US Strategy of Engagement During the Cold War and Its Implication for Sunshine Policy

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Abstract

In June 2000 the world watched the first-ever summit between South Korean president Kim Dae-jung and North Korean leader Kim Jong-il. The historic event was a result of continuing commitment to the positive engagement policy towards North Korea by Kim Dae-jung’s “sunshine policy” since his inauguration in early 1998. However, the totalitarian and repressive nature of the Kim Jong-il regime and its dependence on military force as a power source will remain as fundamental obstacles for any fundamental change in the North for peace and reconciliation with the South. The experience of detente and engagement policy of the United States towards the Soviet Union in the early 1970s shows the limit of one-sided engagement without changes in the other’s real intent. In this article, the author introduces two different strategy of engagement, conditioned and unconditioned engagement, as an analytical framework for understanding the logic and paradox of sunshine policy.
Kim Dae-jung’s “Sunshine Policy”

Since the inauguration of President Kim Dae-jung in early 1998, the South Korean government has launched a comprehensive engagement policy towards North Korea. Unlike his predecessors, Kim Dae-jung adopted a warm approach, consistently maintained in a so-called sunshine policy towards Pyongyang as an effective tool to induce North Korea into positive dialogue and cooperation.¹ This policy was a radical departure from South Korea’s previous policy towards North Korea because of its unconditional nature and the president’s unique approach in coaxing the North to the dialogue. Kim Dae-jung believed that continuing effort of engagement, even if one-sided by the South, would strengthen those in the North who want peace, weaken those who favor war, and result in positive gains for more cooperation. He put more emphasis on peaceful coexistence than on unification, and officially rejected the notion of absorption of the North by the South. Most importantly, he made it clear that he did not want to see the collapse of the North, which would impose enormous political and economic burden for the South. He hoped that these principles, consistently maintained, would in time make the North more amenable to dealing with the South on a lasting, bilateral basis.

Kim Dae-jung also took a pragmatic approach in engaging the North with the less controversial issues first to pave the way for discussing more sensitive issues later. The Seoul government encouraged non-governmental contacts of all kinds. The sunshine policy began as a green light for business and private citizens to forge their own contacts with the North. Numerous NGOs, churches and charities, were free to offer food and other aid and businessmen were no longer asked to seek specific approval for every visit to Pyongyang to negotiate investment and trade agreements.² Family visits to the North by those aged over 60 years old no longer need permission, only notification. After decades of government bans on any contact by civilians with the North under the

¹ Even though Kim Young Sam, the previous president, also made an effort to hold a summit with North Korea, his policy oscillated rather confusingly between soft and more often hard lines.
² Previously, all aid had to go through the South’s Red Cross under the auspices of the Ministry of National Unification.
National Security Law, this initiative was revolutionary indeed.

Among others things, the South Korean government hoped that the sunshine policy would lead to business cooperation on the part of South Korean enterprises. Hyundai group, the largest conglomerate in South Korea, took major initiatives with the numerous trips to the North by its founder and honorary chairman, Chung Ju-yung. Already manufacturing freight rail cars in North Korea, Hyundai made other proposals for joint ventures to include ship repair and scrapping, a power station, and even car assembly. Yet, the big surprise came with Hyundai’s proposal to ferry up to a thousand tourists a day to the Kumgang Mountains, a scenic spot just north of the DMZ. The possible impact would be truly revolutionary after the decades of complete separation between the North and the South. Thousands of ordinary South Koreans visiting the North would help to create mutual familiarity and understanding, and promote peaceful co-existence, the very objective of the sunshine policy.\(^3\)

Indeed, in less than a year after the launch of the sunshine policy, a prominent South Korea newspaper, Chosun Ilbo, reported that already more South Koreans had visited the North in 1998 than in all the 45 years since the end of the Korean War. Among 2,650 who visited North Korea between January and November, 1,356 were individual tourists, not with Hyundai cruises, most meeting their relatives. Another large group was 721 South Korean engineers who were working for the Korean Peninsula Energy Development Program (KEDO) project; 238 including journalists and sports officials went for social and cultural exchange. There were 203 business visitors and 125 aid workers from NGOs.\(^4\) Meanwhile, about 150,000 South Koreans went to Kumgang in the North on the Hyundai tours in the first year of business.

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3 South Korean government estimated that the North could earn up to $1.5 billion per year from the tour—almost twice as much as its total export earnings in 1997. The tours started on November 18th 1998, two months later than originally planned. EIU, Country Report: South and North Korea, 3rd quarter 1998, p. 6.

4 South Korea banned such travel altogether until June 1989, and even thereafter it was not made easy until Kim Dae-jung came to power. Visiting North Korea in 1998 were 2,650 people compared with 2,450 between 1989 and 1997. The 1998 figure excluded the 2,957 tourists who traveled on Hyundai’s cruises in the first forty-nights alone.
South Korea's sunshine policy was also applied on the diplomatic front. Whereas in the past, South Korea usually tried to check its allies' overtures to the North, the Kim Dae-jung administration has supported Pyongyang's efforts to end its isolation by normalizing its relations with outside world. President Kim, unlike his predecessor, urged his capitalist allies to join his efforts and to open full diplomatic relations with Pyongyang. Since the first meeting in December 1997, the South Korean government has actively promoted four-way talks between the two Koreas, the United States, and China. Although the official agenda was to create a peace structure on the peninsula, Seoul intended to use the format as a device to get the North to reopen a dialogue with the South because Pyongyang was insisting that it would talk only to the United States.

South Korea's sunshine policy has been reinforced by the positive engagement approach of the North's major enemy and the South's closest ally, the United States. The positive engagement policy of the Clinton administration became clear when Pyongyang was persuaded to abandon its nuclear program through promise of a reward at the last minute confrontation in 1994. Established under the Geneva Agreed Framework of October 1994 and led by the United States, the Korea Energy Development Organization (KEDO) is officially a multilateral consortium of South Korea, the United States, Japan and the European Union. Having promised to supply fuel oil to Pyongyang and build two new light water reactors (LWRs), KEDO has become an important forum for substantial practical inter-Korean cooperation. Southern tankers routinely carry oil from southern refineries to northern ports, while over two hundred southern engineers were living at Kumho on North Korea's east coast, working on the LWR site. To build the LWRs, in

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5 The format was first proposed by the US president, Bill Clinton, and the former president of South Korea, Kim Young Sam. Meanwhile, some pointed out that the format was missing two important actors in the region, Russia and Japan.

6 There are strong doubt and criticism on KEDO as well. Besides the criticism of appeasing the rogue state with rewards for its bluff, some questioned the real economic benefits of the project. They argue non-nuclear generating capability would do much more good for the North's needs than expensive light-water reactors. Furthermore, there have been concerns that the north's dilapidated electrical grid is in no condition anyway to handle power from the LWRs when they eventually produce the much-needed electricity.
December 1999, KEDO signed a $4.6 billion turnkey contract with Korea Electric Power Corporation, KEPCO, South Korea’s state-owned electricity supplier. Construction is expected to take until 2007, and will employ a mixed North-South labor force of up to ten thousand. South Korea will pay seventy percent, $3.2 billion, of the costs. Furthermore, KEDO later persuaded Pyongyang to let its nuclear engineers be trained in South Korea. All these South Korean efforts were to build confidence, so that North Korea would eventually agree to the formal political contacts it had long eschewed.

Yet, President Kim faced many challenges in pursuing his goal. Not surprisingly the greatest challenge came from North Korea which was not shy about testing the president’s will and his sunshine policy. While Chung Ju-yung, Chairman of Hyundai, was discussing joint ventures in the North after crossing the demilitarized zone (DMZ) bearing a gift of 501 cattle in June 1998, a North Korean infiltration submarine was found in southern waters for the second time in as many years. In August 1998, North Korea test-fired a multistage rocket over Japan. The incident not only infuriated the Japanese but more seriously raised suspicion of Pyongyang’s intention to develop a long-range missile, another major concern for the United States along with the nuclear program. The incident weakened those in the United States, Japan, and South Korea who support an engagement policy and strengthened those who view engagement as appeasement and prefer to meet force with force.

The challenges continued in the second year of Kim’s presidency. In June of 1999, after being attacked by North Korean patrol boats that had crossed the Northern Limit Line (NLL, the maritime extension of the Military Demarcation Line), the ROK Navy was engaged in a short but fierce battle, sank one North Korean torpedo boat and damaged several more. The North lost up to 80 men whereas South Korean casualties

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7 The South Korean authorities found it to contain nine people, all dead, plus weapons and material. Last time this happened, in September 1996, the South Korean government was furious and it soured relations with the North for the rest of Kim Young Sam’s term as president. This time Kim Dae-jung reacted calmly and insisted that his overall sunshine policy will not change.

8 Japan reacted angrily by refusing to commit the $1 billion it had previously pledged to the KEDO project. The US Congress passed resolutions seeking to end or severely restrict aid to North Korea.
amounted to only a few light wounds. This was the first direct clash between the two navies since the end of the Korean War in 1953.\footnote{\textit{It was suspected that North Korea's motive might be to challenge the NLL, which was declared unilaterally by the UN command at the end of the Korean war and to which North Korea never formally agreed, although it has de facto accepted it. Still, it raised many questions unanswered since a few days earlier in the same month, the two Koreas agreed to meet in Beijing at vice-ministerial level, for what would be the first such official talks in over a year. The agenda was to discuss reunions of separated families, in return for South Korea's supplies of 200,000 tons of much-needed fertilizer for North Korea. Apparently, the incident was not an accident because the North Korean military representative, who came to a meeting at Panmunjom to discuss the standoff at the very moment of first shooting, gave a warning of possible disaster for the South Korean navy.}}

After the navy battle, Kim Dae-jung suffered another major setback when North Korean authorities detained as a spy a South Korean tourist on a Hyundai cruise with her six-year-old-son.\footnote{Min Young-mi, an ordinary housewife, was forced to write a “confession” before her release after being accused of allegedly trying to encourage a guide to defect. It seemed she did no more than speak unwisely.} The South Korean government had to forbid further tours, then a symbol of the sunshine policy in the private sector, until Pyongyang guaranteed that such incidents would not recur. In the meantime the North's verbal abuse of the South continued.

No doubt, each such incident eroded public support in South Korea for President Kim's sunshine policy. A growing number of public critics, led by conservative voices and the opposition Grand National Party, viewed Kim Dae-jung's effort as a one-way street lacking any reciprocity from the North. They suspected that Pyongyang was taking advantage of the South's good will without changing its hostile intention. Despite continued provocation by the North and skepticism at home, however, Kim Dae-jung and his government remained firmly committed to the sunshine policy of positive engagement towards Pyongyang. Amid high-profile back-channel diplomacy, on March 9, 2000, during his visit to Berlin, President Kim again offered large-scale aid to rebuild North Korea's infrastructure and industry.\footnote{The talks involving summit were held in great secrecy in Shanghai and Beijing in March and April 2000 between South Korea's culture minister and close aid of Kim Dae-jung, Park Jie-won, and the vice-chairman of North Korea's Asian-} Two-and-a-half years of effort by...
President Kim, the first half of his five-year tenure in office, was finally rewarded with a dramatic response from his counterpart in Pyongyang.

The North-South Summit: Half-full, Half-empty?

President Kim Dae-jung’s persistence was finally rewarded by a highly celebrated first-ever North-South summit on June 13–15, 2000. The historic meeting looked very promising because of the surprisingly warm welcome by the host, Kim Jong-il, which impressed the millions of South Korean people who were watching the live broadcast of the historic event on North Korean soil. The very occurrence of such a meeting after fifty-five years of division would have been an impressive milestone, even had it ended as only a one-time event. The two leaders vowed to move towards peace and eventual reunification, and Kim Jong-il promised his return visit to Seoul in the near future.

The June summit produced an unprecedented number and a broad range of inter-Korean meetings and initiatives in the following months. There have been so many meetings, several involving ministerial or cabinet-level talks to discuss a variety of issues, that became routine and hard to follow, whereas in the past any such meeting was rare enough to cause excitement. Significant progress included the reopening of a liaison office at the border village of Panmunjom in August, the first-ever meeting between defense ministers in September, reunions of separated families in Pyongyang and Seoul for the first time since 1985, a plan for reconnecting rail links across the DMZ, and more. On the economic and business front, Kim Jong-il finally approved Hyundai’s plan to build its

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12 There has been a summit attempt before. In July 1994, with the help of the former US president, Jimmy Carter. The South and the North agreed to have a summit meeting between Kim Dae-jung’s predecessor, Kim Young Sam, and Kim Il Sung. This was cancelled, however after the latter’s sudden death in the same month.

13 Kim Jong-il, the dear leader, welcomed his elder guest, Kim Dae-jung, at the airport with a double handshake, and accompanied a 45-minute ride to the guest house. All these surprising gestures instantly changed Kim Jong-il’s image in much more positive way among South Korean people, even suggesting him as a president of unified Korea in the future.
long-cherished industrial export zone on a far more favorable site than it had dared hope: Kaesong, near the DMZ barely 50 km from Seoul. The company had long sought to build a huge industrial town to take advantage of the North’s cheap, educated, and disciplined labor to manufacture goods for export through South Korean firms. Many expect that such could be the real cornerstone of inter-Korean economic cooperation.

Meanwhile, Pyongyang appeared to make its own effort to emerge from isolation and open the country to outside world by cultivating ties with Western countries and in Asia. North Korea joined the ASEAN Regional Forum (ARF) in July 2000, a month after the summit. It established full diplomatic relations with major Western countries, including Canada, Australia, the UK, Germany, Italy, and France. Yet, the most important change was the sudden progress with the United States. More than a year after former US defense secretary William Perry’s visit to Pyongyang, in October 2000, high-profile North Korean General Jo Myong-rok went to Washington and held talks with President Bill Clinton, US Secretary of State Madeleine Albright, and the secretary of defense, William Cohen. The purpose of the visit soon became clear when Ms. Albright arrived in Pyongyang, to discuss the possible summit between Kim Jong-il and Bill Clinton, just eleven days after Jo Myong-rok left Washington.

Many hoped that inter-Korean tie, and thus prospects for peace on the peninsula, was undergoing a historic and irreversible change for the better. The hopes have never been higher. The vital question was whether progress would be cumulative and lasting with the promise of

14 Hyundai originally wanted to site near Haenyo, still fairly near the DMZ, but Kim Jong-il pressed them to go to Sinuiju, a far-remote area on the Chinese border, presumably because of security or opposition from the military. By this project, Hyundai hoped to start earning much-needed profits in order to balance loss from its tribute-style northern tour venture. Hyundai promised to pay $1 billion to Pyongyang over the six year business of its Kumgang Mountains cruise. For the export zone, Hyundai planned to build 3.3 sq. km. town at the first phase, and eventually extend to 66 sq. km. Once completed, the zone will export $20 billion trade goods per year, ten times the current export from North Korea.

15 As first vice-chairman of the North’s National Defense Commission (NDC), of which Kim Jong-il is the chairman as the North’s highest executive body, Mr. Jo is in effect considered to be the number-two man in North Korea.
peaceful transition on the peninsula. However, inter-Korean relations began to wind down from the elation of the June 2000 summit meeting when George W. Bush became a new US president with a conservative mandate in January 2001. In his later meeting with Kim Dae-jung in Washington, President Bush expressed strong suspicions about Kim Jong-il, souring US relations with Pyongyang. Although Mr. Bush later reaffirmed US support for the sunshine policy and US willingness to talk with the North “anytime, any place without precondition,” his emphasis on “reciprocity” for strict verifications and a “comprehensive approach” (i.e., add conventional arms reduction to dialogue topics) made Pyongyang uncomfortable in being forthcoming with Washington. The terrorist attack on September 11 exacerbated the already worsening situation as both sides exchanged accusations.

Yet, the biggest casualty of deadlock in the North-US relations was the sunshine policy. South Korea had to face the sudden cancellation of proposed talks with North Korea. Senior and working-level officials from both sides met on several occasions only to part empty-handed. Important initiatives—continuing reunions of separated families, railroad reconnection, and industrial site development—have been postponed indefinitely. Most important, Kim Jong-il has not made the return visit to Seoul promised during the Pyongyang summit. This was a big disappointment to Kim Dae-jung and his sunshine policy. Since there has been no sign of resumption in the talks since September 2001, the prospects for the sunshine policy and an inter-Korean peace process remain very uncertain.

Kim Dae-jung’s sunshine policy will remain a subject of debate in the coming years as a new government takes office in 2003. His sunshine policy brought a historic summit with the North Korean leader, Kim Jong-il, raised the level of inter-Korean dialogue, and broadened the scope for further reconciliation between the two countries. However, there has not been much change in the fundamental nature of the North Korean regime economically or politically despite continuing efforts to coax Pyongyang out of its isolation. The stalled inter-Korean dialogue largely due to the North’s deteriorating relations with new Bush administration in 2001, showed that Pyongyang can always change its position and that the fragile peace process on the peninsula can return to ground zero any time.
Limits of the Sunshine Effect

Is Kim Dae-jung’s sunshine policy success or failure? The answer depends on how serious North Korea is and how it will behave in the future. Kim Dae-jung’s engagement policy has been the subject of intense debate among various groups inside and outside Korea, including policy makers and politicians, as well as scholars. The optimistic view is that these new dialogues represent a real shift in the strategy of North Korea’s leader, Kim Jong-il: a tacit acknowledgement that a slow march towards reform and peace is the only option. Pessimists, however, see the current events as merely a change of tactics in North Korea’s persistent policy of alternating hard and soft lines. They argue that there is no change in the North’s fundamental strategy, which is designed to extract concessions from its relieved foes whenever it yields—whereupon it reverts to militancy and the cycle begins anew. There are good reasons to be skeptical of the prospect.

Although the summit and following developments were undoubtedly a remarkable achievement, it is not the first time that inter-Korean dialogue has brought high expectations and hope to the peninsula. There have been at least three previous conversations with high expectations dating as far back as 1972, with subsequent dialogues in 1985 and in 1990-92. The last discussions involved eight meetings at the prime ministerial level over two years, and even produced an Agreement on Reconciliation, Non-Aggression, and Exchanges and Co-operation, signed in December 1991. Indeed, the 1991 agreement included much more comprehensive and concrete measures to promote inter-Korean relations than the 2000 summit agreement which tended to be vague and symbolic. For its implementation, the 1991 agreement provided for three commissions, covering politics, military affairs, and exchanges and cooperation, which included business and economics, as well as a liaison office at Panmunjom in the DMZ. It was, however, never implemented because of rising tension over North Korea’s nuclear program. The experience suggests that some caution remains advisable, despite these remarkable and encouraging events.

More importantly, however, there are some fundamental factors of North Korean politics for the advocate of positive engagement to consider. No matter how the outside world tries to engage North Korea,
real progress, whether in economics or politics, eventually requires change within North Korea. In this context, the prospect for significant change in North Korea is not encouraging. While there have been some positive signs of change in its policy towards its economy and society, Kim Jong-il's regime still seems firmly committed to the old failed slogan and policies of juche (self-reliance). Kim Jong-il drives his legitimacy as the son of his father, Kim Il Sung, and any suggestion that the latter might ever have been wrong about anything is taboo. Documents published in China in 1998 show that Deng Xiaoping, the architect of China's economic reforms, repeatedly urged Kim Il Sung to develop the economy following his example.\footnote{Transcripts of six informal meetings between the two leaders, at various dates between 1978 and 1991, show that Deng tried hard to convince Kim with two themes: to launch economic reform and to avoid war.}

Will Kim Dae-jung succeed where two decades of Chinese pressure has failed in pressing for reform? Any success for South Korea's aid and investment in the long term will eventually require market reforms to extend recovery to North Korea's wider economy. These will mean adopting capitalism at least in some economic spheres, which North Korea so far refused even to consider. Official pronouncements from the North continue to profess undying faith in the communist economy. Asked about economic reform and opening, the vice-minister of trade, Kim Ryong-mun, replied, “our country has been maintaining a self-reliant economic policy, and there will be no change in this line... our country is not like the trade-centered economy in other East Asian countries.”\footnote{Interview by People's Korea (a newspaper of Chongryun, the association for pro-North Koreans in Japan) on March 27, 1999.}

The fundamental obstacle for North Korea's economic reform lies in the political nature of the Kim Jong-il regime. Kim Dae-jung and his supporters of engagement suggest that economic engagement could be separated from politics. The overall effect would be to make inter-Korean relations comparable to those between China and Taiwan, where political enmity and security risks remain but business and civilian contacts have thrived for the past decade. It is not so simple, however, from Kim Jong-il's perspective. After all, Kim Dae-jung hopes that the effects of economic cooperation will spill over to the political arena and
cause some positive change in the Pyongyang regime. Yet, those spillover effects could be regarded as very dangerous or even fatal for the North Korean leadership. Once South Korean visitors, bringing aid and investment, become a familiar sight in the North, it will be difficult to convince North Koreans that southerners are as miserably impoverished as they have been told. The question is whether the realization of the truth by the North Korean people—that the sufferings they have endured were caused by the Pyongyang leadership—will bring an effusion of anger towards Kim Jong-il.

The political danger of economic reform in North Korea has intensified since the death of Kim Il Sung. Indeed, it is remarkable that Kim Jong-il has managed to keep the ever-weakening regime under control despite all the adversities—the succession problem, international isolation, a crumbling economy, and disastrous famine. Yet, political stability came only through severe control over North Koreans' lives, society, and ideology. Although Kim Jong-il surprised the outside world with his much-relaxed manner recently, at home the personality cult is still a dominant form of leadership and efforts to maintain his semi-divinity continue. During the summit, North Korean viewers were allowed only to see their leader in a formal mode, while their southern counterparts were enjoying pleasant images of Kim Jong-il in the relaxed manner that continued through the two-day meeting.

Moreover, Kim Jong-il's dependence on military force as his power source gives an aggressive and uncompromising nature to the regime. "The military-first orientation has always been the heart and soul of the North Korean regime." Indeed, the military influence on North Korea's domestic politics has been increasing. For six years after Kim Il Sung's death, Kim Jong-il did not succeed his late father as president of the communist party. Instead, he became the chairman of the National Defense Commission (NDC) of which ten members are high-ranking military officers. In North Korea's recent political restructuring in 1998, the NDC officially ranked above the cabinet as the highest executive organ of the state, which became the clearest sign of the military

predominance in North Korean politics. In a position to lose most from any movement towards peace in the peninsula, the North Korean military establishment has always been the last to welcome South Korea's positive engagement policy. One can continue to expect strong military opposition to any process of opening and reform. The need to proclaim doctrinal orthodoxy and continuity with the late Kim Il Sung means that reform is still regarded as treachery. Indeed, there has been little change in North Korea’s aggressive military stance. Despite its economic crisis, North Korea has continued to build military force.\(^1\)

Meanwhile, the unpromising prospects surrounding inter-Korean relations place the very slight hope for North Korea’s domestic reform even more at risk. There is no guarantee that South Korea’s positive engagement policy will continue in the future, since Kim Dae-jung’s presidency will end in less than one year. At the moment, it is most probable that the opposition leader, Lee Hoi-chang will win the next presidential election scheduled for December 2002. Mr. Lee and his party, the conservative Grand National Party (GNP), have been critical of the current sunshine policy with a very skeptical view of North Korea. At the least, he would not be as tolerant as Kim Dae-jung and would demand more reciprocity in the negotiations with Pyongyang. In a recent press conference, Lee criticized the sunshine policy for failing to “deliver real change” from North Korea in reducing the threat of war. He vowed that his policy toward North Korea would be guided by the principles of “reciprocity, transparency and verification,” and implied a much limited approach in engaging North Korea.

South Korea’s new stance would be largely shared by its new counterpart in Washington. Since coming into office, president Bush has put new emphasis on reciprocity in dealing with North Korea, in reflecting the views of his Republican Party, many of whose members are unhappy with former president Clinton’s dealing with North Korea as a mere appeasement with no comparable return. From his election Mr.

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Bush has seriously criticized North Korea's nuclear and missile program, which provided a main rationale for his US missile defense program. To the annoyance of the United States, North Korea has maintained the position that if it is to stop developing long-range missiles, it will have to be compensated. The idea of exchanging satellite launches for serious missile restraint has been mentioned. The precedent for this is KEDO, which is seen by some of its US critics, as a bribe that rewards misbehavior, and hence an incentive to try blackmail again. The Bush administration took a hard line this time demanding resumption of the delayed IAEA inspection of North Korea’s suspected nuclear facilities. The new conservative approach from the United States would strengthen the same view in South Korea.

In the economic area too, the prospect is not so optimistic. The South’s financial problems significantly destroyed the South’s will and ability to help the North or to invest there. The vanguard of the North Korean venture, Hyundai, is in financial trouble, and cancellation of its cruise tour in 2001 was a fatal blow to Kim Dae-jung’s private sector initiative. At the moment it is uncertain how the firm can fund the huge investment needed to build the proposed industrial export zone at Kaesong even if Pyongyang does come forth with the politically risky project. Like Hyundai, most other companies in South Korea are still struggling just to survive in the aftermath of financial crisis. This is not a time of expansion, but time of contraction in South Korea.

Even though the 2000 Summit bought high hopes for inter-Korean relations and progress towards peaceful co-existence, much uncertainty remains in the future of the sunshine policy. Most significantly, the totalitarian nature of the Pyongyang regime stands as a fundamental limit in meeting any demand for domestic reform in the political area as well as in the economic area. In his article, the former architect of the juche doctrine North Korean defector Hwang Jang-yop warned that there is no hope for change in the Kim Jong-il regime, and that true reform is possible only when Kim Jong-il’s one-person dictatorship collapses.

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Can the sunshine policy really bring positive changes within the North Korean regime and peace to the Korean peninsula? The logic behind Kim Dae-jung's policy is a refinement of one of the major strategies of economic statecraft and military competition. In his discussion of US economic statecraft towards the Soviet Union during the Cold War, Michael Mastanduno provides a useful framework for understanding President Kim's engagement policy towards the North. In general, engagement promotes positive relations with an enemy as a means of changing the behavior or policies of a target government. It accepts the legitimacy of that government and tries to shape its conduct. Engagement also requires the establishment and continuance of political communication with the target. In engaging the enemy, the state sees political polarization with target or isolation of the target country as undesirable.

Yet a state can take two different strategies in engaging its enemy to influence the behavior or policies of a target government in a positive way. First, a government may condition or calibrate engagement according to changes in target behavior. "Conditioned" engagement strategy rewards good behavior by promoting engagement and punishes bad behavior by restricting engagement. To be effective, the engaging state must employ both positive and negative measures in order to maintain credibility. Positive engagement can bring concessions only if the target is convinced that it will be removed if the concessions are not forthcoming.

Second, a "unconditioned" engagement strategy adopts exclusive and unconditional engagement. The strategy is based on the belief that positive engagement can be used to induce or reinforce desirable changes in the domestic or foreign policy of a target. Proponents of the strategy argue that to produce such effects, engagement need not, and should not, be conditional. The unconditional expansion of positive engagement, such as economic aid and socio-cultural exchange, even with a potential adversary, can enhance a sanctioning state's security by restructuring the choices, the incentives, and ultimately, the behavior of a target government.  

22 Speaking of different strategies of economic statecraft, Michael Mastanduno...
The choice between "conditioned" and "unconditioned" engagement strategy will be determined by the broad political orientation to the target government and the military relationship with the target, including such elements as the probability of war and the nature of peacetime military competition. Differences in these factors reflect differences in the preferred strategies of the engaging state. A conditioned engagement complements a competitive political orientation. Its fundamental assumption is that the target government is a sincere negotiating partner whose policies are subject to change through engagement. A conditioned strategy seeks to avoid confrontation and yet at the same time recognizes the existence of, or potential for, significant conflicts of interest. Unlike conditioned engagement, unconditioned engagement strategy complements and is reinforced by a cooperative political relationship. The engaging government will endorse positive engagement as a sustained policy over time when political relations with the target government are characterized by either the absence or diminution of significant conflict.

In terms of military competition, stable military competition is most conducive to employment of conditioned engagement strategy. The existence of intense military competition renders it politically difficult to justify "rewarding" a potential adversary with positive engagement,

whereas a declining military threat makes it more difficult to justify “punishing” a target government. Unconditioned engagement strategy is most effective in environments of declining military competition that will accommodate an unconditional policy of positive engagement. The engaging state will not stress the possibility that the target government may divert economic gains from positive engagement to its military establishment. An intensified military competition will make the engaging government more cautious with any policies that may contribute to a target country's economic capability and indirectly to its military capability.  

President Kim's sunshine policy basically follows an unconditioned engagement strategy based on his belief of unconditional positive engagement. Its notion is that continuing positive efforts from the South would bring positive changes of attitude in the North. However, the political and military relations between the North and the South do not suit his policy from a strategic perspective. The political relations between the two Koreas are high competition rather than cooperation. The military competition in the Korean peninsula remains among the most deadly on earth with the two sides still technically at war with no sign of decreasing threats. Paradoxically, Kim Dae-jung's sunshine policy aims to achieve the very conditions of his policy: political cooperation and declining military competition between the North and the South. However, under the circumstances, conditioned engagement would be more effective in influencing Pyongyang's behavior and policies towards South Korea. Indeed, Kim Dae-jung faces increasing domestic criticism, accused of being too pro-Pyongyang and giving too much in return for too little under his sunshine policy. Yet, in his recent press conference, he vowed unchanging dedication for positive engagement during his last year in office.

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23 Ibid., pp. 60-61.
Lessons from Detente

History shows, however, that unless there is fundamental change in the target country's real intention and domestic regime, such a one-sided policy will bring only limited success. Indeed, during the period of US-Soviet detente between 1971 and 1974, the United States adopted a positive engagement policy towards the Soviet Union with the same intent that Kim Dae-jung has for South Korea's sunshine policy today. According to Samuel Huntington, it was argued that "the development of mutually beneficial economic relations between the two countries will encourage liberal and pluralistic trends in the Soviet Union and strengthen the groups in both societies that have a stake in the maintenance of peace between the two countries. . . . According to this view, the government can encourage and promote trade with the Soviet Union and provide guidance to US businessmen and bankers."

This strategy initially seemed to work because conscious decisions taken by Soviet leaders resulted in the expansion of economic interactions with the United States. Like North Korea today, then the Soviet Union was facing serious economic troubles; its leaders were searching for ways to meet deep-rooted economic needs that arose from basic structural flaws and were aggravated by secular trends in the Soviet economy. In addition to their economic focus, however, the Soviets also determined to continue and intensify their military build-up while benefiting from the US economic engagement. Neither did Moscow change the expansionist ambition, but indeed continued overseas military deployments and arms transfers to less-developed countries. Furthermore, Soviet repressive measures against domestic dissidents increased. The US administrators worried that the substantial benefit from intensified economic engagement would strengthen the Soviet regime with its unchanging aggressive nature. Soon, the short period of detente ended, and the United States resumed its economic containment policy against the Soviet Union.

Later, the notion of positive engagement and the economic policies

associated with it gained increasing political prominence during the late 1980s and early 1990s when the Soviet Union and its Eastern communist allies embarked on ambitious economic and political reform programs. Many argued that the United States and its allies should help Gorbachev economically as the Soviet leader relaxed political repression domestically and as the United States and Soviet Union moved to diffuse long-standing military conflicts and made significant progress in arms controls. The advocates of the strategy argued that the Soviet efforts to decentralize the economy and liberalize the political system provided unprecedented opportunities for the West to reinforce and render irreversible such desirable changes by deepening East-West economic cooperation and financial support. Since then, the United States and its Western allies have been fully committed to economic engagement to support continuing reform in those countries for last decade. The efforts have been successful so far.

The two different results of US engagement policy show that engagement can be successful only when conscious positive changes within the target country’s domestic regime come first. A positive economic engagement policy by one country alone cannot bring the necessary changes for peaceful cooperation from the other, especially when the regime of the target country is rigid and aggressive. If it is to bring the anticipated peaceful cooperation to inter-Korean relations, Kim Dae-jung’s sunshine policy will eventually require the same sort of positive and conscious changes in North Korea’s regime that the Soviet regime experienced in the late 1980s. However, given the nature and structure of the Kim Jong-il regime, such fundamental changes in North Korea’s economic as well as political regime are unlikely in the near future.

Do the Two Koreas Still Need To Engage?

Although the Korean peninsula is often seen as locked in the legacy of the Cold War, inter-Korean relations have, in fact, been consistently hostile, rigid, and unstable even from the US-Soviet perspective. The two Koreas were indeed bound in their own bitter cold war in a much worse way than were the United States and the Soviet Union. During the Cold
War, the United States and the Soviet Union checked and balanced each other through various channels of contacts and negotiation. The military hot line and full diplomatic relations amid military competition stabilized the relationship and prevented catastrophic war. Later they launched talks for arms control and military reductions. Although there were some controls, especially on the Soviet side, people traveled and exchanged letters if they wished to do so. Those processes progressed over almost half a century.

Meanwhile, the cold war on the Korean peninsula has been much more antagonistic and dangerous. Not only have the two Koreas been engaged in fierce military competition, but also they have barely talked to each other. Having fought each other in one of the worst wars in history, the two sides remained bitterly divided and ready to resume battle in any minute. The only means of preventing war has been the assured threat of military destruction by one another. It would be naive to expect these two worst enemies for half a century with virtually no history of contacts whatsoever to become friends overnight by a two-day summit.

The true meaning of the sunshine policy will be that it opened a way for the two countries to manage their relationship in more stabilized ways of peaceful competition as did the United States and the Soviet Union in the Cold War. In their first summit, both parties recognized each other seriously as partners in conversation and negotiation. This recognition is a critical first step towards a healthy relationship. A continuing exchange between the two Koreas is very important for peace in the peninsula, but should not be confused with the immediate arrival of true peace. The necessary changes for the North Korean regime will require much more energy and time. Both sides should continue the efforts of engagement, and the South will have to take the initiative. However, it would be naive to expect too much of this policy. Urgency and impatience could bring dangerous results through reviving old animosities. The promised return visit by Kim Jong-il to Seoul will be another turning point to show that the long process towards peace has really started.