August Agreement: A Step Forward on the Korean Peninsula

By Stephan Haggard

It is always risky to succumb to optimism in the quest to improve relations between North and South Korea. But the surprise agreement on Aug. 25 represents a fresh opportunity for the two sides to re-engage.

South Korean President Park Geun-hye so far appears to have played her hand well, but it is ultimately up to Kim Jong Un to decide whether North Korea truly wants improved relations, writes Korean affairs expert Stephan Haggard.

DURING the recent tensions on the Korean Peninsula, South Korean President Park Geun-hye made several decisions that sharply clarified the underlying balance of power on the peninsula. The sequence of events began with the detonation of a landmine in the DMZ that maimed two senior South Korean sergeants leading a routine patrol. In the aftermath, the Park administration resumed propaganda broadcasts through a system of large loudspeakers with surprising range, capable of being heard by forward-deployed North Korean forces. Pyongyang has increasingly seen propaganda and cultural penetration from the South — through balloons, sales of DVDs and music across the Chinese border and now through the loudspeakers — as a clear and present danger.

In the aftermath of the 2010 sinking of the corvette Cheonan, however, the South Korean Ministry of Defense and military has worked on its own and with the US to strengthen its deterrent posture. The problem has not been capabilities, but the willingness to respond in a forceful, proportional and convincing way. When North Korea sought to intimidate President Park by lobbing shells across the border — even if into unpopulated areas — she quickly responded with a focused counterstrike. More importantly, she simply ignored Pyongyang’s 48-hour ultimatum to turn off the loudspeakers.

Whatever security or symbolic value nuclear weapons might have for Pyongyang, the incident taught a lesson that the US and other nuclear powers have long since absorbed. Nuclear weapons may be good at deterring large-scale conflict.

But they are of surprisingly little value for solving the kinds of challenges that come from propaganda loudspeakers or targeted and proportional conventional responses to provocations.

There is little doubt that North Korea was forced to stand down. The Kim Jong Un regime pleaded for talks, which were held, on August 23-25, on terms that cut through North Korea’s game-playing with respect to diplomatic protocol.

In the past, Pyongyang has sent representatives to the talks who had no authority or even close connections with the top leadership. This is not true of Hwang Pyong-so, one of the regime’s leading figures. South Korean Unification Minister Hong Yong-pyo rightly sat across from Kim Yang Gon of the United Front Department as his diplomatic equal. In 2013, North Korea had claimed that the two were of unequal rank and had used this claim to avoid convening a promised dialogue.

The text of the post-talks agreement was short, and the concessions on South Korea’s part relatively limited and reversible. Park agreed to turn off the loudspeakers in exchange for general talks, a one-off revival of family reunions and a promise to expand the activities of South Korean NGOs in the North, which have an important long-run role in increasing human contact.

Some of the criticism that Park has received stems from whether North Korea apologized or not. Even expressions of regret on its part are few and far between. In an interesting indication of the regime’s concern with domestic perceptions of the agreement, the sale of it was left to the two chief delegates; Kim Jong Un even briefly disappeared from view altogether. Hwang naturally tried to spin the deal for his domestic audience and a KCNA editorial explicitly said that North Korea had not admitted responsibility. But any North Korean listening to the text of the agreement — read verbatim on the national news — had to see the obvious: that North Korea had expressed regret for the Aug. 4 landmine incident, for which it was clearly responsible.

In the end, the issue of greatest significance is not who won or the language of the apology, but how the tragic incident can be turned to some practical use. Seeing how that might be done requires understanding the somewhat tortured path of President Park’s Trustpolitik.

Following the limited success of former President Lee Myung-bak’s approach to North Korea, Park sought to tack back to the center during her electoral campaign. She has clearly not engaged to the same extent as the Kim Dae-jung and Roh Moo-hyun administrations did. But unlike Lee, President Park has not held engagement hostage to prior actions by Pyongyang. Rather, she argued in her campaign and first years in office for small steps that would build trust, such as an exchange of humanitarian assistance for family reunions. Once these steps proved successful, the two parties could move on to more ambitious, larger-scale exchanges such as a lifting of the post-Cheonan sanctions, an expansion of economic processing zones such as Kaesong and investment by larger-scale South Korean firms. But each step would require some reciprocity on Pyongyang’s part, even including over military and security issues.

This agenda was met by a vitriolic response from Pyongyang, cresting in the tensions of early 2013. But more recently, the Trustpolitik message has been complicated by Park’s puzzling pivot in early 2014 toward a focus on unification. Trustpolitik assumed — by its very nature — that two discrete entities were at work to build trust. But with her claim that unification would provide a “bonanza” to the South Korean economy, her honest but tough-minded Dresden speech, and the formation of a presidential commission on unification, Seoul was sending decidedly mixed messages. It was hard to avoid the obvious: any discussion of unification presumed that the pen-
Where does South Korean leverage ultimately come from? The answer is surprisingly simple: from the ability to walk away. All can agree that the peninsula’s division is a national tragedy. But solving the North Korea problem is not ultimately in the hands of South Korea; it is in the hands of the leadership and people of North Korea.

Pyongyang. It could, in fact, help clarify the ultimate barriers to North Korea’s trade not only with South Korea but with the rest of the world. North Korea’s victim narrative contends that the country’s economic isolation is a result of sanctions and the hostile policy of outsiders. But its isolation is, in the end, a function of its own military-first policy and the failure to define a coherent economic strategy. Lifting the May 24 sanctions puts the ball back in Pyongyang’s court. If North Korea wants trade and investment with the South — and the rest of the world — it has to make such trade and investment profitable.

But there is a corresponding requirement on the South Korean side, which is what Kim Dae-jung called the separation of economics and politics. If sanctions are lifted and firms want to engage with North Korea, they should be on their own. If they want risk insurance, they should buy it. It is up to Pyongyang — not Seoul — to make the business environment attractive. Kaesong should not be seen as a model for further South Korean investment in North Korea but a model for North Korea to study and emulate if it wants to attract trade and investment on commercial terms.

Finally, we should not overlook the power of social contact in the long game with North Korea. There are benefits from North Koreans coming into contact with South Koreans, particularly those with expertise that can brought to bear in straightforward way on North Korea’s yawning array of social problems. Activating the NGO community has many benefits and few costs. Again, the model has been for the government to subsidize NGO activity through the Inter-Korean Co-operation Fund. But NGOs should also be on their own, free to engage but on the basis of funds they raise on their own. Professional associations should not only engage with North Korea, sharing knowledge, but should invite their counterparts to the South to see the gains from taking a different path. Athletic exchanges are a natural and easy starting point. The influence of such exchanges on youth are subtle and long-term, but important.

And what if North Korea is uninterested in this agenda? As this essay goes to press, Korea watchers are contemplating the possibility that Pyongyang might seek to save face and secure domestic support in coming months by once again opting for a satellite launch or perhaps even a nuclear test. The multiple motives of such a test possibly extend to the South. After walking into a trap that it had itself set, it is not clear that North Korea believes there is much to gain from improved North-South relations. This is particularly true if Seoul comes to the table not only with inducements but with demands for a more balanced approach to North-South relations.

North Korea’s mid-September restatement of its intentions to continue pursuing its nuclear and missile capabilities might also be aimed at South Korea. It is a reminder that North-South talks are unlikely to lead to any fundamental change in the so-called byungjin line: the effort to simultaneously pursue economic development while continuing to develop a nuclear and missile capability. So where does South Korean leverage ultimately come from? The answer is surprisingly simple: from the ability to walk away. All can agree that the peninsula’s division is a national tragedy. But solving the North Korea problem is not ultimately in the hands of South Korea; it is in the hands of the leadership and people of North Korea. South Korea has a host of challenges that are equally if not more important than marginal improvements in relations with the North, ranging from youth unemployment to building an innovative society that will sustain growth looking forward. And South Korea now has a complex of promising foreign-policy opportunities, both within its region and globally. There are high returns from improving relations with Japan, continuing to expand the deepening ties with China and conducting its “middle power” diplomacy aimed at shoring up international institutions and co-operation. The Kim dynasty gains when South Korea is preoccupied with North Korea.

The shameful recent landmine incident provides an opportunity for President Park to return to her Trustpolitik efforts. She should certainly do what she can to build on the recent agreement, but no more.

Stephan Haggard is the Lawrence and Sallye Krause Distinguished Professor of Korea-Pacific Studies and Director of the Korea-Pacific Program at the School of Global Policy and Strategy at the University of California, San Diego.