Entering New Stage of Alliance," *Korea Policy Review*, May 2008, pp. 6-8.

¹⁴ *Rodong Sinmun*, April 22, 2008. See also, [North] Korean Central News Agency (KCNA), "North Korea calls South president 'die-hard sycophantic traitor,'" *BBC Monitoring Asia Pacific – Political Supplied by BBC World Wide Monitoring (cited hereafter BBC Monitoring Asia Pacific)*, May 8, 2008.

¹⁵ *Rodong Sinmun*, "Self-Destruction Is the Only Thing That the South Korean Authorities Will Gain Through Their Anti-North Confrontation" (March 31, 2008), *BBC Monitoring Asia Pacific*, April 1, 2008.

¹⁶ *Ibid.*

¹⁷ Yoon, *loc cit.*, p.10. See also, "Lee's Foreign Policy Based on Pragmatism: President-elect Takes Realistic Approach toward North Korea," *Korea Policy Review*, January 2008, pp.10-13.

¹⁸ Yoon, *loc cit.*, pp.12-13.

¹⁹ *Ibid.*, pp.14-15. See Kwang-Ho Lee, "Seeking Dialogue with Pyongyang: North Korea turns deaf ear to repeated calls by South Korea for dialogue over chilly inter-Korean relations," *Vantage Point: Developments in North Korea*, vol. 31, no.9, September 2008, pp. 2-6.

²⁰ *Korea Times*, January 1, 2008. See also, *Asahi.com*, January 2, 2008.

²¹ *Korea Herald*, February 4, 2008.

²² *Ibid.*

²³ *Rodong Sinmun*, March 31, 2008.

²⁴ *Ibid.*

²⁵ *Asahi.com*, April 8, 2008.

²⁶ *Ibid.*

²⁷ *Korea Herald*, April 22, 2008.

²⁸ *Rodong Sinmun*, April 14, 2008.

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- ²⁹ *Ibid.*
- ³⁰ *Chosun.com*, April 29, 2008.
- ³¹ [North] Korean Central News Agency, “North Korea calls South president ‘die-hard sycophantic traitor,’” *BBC Monitoring Asia Pacific*, May 8, 2008.
- ³² *Ibid.*
- ³³ *Chosun.com*, June 20, 2008.
- ³⁴ *Korea Times*, June 10, 2008.
- ³⁵ Yonhap News Agency, “South Korean opposition leader calls for closer inter-Korean ties,” *BBC Monitoring Asia Pacific*, June 15, 2008.
- ³⁶ *Korea Herald*, June 3, 2008.
- ³⁷ KCNA, “North Korean body says South President’s summit proposal preposterous,” *BBC Monitoring Asia Pacific*, July 8, 2008.
- ³⁸ *Korea Times*, July 2, 2008.
- ³⁹ *Ibid.*
- ⁴⁰ *Ibid.*
- ⁴¹ *Ibid.*
- ⁴² *Ibid.*
- ⁴³ Yonhap New Agency, “Number of North Korean Workers at South-funded complex tops 30,000,” *BBC Monitoring Asia Pacific*, July 8, 2008.
- ⁴⁴ *Ibid.*
- ⁴⁵ *Ibid.*
- ⁴⁶ “Lee announces N. K. policy shift,” *Korea Herald*, July 12, 2008.
- ⁴⁷ Sang-Hun Choe, “Lee offers to resume talks with Pyongyang; South Korean leader pressured to relax his hard-line stance,” *International Herald Tribune*, July 12, 2008.
- ⁴⁸ *Korea Herald*, July 14, 2008.
- ⁴⁹ *Korea Times*, July 15, 2008.
- ⁵⁰ KCNA, “North Korean paper criticizes South Korean president’s ‘policy speech’ on ties,” *BBC Monitoring Asia-Pacific*, July 14, 2008. See also Sang-Hun Choe, “Seoul’s call for dialogue ‘laughable,’ North says; South’s anger over killing also frays ties,” *International Herald Tribune*, July 14, 2008.
- ⁵¹ KCNA, *op. cit.* July 14, 2008.
- ⁵² *Ibid.*

⁵³ *Korea Times*, July 15, 2008.

⁵⁴ Kwang-ho Lee, "Seeking Dialogue with Pyongyang," *Vantage Point: Developments in North Korea*, vol. 31, no. 9, September 2008, pp. 2-7.

⁵⁵ *Ibid.*, p.5.

