



PROSPECTS FOR NORTH KOREAN ECONOMIC REFORM

THE SUNSHINE POLICY WAS NOT, AND IS NOT, A FAILED POLICY

By Moon Chung-in

President Kim Dae-jung (KDJ) and his successor Roh Moo-hyun undertook a bold peace offensive labeled as the sunshine, or engagement, policy to induce incremental and voluntary changes in North Korea for peace, opening, and reforms through a patient pursuit of reconciliation, exchanges, and cooperation. Despite initial setbacks and a stalemate, the policy yielded some positive outcomes such as the first historic Korean summit in June 2000 and the adoption of the June 15 Joint Declaration, as well as the second Korean summit and the October 4 Joint Summit Declaration of 2007. Such developments signified a revolutionary change in inter-Korean relations. Nevertheless, the sunshine policy has confronted an array of criticism: unilateral concessions to the North without reciprocal gain, failure to resolve the North Korean nuclear issue, compromise of the South's national security posture, and neglect of human rights conditions in the North. The engagement initiative of the progressive decade was regarded as an outright failure.

My new book, *The Sunshine Policy - In Defense of Engagement as a Path to Peace in Korea*, attempts to refute these critiques and to suggest a new North Korean policy outlook. It argues from the outset that the sunshine policy has been grossly distorted and wrongly politicized. It was not the policy of appeasement, but a calculated strategic offensive to foster voluntary changes in the North. The sunshine policy did not compromise national security posture because its first principle is non-tolerance of military threat or armed provocation by North Korea. In return, President Kim officially abandoned the idea of unification by absorption and the negation of any other measures to undermine or threaten North Korea. While satisfying the two conditions, the sunshine policy attempted to achieve *de facto*, as opposed to *de jure*, unification through the promotion of exchanges and cooperation, trust-building, and peaceful co-existence. The underlying ideals were the absolute rejection of any war or major military conflicts on the Korean Peninsula, the formation of a union of North-South Korean states, the transformation of the North into a normal state, and the centrality of South Korea in managing the Korean problem and the external security environment.

The volume further claims that the sunshine policy was short of achieving intended policy goals not because of its inherent drawbacks, but because of unexpected events unfolding internally, externally, and within the peninsula. It places on North Korea the lion's share of blame for the ongoing military tensions and strained relations, citing its brinkmanship, habitual intimidations and belligerence. Nevertheless, the U.S. deserves blame as well for failing to manage the second North Korean nuclear crisis by preoccupying itself with neo-conservative rhetoric and practices during the Bush administration, which not only deteriorated North Korea-U.S. relations, but also made Pyongyang more reclusive and hesitant to seek inter-Korean exchange and cooperation. The MB government's North Korean policy also reversed many of the gains of the prior ten years. Founded on the renunciation of the previous engagement policy, its policy towards North Korea held an adherence to rigid principle over pragmatism, a hard line security stance, a failure to recognize North Korean identity, and a hope for a collapse of the regime in Pyongyang. Along with this, an unending arms race between the two Koreas continued to remain a challenge to the sunshine policy.

In the book, a Korean unification based on mutual consultation and consensus is singled out as the most plausible and desirable option. Neither the German model of unification by absorption nor the Vietnamese model of unification by force are considered optional. The volume contends that the sunshine policy is still relevant in realizing the unification through mutual consensus. It also argues and produces evidence that the sunshine policy was not, and is not, a failed policy. It is undue politicization of the policy that has left that impression. In fact, despite its unexpectedly short lifespan, it produced impressive results for reconciliation, cooperation, change and peace. Two Korean summits, the Kaesong Industrial Complex, the Mt. Geumgang tourist project, a large number of family reunions and South Korean visits to North Korea as well as visible changes in the North toward opening all underscore the power and relevance of the sunshine policy. Conversely, when dialogue, cooperation, exchanges and trust-building—all central to the sunshine policy—were suspended, inter-Korean relations were strained and military tension heightened. Thus, engagement is an irreversible historical trend and a mandate for Koreans.

It is all the more so given the new beginning that North Korea has recently experienced. After 17 years in power, Chairman Kim Jong-il died on December 17, 2011, and his son Kim Jong-un emerged as North Korea's new leader. He was only 29-years-old and inexperienced when he stepped up, with no concrete evidence of his performance or achievements. But the succession process since late December 2011 has been smoother than many observers had expected, as

demonstrated by a lack of near-term political crisis or confusion as to the new hierarchy, as well as no immediately visible signs of factional struggles, popular revolt or systemic breakdown.

The smooth transition can be ascribed to several factors. First, Kim Jong-un's legitimacy is impeccable due to his bloodline. North Korea is a country rooted in the monolithic Suryong system, founded by his grandfather Kim Il-sung and refined by his father Kim Jong-il. No one would question his legitimacy in the Kim dynasty. Second, his power base seems unassailable as he is surrounded, and protected, by three inner circles. The first circle is the ruling family. The second circle is the Korean Workers' Party itself, which has undergone a period of revival in recent years. The third circle is the military, the Korean People's Army, of which Kim is now Supreme Commander and to whom it has apparently pledged its unfailing loyalty. A third factor in the smooth transition is the rapid conclusion of institutional arrangements for his succession. Immediately following his father's state funeral on December 28, he was declared the new Supreme Leader, and has assumed the pivotal position of First Secretary of the Korean Workers' Party, and through this the chairmanship of the party's Central Military Committee. He was also appointed as First Chairman of National Defense Commission. Less than four months after Kim Jong-il's death, his son was able to control the party, the military and the state.

So in the near term, any political crisis in Pyongyang, let alone regime collapse, appears remote. But in the medium to longer term, the new Kim Jong-un leadership is likely to face a dilemma, and this should be the focal point of international responses to the transition process. The dilemma is created by two mutually conflicting goals that the regime has set for itself. Pyongyang has been loudly promising its citizens that 2012 marks the year of North Korea's emergence as a "strong and prosperous nation" (*Gangsung Gukga*). If Kim Jong-il could claim nothing else, he did achieve at least one thing for North Korea—the ultimate "strength" of nuclear deterrence, which the North Korean state media calls his "revolutionary legacy." Now, it is up to his son to achieve the other half of the equation: prosperity. Over the past few years, there have been unmistakable signs of a push to improve the national economy—from growing trade with and investment from China, revived plans for special economic zones and official propaganda promising to improve people's welfare. But the issue at stake is whether Kim Jong-un can enhance North Korea's prosperity without being forced to undermine the source of its strength—its nuclear weapons program. But there has been a clear signal of a renewed readiness by the new regime in Pyongyang to seek international help for easing its economic difficulties. The outside world should use the new beginning in North

Korea to embark on a coordinated, constructive engagement policy to normalize, and denuclearize, the Korean Peninsula. China has taken a bold initiative in this regard by seeking a wide range of economic cooperation with the North. According to a recent Reuters report, Russia has also followed a similar suit by “writing off 90 percent of North Korea’s \$11 billion debt and reinvesting the balance in the reclusive Asian state, in a sign of closer engagement with Pyongyang under new leader Kim Jong-un.” It is the time for South Korea, the U.S., and Japan to seek an engagement policy with North Korea in the letter and spirit of the sunshine policy.

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