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# Nautilus Institute PFO 00-05: Koreans Take Steps to Solve Their Own Problems



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## Recommended Citation

"Nautilus Institute PFO 00-05: Koreans Take Steps to Solve Their Own Problems", NAPSNet Policy Forum, June 29, 2000, <https://nautilus.org/napsnet/napsnet-policy-forum/nautilus-institute-pfo-00-05-koreans-take-steps-to-solve-their-own-problems-4/>

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PFO 00-05C: June 29, 2000

## After the Korean Summit: Into Thick Air?

By Peter Hayes

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### I. Introduction

This is the third in a series of articles on the recent ROK-DPRK summit. This essay was contributed by [Peter Hayes](#), Executive Director of the Nautilus Institute. It originally appeared in the [San Francisco Chronicle](#) on June 28.

Dr. Hayes argues that, in the wake of the summit, the real work of economic cooperation will be fraught with difficulties, particularly in regards to providing the energy needed for ROK enterprises that want to do business in the DPRK. Hayes maintains that the problem of the DPRK's electric grid will require a long-term, holistic solution. He calls on the US to remove the DPRK from the list of terrorism-sponsoring states to allow World Bank involvement in rehabilitating the DPRK's infrastructure.

### II. Essay by Peter Hayes

After The Korean Summit-Into Thick Air?

It took three false starts over three decades before the two leaders of divided Korea finally managed to meet, embrace, and recognize each other's legitimacy. In Seoul, the mood is still euphoric that the North's leader Kim Jong Il and the South's Kim Dae Jung spent no less than eleven hours in one-on-one discussion during the recent summit in Pyongyang.

Many South Koreans shed tears of joy at the broadcast spectacle of their leadership being feted in Pyongyang and now hope fervently that reunification will happen sooner rather than later. They were also stunned to find that far from being a wild and crazy guy, Kim Jong Il wields power with complete authority and considerable charisma.

With emotions running strong in the South, Kim Dae Jung's government is now hard pressed to keep up the momentum of engaging the North. Having delivered to Kim Dae Jung his place in Korean history as a hero of reunification, Kim Jong Il is now positioned to cash in his credit.

The summit was all about mutual recognition and the politics of legitimacy. In contrast, the post summit engagement will be all about economics; specifically, what the South is willing to pay to help the North survive and recover from its rock-bottom economy.

In Seoul, the ministries are scrambling to prepare options to present to the joint commissions that

will be set up in July to discuss economic cooperation. These commissions will pave the way for Kim Jong Il's reciprocal visit to Seoul over the coming two or three months. In so doing, they are forced to confront the harsh realities on the ground in North Korea that were glossed over in the symbolically loaded summit talks.

Specifically, they face the difficult task of delivering assistance to a country with a starving population, a rigid institutional structure that militates against effective and innovative management, a collapsed economy, and a degraded environment. North Korea simply cannot absorb much external assistance very quickly.

These constraints are especially evident in the area of energy. The North declares openly that it is in a state of energy crisis. Energy aid is high on the list of possible North-South cooperation.

But loose talk of running power lines over the DMZ quickly collides with the dire situation of the North. The North Korean electric grid has virtually collapsed and is not able to accept and distribute major flows of South Korean electricity that might be shipped via a power line over the DMZ. Moreover, the North Korean grid is now operating at 50 rather than its nominal 60 hertz frequency, with major load shedding occurring to keep it steady at this frequency. The South Korean power system works at a steady 60 hertz. These technical obstacles make it impossible to simply run power lines to the North.

If instead the South sets up virtual enclaves where South Korean investors would provide a total infrastructure needed for a manufacturing plant to be set up and run in the North, including small power plants, then the South would likely affront North Korean notions of sovereignty.

In short, systemic problems require holistic solutions, not short-term stop-gap measures that will be very costly and are likely to fail in any case.

Some package of symbolic steps in the energy sector are likely to go ahead. The South might buy some North Korean clunky turbines and quietly mothball them. It might help to rehabilitate a North Korean coal-fired power plant. It could dredge one of the hydro-electric dams silted up by the floods since 1996.

But there are no short cuts to economic recovery in North Korea. In fact, given its institutional constraints, the North can't move very fast anyway, and to try to do so would risk loss of face for both Koreas.

To help the two Koreas move ahead, it is now urgent that the United States remove North Korea from the list of "terrorist" states so that it can join the World Bank. Only the World Bank can bring major technical assistance and eventually, structural adjustment loans--especially Japanese money--to bear on the North Korean economy. The cost of reshaping the North Korean economy will be far too large for South Korea to bear alone. In all sectors--but especially the energy sector--it is time to get the World Bank on the job in Pyongyang.

As the two Koreas climb down from the peak and breathe thicker air at lower altitudes, the reality will sink in that progress in relations will be slow--much slower than appeared while the two leaders were toasting each other in the thin air of the summit. In the South at least, dashed expectations run a real risk of backfiring.

It is imperative that the United States keep engagement of North Korea moving forward. Neither Koreans nor the 40,000 American troops in South Korea can wait another fifty years for a real breakthrough in inter-Korean relations.

### **III. Nautilus Invites Your Responses**

The Northeast Asia Peace and Security Network invites your responses to this essay. Please send responses to: [napsnet-reply@nautilus.org](mailto:napsnet-reply@nautilus.org) . Responses will be considered for redistribution to the network only if they include the author's name, affiliation, and explicit consent.

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