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Factors Driving North Korea's Behavior

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An Intelligence Assessment

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An Intelligence Assessment

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Key Judgments

Information available as of 2 March 1984 was used in this report.

North Korea's single, unswerving goal over the past three decades has been reunification of the Peninsula on its own terms. We see no evidence that P'yongyang has softened its position on this issue or is considering doing so.

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We believe North Korea's behavior springs from its reading of a number of factors against which it measures progress toward reunification:

- South Korea's political stability and international standing.
- South Korea's economic outlook.
- Seoul's relations with Washington.
- Great-power attitudes toward the Korean question.

We believe that from P'yongyang's perspective the trend in all of these factors has been decidedly negative in recent years.

A final element, is the political situation in the North. We see no evidence that Kim Il-song's scheme to have his eldest son, Kim Chong-il, succeed him is taking policy in unforeseen directions. There is little in the internal political scene to suggest the North is engaged in a fundamental rethinking of its reunification goal.

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The Rangoon bombing and the nearly simultaneous push for talks with the United States and South Korea are not, in our opinion, evidence of a radical shift in North Korean strategy. Behind both we see a certain logic and consistent effort to reverse a negative drift of events and to advance P'yongyang's unchanged objectives:

- The Rangoon bombing, had it succeeded, would have eliminated the man who personified the South's political and economic successes and its improved security ties with the United States.
- The talks initiative, in our view, is calculated primarily to drive a wedge between Washington and Seoul and to register North Korean interests as clearly as possible in any great-power discussions on Korea.

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Throughout this year we expect P'yongyang to press its propaganda offensive on the talks issue. We believe, however, that trends will continue to work against P'yongyang, resulting in a more isolated and frustrated leadership whose willingness to take risks will increase. The year or two leading up to the summer Olympic Games in Seoul in 1988 could be a particularly dangerous time. We cannot rule out other North Korean terrorist or subversive acts in the more immediate future to capitalize on a unique opportunity such as that presented in Rangoon. In sum, the outlook is for a more uncertain—and hence dangerous—period on the Korean Peninsula.

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Factors Driving North Korea's Behavior

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North Korea's single, unswerving goal over the past three decades has been reunification of the Peninsula on its own terms, and we see no evidence that P'yongyang has softened its position on this issue or is considering doing so. The key obstacle to this goal has been the US commitment to South Korea's defense, symbolized by the US troops stationed in the South. Over the years, North Korea has used a variety of tactics to remove the US presence. Although the tactics shift, North Korea continues to try for the withdrawal of US forces to clear the way for an attack on the South if necessary.

The record attests to P'yongyang's actions on this score; they cover the spectrum from attempts on the life of two South Korean presidents to fitful dialogues with the South during the 1970s, to offers to talk with the United States and South Korea. The Rangoon bombing targeted at South Korean President Chun Doo Hwan last October and P'yongyang's nearly concurrent offer of more flexible terms for talks are only the latest steps to this end.

This paper attempts to describe P'yongyang's complex calculus on its options toward the South.

The Determining Factors

We believe North Korea's seemingly unpredictable behavior is a function of four factors against which it measures progress toward the goal of reunification on its own terms:

- South Korea's stability and international standing.
- South Korea's economic outlook.
- Seoul's relations with Washington.
- Great-power interest in the Korean question.

Internal North Korean politics is a fifth—and possibly critical—element in the equation,

South Korean Stability and International Standing

In our view, the North understands that the political fluidity in the South following the assassination of Park Chung Hee in late 1979 has long since passed. Since Chun Doo Hwan and his military backers seized power during that unsettled period, he has made substantial progress toward political stability. With the backing of the Army and the security services, Chun appears firmly in place at least until near the end of his term in 1988. Indeed, his ability to weather domestic political difficulties—the financial scandals of 1982-83—is only one of many measures of durability that the North must find hard to ignore. Although he lacks popularity, he is broadly accepted by the South Korean public.

Dissidence continues, but demands for democratic reform evoke little public interest. Organized opposition to Chun is fragmented and less active than it was when he was consolidating control. Politicians in the opposition parties are closely wedded to his system. He has barred his strongest opponents from political activity while allowing those individuals willing to work within the system to resume carefully managed political roles.

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Nor is a fifth column likely to develop in South Korea, despite P'yongyang's best efforts. Even if unenthusiastic about Chun, the populace remains staunchly anti-Communist. Broadly felt sentiment for a unified Korea exists but has not weakened popular aversion to Kim Il-song and the system in the North. Opposition to Communism was strikingly evident even during the antigovernment uprising in Kwangju in 1980, when rioters voluntarily turned over to the authorities several individuals whose actions seemed too militant and too closely patterned on Communist tactics.

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In the international arena—where each side expends considerable energy competing for power, influence, and legitimacy—the North must acknowledge that it is falling behind. South Korea's growing assertiveness on the international stage has eclipsed North Korea in many respects. The latest diplomatic tally has 121 countries recognizing South Korea, against 101 recognizing the North. Most of the credit must go to Seoul's vigorous and persistent economic inducements to developing countries and to President Chun's personal summit diplomacy and travels, which have opened doors in the Middle East, Africa, and Southeast Asia.

South Korea's newly acquired prestige is most evident in its gaining the opportunity to host a number of planned international events, including the Asian Games in 1986 and the Olympics in 1988—developments P'yongyang must find particularly galling. These kinds of events have symbolic importance because they underscore the legitimacy of the Seoul government. The depth of North Korean concern seemed evident last fall, for example, when the North made a determined but ultimately unsuccessful bid to derail the conference of the Interparliamentary Union in Seoul.

South Korea's Economic Outlook

South Korea's resurgent economy is a blow to P'yongyang as well. We imagine it is a source of discomfort to Northern policymakers as they contemplate their own bleak situation. Sound management and favorable external developments during 1983 have catapulted Seoul back into the ranks of the world's growth leaders. Broad economic indicators were striking; real GNP grew by more than 9 percent, inflation was below 3 percent, and the current account deficit was a manageable $2 billion. Barring external shocks, the South Korean economy is poised to perform well in the years ahead.

Even in one of the South's few vulnerable economic spots—foreign lending—there seems to be only cold comfort for the North. Seoul's $40 billion debt is the third largest among developing countries, but a broad-based austerity program substantially reduces the possibility of a debt-financing crisis. South Korea's international credit rating is strong, and bankers continue to extend the loans Seoul requires for economic growth.

By contrast, the North's economy has been stagnant over the past two years, and growth has been sluggish for nearly a decade. P'yongyang's inability to manage its foreign debt—it has been in default to Western creditors for years on about $1.6 billion—and its large outlays for military programs are the primary reasons for its dismal economic record. Industrial production is hamstrung by shortages of electricity and coal. Many plants operate below capacity and even are forced into temporary shutdowns. The North's best hope for growth depends on obtaining sizable assistance from its main Communist trade partners, the Soviet Union and China. Neither, however, appears likely to underwrite economic development in the North. In our view, the South's economic lead appears insurmountable, and the gap will continue to widen.

Seoul's Relations With Washington

The strains that existed in the last years of Park Chung Hee's rule—and that the North hoped were permanent—have largely dissipated. Under the Chun government, US–South Korean security ties have strengthened. The shelving in early 1981 of the plan to withdraw US troops from the South halted a decade of US disengagement from Asia. In our view, the South—as well as the North—perceives the US commitment to the defense of South Korea to be as strong as it has ever been. Summit diplomacy—Chun's visit to Washington in February 1981 and President Reagan's visit to Seoul in November 1983—is a potent symbol of this strengthened tie.

Closer US–South Korean security ties provide the Chun government with the necessary breathing space to begin to redress the North-South military imbalance. Seoul's 1982-86 Force Improvement Plan (FIP II) will narrow the gap in some categories of military power, but the South will still fall behind in others. The North will probably maintain or expand its current margin of military superiority. The cost of sustaining that margin will be high; we estimate North Korea allocated more than 20 percent of its GNP to the military during the past decade. Over the long haul, the South's greater economic vitality and its larger population base should enable Seoul to begin to erode the North's advantage.

Great-Power Interest in the Korea Question

Great-power interest in the Korean question has increased over the past year—most of it in ways that we believe are disturbing to P'yongyang. Most significant have been developments with its closest ally, Beijing. Although P'yongyang's ties to Beijing have improved over the past two years, we believe China's decision last year to strengthen relations with the United States has provoked uneasiness in the North. Fears that its interests could be sold out in any Sino-US discussions on the Korean Peninsula will continue to haunt P'yongyang in our view.

P'yongyang is particularly disturbed over Seoul's growing unofficial contacts with Moscow and Beijing. Seoul is vigorously pursuing these contacts, which are in part a recognition that South Korea has developed into an important and stable element in East Asia with which they must come to terms. Despite the Soviet shootdown of KAL 007, unofficial Soviet–South Korean contacts appear to be resuming now. China's contacts with Seoul have also grown. Last May, China sent an official delegation to South Korea—a first—although we note that the mission was tasked to secure the return of a hijacked airliner, not to pursue contact with South Korea per se. In late 1983, Beijing permitted official South Korean delegations to visit China to attend international meetings. South Korea's own activist international role and its hosting of upcoming regional and international events seem certain to lead to even more contacts, with all the attendant strains these imply in North Korea's relations with the Soviet Union and China.

Indeed, we believe Kim worries that these contacts might take on a more formal and bilateral nature. North Korea has vigorously protested any moves toward cross-recognition—the process that would involve Chinese and Soviet recognition of South Korea in exchange for US and Japanese recognition of North Korea. P'yongyang wants to resist any movement toward a solution by outside powers that seeks to legitimize the existence of two Koreas. We believe both Communist powers will continue to pursue unofficial contacts with the South, but will stop well short of official recognition, at least in the midterm. In our view even contacts using intermediaries will remain a source of discomfort for P'yongyang.

Internal North Korean Politics

The internal political environment in P'yongyang is undergoing subtle changes as well, but not in ways that suggest a fundamental rethinking of the North's reunification goal. North Korea is approaching its first political succession, and the elder Kim, in a move unprecedented in the Communist world, is arranging for his eldest son, Kim Chong-il, to succeed him. All signs [redacted] seem to indicate that the succession scheme is on track, but we surmise that a certain amount of political maneuvering must be taking place, even if it is limited to competition to get the ear of the heir apparent. We cannot say that this competition is influencing policy at present, but the history of such transitions in other Communist regimes suggests major changes are likely after any strong figure—particularly a founding father—passes from the scene. 25X1

Kim Chong-il, at age 42, has gradually expanded the scope of his leadership duties from domestic concerns to foreign policy and national security affairs. His visit to China in June 1983 was his first reported trip abroad since he was formally identified as a high-ranking party official in 1980. We believe that the younger Kim, as part of his continuing apprenticeship, is anxious to put his own imprint on North Korea's most sensitive foreign endeavor—its policy toward the South.

Kim Chong-il's handling of political and economic affairs is universally and unstintingly praised in the domestic media, but we do not believe this is an accurate reflection of his influence or standing among other senior North Korean officials, many of whom are likely to see themselves as better qualified. We would not expect serious opposition to the son to surface until after the father passes on.

Rangoon and Talks

The savage attempt to assassinate the South Korean leadership, followed soon after by the North's unprecedented call for tripartite talks with the United States and South Korea, can be seen as evidence on the one hand of a radical shift in North Korean strategy or on

Burmese Martyr's Mausoleum, site of the North Korean assassination attempt on President Chun, October 1983.

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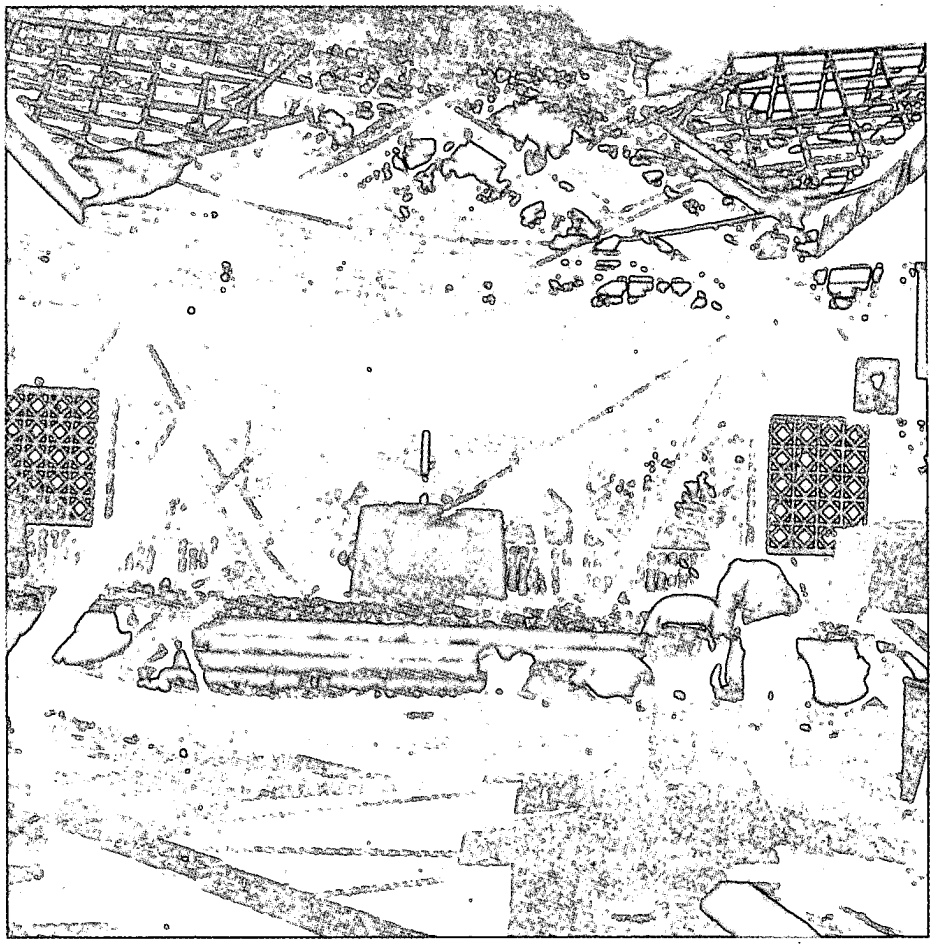

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the other of a certain irrationality operating in P'yongyang. Both interpretations, in our view, are false. Beneath the apparent contradiction of the Rangoon bombing and the talks, we see a certain logic and a consistent effort by P'yongyang to reverse the negative drift of developments.

In the case of Rangoon, we believe the North Koreans were acting on an opportunity to eliminate the one leader most responsible for South Korea's recent political and economic successes and its improved security ties with the United States. Security conditions were lax in Burma and the security services in disarray after being purged last June. The North probably hoped to create a leadership vacuum in the South and to exploit any domestic unrest that ensued. P'yongyang clearly also hoped that its hand in the Rangoon bombing could remain hidden—at least to the point of maintaining "plausible denial."

The North's simultaneous push for trilateral talks, in our view, is a product of the same goals and thinking that produced the Rangoon bombing. It is conceivable to us that, well in advance of Rangoon, the North Koreans had surfaced the talks strategy with the Chinese.[1] In any case, P'yongyang's public call for

[1] [redacted] we are inclined to believe that P'yongyang has always been the prime mover behind the current stress on negotiations. [redacted] we do not believe that P'yongyang sees its options as significantly defined or limited by either China or the Soviet Union. The driving force behind Kim's reunification goal has been self-reliance, or "chuche," a personal characteristic that he has developed into an elaborate state ideology. We know that in North Korea's case, this is not a matter of mere words—witness Kim's costly, yet continued, efforts over the past decade and more to build an independent warmaking capability. More than any other measure, this military buildup illustrates his desire to preserve his independence.

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North and South Korean negotiators meeting at Panmunjòm in 1972.

trilateral discussions was designed, in part, to undo some of the damage to the North's image as a result of the Rangoon bombing. But beyond this, it strikes us that the North Koreans also may have had several additional tactical objectives in mind:

- P'yongyang's current stress on negotiations seems directed at sowing discord between Washington and Seoul over how to respond. The North undoubtedly perceives that Seoul is reluctant to be a party to talks in which the United States would remain the North's primary interlocutor.

- The North has characterized its proposal as an initiative for 1984—an indication that P'yongyang may hope it can make Korean policy an issue in the US Presidential elections.

- Beyond seeking to destabilize the US–South Korean relationship, P'yongyang appears to be attempting to frame the boundaries of any Sino-US discussions on Korea by publicizing its own interests as clearly as possible at the outset. Indeed, North Korea went public with its proposal on 10 January, the day Chinese Premier Zhao began an official visit to Washington.

Implications

For the remainder of this year, we expect P'yongyang to be on relatively good behavior. North Korea's proposal for tripartite talks will not run its course until the North has had more time to gauge the results. From the North's perspective, the initiative already has produced some positive interim benefit by deflecting attention from Rangoon and by putting Seoul somewhat on the defensive.

P'yongyang has not relaxed its harsh criticism of President Chun, but the North continues to stress its peaceful intentions and has moderated its invective against the United States. Other indications of P'yongyang's interest in continuing to pursue a negotiations tack have cropped up in the North Korean foreign policy apparatus. Kim Chung-nin, 25X1
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has been relieved and demoted, 25X1
perhaps as the scapegoat for Rangoon. Kim has been replaced by Ho Tam, North Korea's well-known and 25X1
effective foreign minister, which suggests that P'yongyang plans to press its propaganda offensive on the talks issue. More broadly, this particular emphasis serves North Korea's interest in cultivating members of the Nonaligned Movement. Given the Rangoon incident, P'yongyang may feel it has some fences to mend.

But as we have argued already, the North has little difficulty in pursuing sudden tactical shifts between diplomacy and brutality. A unique opportunity, such as that provided by President Chun's visit to Rangoon, could produce another such shift—even over the short term. The North, for example, might consider the Pope's scheduled visit to South Korea in May as an enticing opportunity to create doubts about the security environment in Seoul.

In our view, the risk of such a dramatic return to terrorism and subversion increases with time. We believe the negative trends that threaten North Korea's goal of reunification are likely to persist and that P'yongyang will continue to look for new opportunities to reverse them. Seoul's rising international stature may be the factor that most grates on the North Korean psyche.

We believe the year or two leading up to the summer Olympic Games in Seoul in 1988 could be a particularly dangerous period. For one thing, the political climate as the South heads for a leadership transition in 1988 is likely to be more fluid than it is today, and this will make the South a more attractive target for North Korean destabilization efforts. P'yongyang will also want to discourage participation in the Olympics and, in our opinion, will use whatever means necessary—particularly sabotage and acts of terrorism—to convince the world that Seoul is not a safe venue.

We have no reason to believe the North Korean leadership has reached such a point of desperation that it is ready to consider a return to open warfare with a South that is backed by the United States. There is, after all, a downside to the generally favorable situation in the South, which could even argue for additional patience in P'yongyang:

- Time is running out on President Chun's promise to step aside in 1988, and the longer it takes for him to make concrete arrangements for the transition, the greater the risk of political turmoil.
- The South's economy remains highly dependent on the influx of foreign capital and thus vulnerable to a debt-financing crisis.

Given the North's bureaucratic inertia and the ideological prism through which it views the South, P'yongyang, if anything, is likely to exaggerate the potential for political and economic unraveling south of the DMZ.

It is, of course, conceivable—however unlikely given our reading of the situation—that at some point in the next few years the North Koreans could accept the fact that trends seem irreversibly against them, play down or even renounce their reunification goal, and choose instead to concentrate on economic development in the North. Such a shift could even involve an opening to the West, echoing the economic motivations in China's outreach to the West in the early 1970s. This realignment of priorities would most likely occur in conjunction with the political succession in the North, although the succession process is probably equally capable of producing a more reckless leadership.

The bottom line here is that we are far more impressed with the potential for aggressive action by the North, such as we saw in Rangoon, through the remainder of this decade than we are with the prospects for significant changes in North Korean objectives and strategy.

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