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North Korea's Engagement: Perspectives, Outlook, and Implications

Conference Report

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May 2001

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FEDERAL RESEARCH DIVISION

North Korea's Engagement: Perspectives, Outlook, and Implications

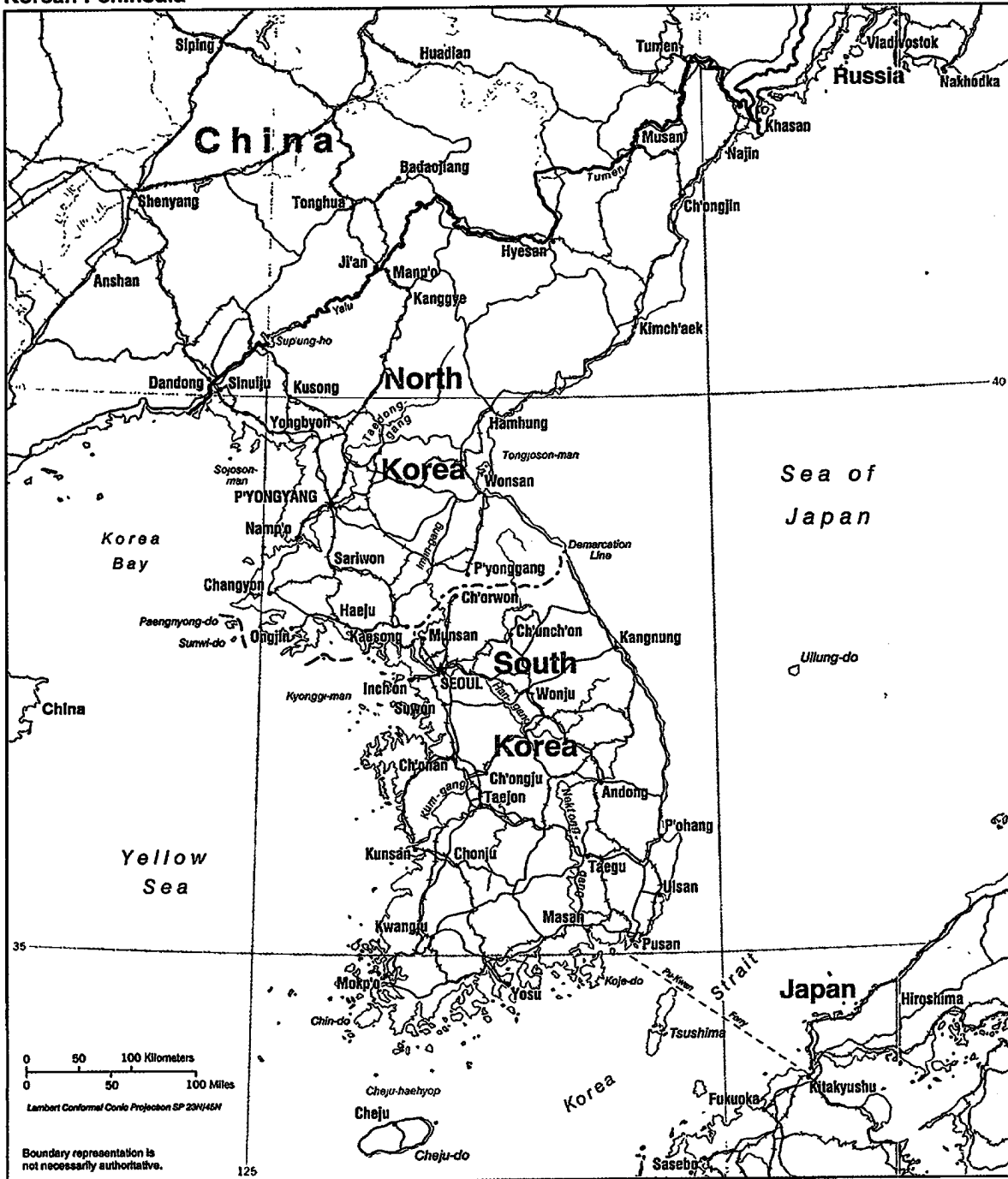
Conference Report

This conference was sponsored by the National Intelligence Council and the Federal Research Division of the Library of Congress. Additional copies of this conference summary can be obtained from the office of the National Intelligence Officer for East Asia

The views expressed in this report are those of individuals and do not represent official US intelligence or policy positions. The NIC routinely sponsors such unclassified conferences with outside experts to gain knowledge and insight to sharpen the level of debate on critical issues.

CR 2001-01
May 2001

Korean Peninsula



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North Korea's Engagement—Perspectives, Outlook, and Implications

Introduction

The National Intelligence Council (NIC) held a conference on 23 February 2001 in cooperation with the Federal Research Division of the Library of Congress on "North Korea's Engagement—Perspectives, Outlook, and Implications." The conference featured discussion of seven commissioned papers that are published in this report. Sixty government and nongovernment specialists participated in the conference. Following is a brief summary of the views of the specialists.

Engagement: Causes, Status, Outlook

The specialists agreed that North Korea is pursuing greater contact with South Korea, the United States, and other concerned powers stemming from its dire economic need and the importance of international support for the survival of the regime. Kim Chong-il has so far pursued a controlled opening and not embarked on fundamental systemic change. He has consolidated his power following the death of his father, Kim Il Sung, and is clearly responsible for the changes in policy and greater opening seen thus far. International support, especially material assistance from South Korea and other donors, has been a key incentive in North Korea's pursuit of engagement.

The results have included extensive North Korean contacts with South Korea, the United States and other concerned powers; large-scale donations of food, fertilizer, fuel and other assistance; rail, road, and tourism projects spanning the DMZ; and current and prospective agreements regulating North Korea's missile and weapons of mass destruction (WMD) programs. North Korea has become increasingly dependent on foreign support, and the overall danger of war on the peninsula has declined. Specialists caution, however, that many uncertainties remain, especially regarding North Korea's intentions and the military standoff on the peninsula that continues without significant change.

Most specialists foresee incremental progress in North Korea's engagement over the next two years, subject to possible fits and starts because of adverse developments in North Korea or among the concerned powers. Progress will remain contingent on a range of variables, and could be halted or reversed under some circumstances. Kim Chong-il has played a key role in

North Korea's diplomatic opening but does not appear to have a "master plan" for engagement. He is likely to continue to exploit the opportunities presented by South Korean President Kim Dae Jung's sunshine policy and other international openings. Because the South Korean leader's policy is critically important to the current phase of engagement, the end of his term in two years makes longer term projections difficult, according to the specialists.

Many at the conference thought that the engagement process was likely to slow this year because of strong controversy in South Korea over the costs and limited benefits so far of the sunshine policy at a time of uncertainty in the South Korean economy. Some note that a visit by Kim Chong-il to Seoul later this year could spur the process ahead again. Some speculate that North Korean elites remain divided over the pace and course of engagement and are wary that a US policy review could lead to lower priority for engagement with the North Korean regime. The central role of the military in North Korean decision making could be a drag on forward movement, though some experts judge that military opposition was offset by the Korean People's Army leadership's receipt of financial and other benefits related to the engagement process.

The experts were pessimistic that the North Korean regime over the longer term (five to 10 years) would be able to carry out needed economic changes while sustaining tight political control, as have the Communist regimes in China and Vietnam. North Korea's pervasive economic weaknesses and hidebound political and economic elite are among major impediments to effective longer term change.

The specialists judge that US policy has played a key role in North Korea's recent engagement, second only to South Korea's sunshine policy. US support for engagement, which several participants note began as early as the Reagan Administration, provides important political backing for Kim Dae-jung in the face of his many domestic critics. It also allows Japanese leaders to provide aid and pursue negotiations with P'yongyang, despite broad skepticism among Japanese elites as well as public opinion.

Issues in Dispute

The specialists differ strongly over how engagement has affected North Korea's intentions. Some argue that North Korean leaders are determined to make substantial changes in order to survive and develop in a new international environment defined by P'yongyang's increased dependence on foreign assistance and support. The regime has reached a turning point

requiring more economic reforms and nascent moves to ease military tensions. In contrast, others argue that growing aid dependency and international contacts have not changed North Korea's long-term strategy to dominate the peninsula by military means. North Korean changes thus far are the minimum needed to take advantage of the recent and unexpected material benefits provided by South Korea, the United States, and other powers; the changes could be easily reversed under different circumstances. Those who hold this point of view believe that greater reciprocity must be an aspect of engagement with North Korea. They especially believe in the need to seek concrete concessions, especially regarding the conventional balance of forces on the peninsula, which keeps in step with additional benefits and concessions for P'yongyang.

Implications

The specialists assess that North Korean engagement will have the following implications for other countries:

China is well positioned to gain from continued gradual North Korean engagement. Incremental progress supports Beijing's interests in stability on the peninsula, avoids costly Chinese efforts to shore up the failing North Korean regime, and allows China to pursue ever closer relations with the more powerful and influential South Korean Government. Prevailing trends and easing tensions on the peninsula appear to add to Chinese arguments against US regional and national missile defense (NMD) programs and undercut the rationale for much of the US military deployments in Northeast Asia.

Japan is poorly positioned to benefit from some recent trends in North Korean engagement, though it does benefit from the reduced risk of war on the peninsula. Gradual progress in P'yongyang's relations with South Korea, the United States, and others has reinforced North Korea's deeply rooted antipathy to Japan. Tokyo fears being called upon repeatedly to support financially and politically US and South Korean arrangements with North Korea that do little to meet Japan's concerns. Thus, Japan believes that US efforts to curb North Korea's long-range missile development do not address Japan's concern with the immediate threat posed by North Korea's deployed medium range ballistic missiles. Japan also worries about the long-term implications of a reunified Korea that is anti-Japan.

South Korea will face deepening debate and political controversy if Kim Dae Jung's sunshine policy continues to elicit only limited gestures and assurances from North Korea. The demand for greater reciprocity is likely

to increase as opponents jockey for advantage while President Kim's power wanes as he approaches the end of his term.

The conferees generally believe that the *United States* probably will see its influence reduced somewhat as North Korea—while still focused on the US connection—seeks military security, economic assistance, and political recognition from a broader range of international players. The ability of the United States to control the pace of the engagement process probably will decline as South Korea, China, and others improve their relations with P'yongyang.

The specialists assess that North Korea's engagement increasingly challenges the US security paradigm of the past 50 years that has viewed North Korea as a major enemy and military threat. It complicates the existing rationale for the US military presence in Northeast Asia and challenges US values and norms as US policy provides aid and pursues negotiations with a regime that affronts many US-backed norms.

Because of the multifaceted and complicated array of US policy issues related to engagement with North Korea, several specialists favor a senior US policy coordinator for North Korea; others oppose such a step as unneeded in the current context.

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Conference Agenda

Welcome and Ground Rules **Robert L. Worden**, Chief, Federal Research Division, Library of Congress

Robert G. Sutter, National Intelligence Officer for East Asia, National Intelligence Council

Panel One **Perspectives on North Korea's Engagement**

Mitchell Reiss, William and Mary School of Law—Avoiding Déjà vu All Over Again: Some Lessons from US-DPRK Engagement

Daryl Plunk, Heritage Foundation—The New US Administration and North Korea Policy: A Time for Review and Adjustment

Donald Oberdorfer, Johns Hopkins University, Nitze School of Advanced International Studies—North Korea's Historic Shift: From Self-Reliance to Engagement

Panel Two **Perspectives on North Korea's Engagement (continued)**

Nicholas Eberstadt, American Enterprise Institute—commentary

Panel Three **Implications for South Korea, Japan, and China**

Kongdan Oh, Institute for Defense Analyses—North Korea's Engagement: Implications for South Korea

Victor Cha, Georgetown University—The Ultimate Oxymoron: Japan's Engagement with North Korea

Jonathan Pollack, Naval War College—China and a Changing North Korea: Issues, Uncertainties, and Implications

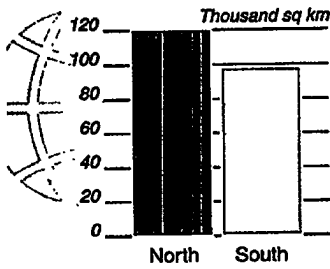
Panel Four **Implications for the United States: General Discussion**

Michael McDevitt, Center for Naval Analyses—Engagement with North Korea: Implications for the United States

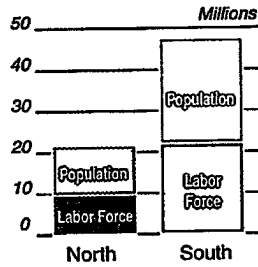
Conference Coordinator: Andrea Savada
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North Korea and South Korea: A Comparison

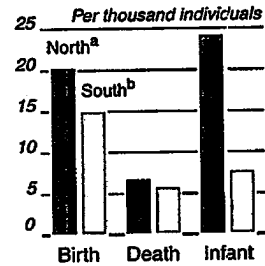
Area



Population and Labor Force

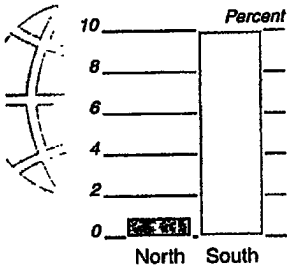


Birth, Death, and Infant Mortality Rates

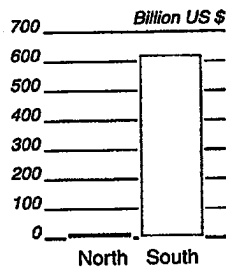


^aTotal population: 21,687,000 (July 2000 est)
^bTotal population: 47,470,000 (July 2000 est)

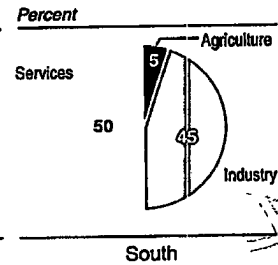
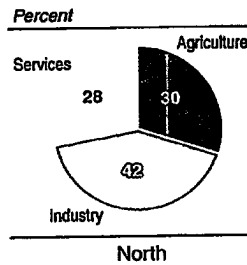
Real GDP Growth (1999 est)



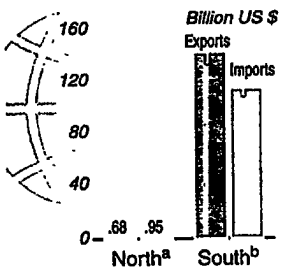
GDP (PPP)



GDP Composition by Sector

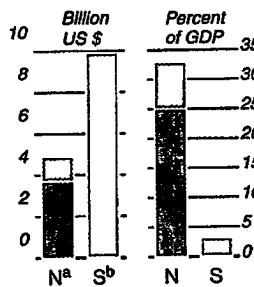


Trade



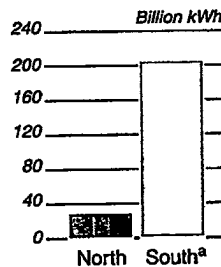
^aExports: fob 1998 est;
Imports: cif 1998 est
^bExports: fob 1999 est;
Imports: cif 1999 est

Military Expenditures



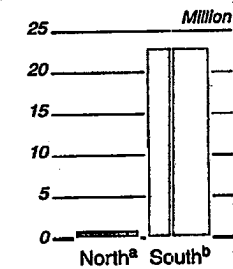
^aFY 98 est
^bFY 98/99 est

Electricity Consumption



^aest 1998

Telephone Mainlines in Use



^a1995
^b1998

Avoiding Deja Vu All Over Again: Lessons From US-DPRK Engagement

Mitchell B. Reiss
Dean of International Affairs; Director of the Wendy and Emery Reves Center for International Studies College of William and Mary

A little-noticed anniversary took place earlier this year. Nine years ago, in January 1992, US Under Secretary of State for Politics Arnold Kanter met in New York with Kim Young Sun, the Korean Workers' Party Secretary for International Affairs, in what was the first-ever senior-level meeting between the United States and the DPRK. Kanter laid out the seven preconditions North Korea needed to meet if it wanted to normalize diplomatic relations with the United States, including resolving the question of the North's separation of plutonium for use in nuclear weapons.¹ Kim promised that the DPRK would sign a safeguards agreement with the IAEA in the next few days and would also implement a bilateral inspection regime in accordance with its December 1991 Denuclearization Declaration with the ROK.

Nine years later, diplomatic relations are still not normalized between the two countries and important elements of the North's nuclear weapons program remain unresolved. Relations during the intervening period have oscillated from the high drama of the June 1994 nuclear crisis to the smiling diplomacy of Secretary of State Madeleine Albright's visit to P'yongyang in October 2000. In between, we have witnessed mutual recriminations, allegations of bad faith, belligerence, aggression, inattention, and even some cooperation and agreement.

One theme running through this entire period has been misunderstanding—of each other's decision-making procedures, intentions, motives and sometimes even policy objectives.

How could it be otherwise? The DPRK, the "Hermit Kingdom," has long been the most isolated country in the world. What little interaction P'yongyang had with the international community decreased further with the end of the Cold War. Its superpower patron and largest supplier of military equipment, the Soviet Union, disappeared. The North's other strategic partner, China, advanced its own interests by engaging in a prosperous trade with the ROK and allowing the simultaneous admission of both Koreas into

¹ The other preconditions were: (1) ending all ballistic missile exports, (2) placing its chemical and biological weapons programs under international control, (3) regularizing the return of US MIAs from the Korean War, (4) declaring that it would not engage in or support terrorism, (5) making "substantial progress" in North-South talks, and (6) improving human rights conditions, e.g., allowing the meeting of divided families. See Mitchell B. Reiss, *Bridled Ambition: Why Countries Constrain Their Nuclear Capabilities* (Washington, DC: Woodrow Wilson Center Press, 1995), pp. 239, 293.

the United Nations. The DPRK's fraternal allies in Eastern Europe were all toppled by internal revolutions.

Perhaps fearful of defections, P'yongyang kept its officials on a short leash; those who were allowed out of the country were not allowed out very often. At the DPRK's Mission to the UN in New York City, North Korean representatives have been confined to radius of 20 miles from midtown Manhattan. They do not have regular contact with US officials or other knowledgeable Americans and have only a rudimentary understanding of how the American political system works. They have been abysmal at public relations on the few occasions they have attempted to shape US domestic and international opinion.

For the United States, the Korean peninsula has always been relatively neglected when compared to the much larger and more powerful Japan and China, which have received far greater time, attention and resources. With the Asian economic meltdown in late 1998, Indonesia further displaced North Korea on the US diplomatic agenda. Contributing to this institutional reluctance was the fact that North Korea was a diplomatic black hole. Few US officials were fluent in Korean, fewer still had ever met with North Koreans, and only a "privileged" few had ever visited the North.

The severe famine in North Korea in mid-decade also contributed to this institutional neglect. It seemed the game was not worth the candle as Washington came to believe the North was in imminent danger of collapse. Because the DPRK enjoyed no domestic constituency in the United States and because of Congressional hostility (especially among Republican members) to the October 1994 Agreed Framework nuclear deal, many Clinton Administration officials abjured responsibility for this issue, believing it to be a political "loser" and "career ender." Senior officials ignored or delegated the matter to more junior officials, which often amounted to the same thing. For long periods of time, it appeared as if no one at the State Department was in charge of this issue. Under these multiple disincentives, initial enthusiasm for American engagement gradually surrendered to complacency.

Unsurprisingly, the resulting record of US-DPRK interaction has been mixed. Towards the goal of a more stable and secure Korean peninsula, some important progress has been achieved. Work at the nuclear facilities covered by the Agreed Framework has ceased; this freeze is being monitored by international inspections. These facilities could have produced a nuclear arsenal of 20-30 nuclear weapons by now. In addition, the North has agreed to a moratorium on ballistic missile tests.

But serious questions remain over the scope of P'yongyang's nuclear activities, its ongoing chemical and biological weapons programs, its readiness to eliminate its ballistic missiles and its interest in reducing its forward-based military posture along the DMZ. Is North Korea really stringing the United States along, willing to agree to meetings in return for food aid but unwilling to relinquish its weapons of mass destruction (WMD) programs? Does it calculate that diplomatic "fatigue" will eventually allow it to avoid fully cooperating with the IAEA to reveal the complete history of its nuclear program? Will it balk at confidence-building measures that ask it to withdraw its conventional force deployments along the DMZ? Will it refuse to make any fundamental changes in the nature of its regime, allowing only a modicum of foreign investment so it can maintain itself in power?

In sum, what are the North's intentions? The answer to this question is unknown (perhaps even by many in North Korea). The new Bush Administration will need to probe the North Korean regime aggressively to learn this answer.

This answer—and subsequent policy decisions by American officials—will be influenced by many factors, including the lessons learned and policies adopted by the DPRK. Consequently, it will be useful not only to review the last nine years of engagement between the United States and North Korea and examine what lessons might be extracted. It will also be helpful to speculate as to what lessons North Korea may have learned during this period as well.²

Strategic Lessons for the United States

Be Humble

After almost a decade of interaction, the United States still doesn't understand North Korea very well. The country continues to be "the longest running intelligence failure in US history," in the words of the former American Ambassador to South Korea, Donald P. Gregg. How are decisions made in the North? Who's up and who's down? Who makes the decisions? We simply do not have very good knowledge.

A short list of serious misestimates by US Government officials and outside experts would include the prediction that the "Dear Leader," Kim Chong-il, would be unable to consolidate his power and rule the country after his

² There are some obvious shortcomings to writing about lessons learned by the United States and the DPRK. Foremost is that neither party is monolithic; it is likely that certain officials, bureaus, and ministries have learned lessons that are not understood or even communicated to some of their counterparts. It is perhaps more accurate, then, to state that this paper presents lessons that *should* have been learned by all the major actors in both the United States and DPRK.

father's death in July 1994. On the contrary, the past few years have not only demonstrated his tight hold on power, but also his ability to maintain control and prevent social unrest despite a disastrous famine and debilitating economic conditions. Another example came in August 1998, when the US Intelligence Community was strategically blindsided when P'yongyang tested a more advanced ballistic missile years ahead of its estimates.³ Finally, many observers both in and out of the US Government predicted that the North would collapse in mid-1990s because of food shortages and economic decline.⁴

The lesson should be clear: humility should be our guide. We need to recognize we still do not understand the DPRK very well. In this environment, the risk for senior policy-makers is that anyone can assert he or she is an expert. Therefore the assumptions behind the policy proposals need to be stated explicitly and analyzed with care.

Let's Make a Deal

A second lesson learned over the past nine years is that it is possible to do business with North Korea, even on very sensitive issues. In October 1994, P'yongyang agreed to freeze its nuclear facilities at Yongbyon and allow them to be inspected around-the-clock by the IAEA. In September 1999, the North agreed to suspend its ballistic missile tests; this pledge was later upgraded to a ballistic missile moratorium and placed in writing. And the Korean Peninsula Energy Development Organization (KEDO) project represents an ongoing example of the North's willingness to enter into a variety of commitments—on direct North-South transportation links, on establishing an independent communications network in the North, on sweeping privileges and immunities for KEDO employees (especially, ROK nationals) working at the nuclear site, and on sending DPRK technicians to South Korea for reactor training. These agreements, and others, prove that diplomacy can bring tangible benefits.

But It Won't Be Easy

If it has been possible to reach agreement with the North Koreans, a closer examination of the negotiating histories shows that reaching agreement

³ The US Intelligence Community had "underestimated the capabilities of the Taepo Dong-I by failing to anticipate the use of a third stage." National Intelligence Council, "Foreign Missile Developments and the Ballistic Missile Threat to the United States Through 2015," September 1999, p. 9. See also, Executive Summary of the Report of the Commission to Assess the Ballistic Missile Threat to the United States (the Rumsfeld Commission Report), July 15, 1998, <http://www.house.gov/hasc/testimony/105thcongress/BMThreat.htm>.

⁴ See, for example, Nicholas Eberstadt, *Korea Approaches Reunification* (Armonk, N.Y.: M.E. Sharpe, 1995); and "Hastening Korean Reunification," *Foreign Affairs*, Vol. 76, No. 2 (March/April 1997), pp. 77-92. A notable exception to the books that purport to "know" North Korea is Helen Louise Hunter, *Kim Il-sung's North Korea* (Westport, Ct.: Praeger, 1999). Hunter was a CIA analyst whose work focused on DPRK society.

has rarely been easy. The North Koreans are skilled and experienced negotiators, and consequently like to keep all their options open for as long as possible.

In addition, the DPRK has been much more comfortable than the United States in conducting negotiations in an atmosphere of high tension or even confrontation. At times, P'yongyang has even tried to generate bargaining leverage for itself by artificially ratcheting up tensions. Examples are its March 1993 announcement that it would withdraw from the NPT in 90 days and its unmonitored unloading of reactor fuel in May-June 1994. (In multi-lateral negotiations at KEDO during the Supply Agreement negotiations, North Korea repeatedly threatened to walk out, terminate the Agreed Framework and restart their nuclear program if KEDO did not relent or capitulate on an issue.) This type of behavior should be expected.⁵

The United States has done best in these negotiations when it has followed four rules. First, Washington needs to have a very clear idea of its objectives and priorities. In the past this was easier said than done, given the broad spectrum of views by key participants in the Clinton Administration. US policy objectives were also influenced by South Korea and Japan, whose interests and priorities in dealing with North Korea were often similar to, but not identical with, those of the United States.

Second, Washington has done best in these talks when it has insisted on strict reciprocity. Indeed, the Agreed Framework is structured so that each party must reciprocate in a tangible manner before the other will respond. The United States has largely followed this "tit-for-tat" approach in its ballistic missile talks with the North, trading a relaxation of sanctions in return for a suspension of tests.⁶ KEDO has also adopted this approach in its dealings with the DPRK.

Third, when dealing with the DPRK, patience is not only a virtue, it confers a tactical and strategic advantage. North Koreans are culturally very patient—much more so than most Americans. Ambassador Stephen W. Bosworth expressed it succinctly: "Never be more eager than the North to reach a deal."⁷

⁵ On the difficulties of negotiating with the North Koreans, see Scott Snyder, *Negotiating on the Edge: North Korean Negotiating Behavior* (Washington, DC: US Institute of Peace, 1999); Mitchell B. Reiss, "How to Handle A Rogue Regime," *Asian Wall Street Journal*, 17 February 2000. See also Steven Linton, "Understanding North Korea," May 1999, manuscript provided by the author.

⁶ Leon V. Sigal examines how the North Koreans have adopted this approach in *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton, NJ: Princeton University Press, 1998). The classic text remains, Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984).

Fourth, and related to this point, is that the United States should not be afraid to walk away from the table if the North's position is unreasonable. The occupational hazard for every negotiator is what might be termed the "Bridge on the River Kwai" phenomenon. Just as the British colonel, played by Alec Guinness, fired on British commandoes to stop them from destroying the bridge, Washington must never lose sight of its larger objectives in its haste to curry favor or reach agreement.

And Will the North Keep Its Side of the Bargain?

As difficult as it is to reach agreement with P'yongyang, an agreement once reached usually sticks. Under the Agreed Framework nuclear freeze and with KEDO, North Korea has demonstrated that it can keep its side of the bargain.

There are two important caveats here. First, the North will keep its side of a bargain—up to a point. For P'yongyang, no contract is immutable. North Korea has attempted, sometimes successfully, to revisit and renegotiate commitments previously made. This has been observed in at least two sets of circumstances. If it believes the other party is not living up to its side of the bargain, it will backtrack on some of its commitments. And when a commitment has become politically or economically inconvenient, the North often has engaged in highly literal interpretations of the text to weaken or erode completely its responsibilities. There is not much to be gained from arguing in response about the "spirit" of an accord. This is a particular hazard for American negotiators trained in the Western legal system.⁸

The second point is obvious, but worth noting nonetheless. All agreements with North Korea need to be verified continuously, rigorously and comprehensively to ensure strict compliance.

US Leadership Is Essential

As the most powerful country in the region and globally, the United States has an indispensable role to play on the Korean peninsula. But American leadership will be neither cheap nor easy. It will take additional financial resources, which in the past Congress has been reluctant to make available. For example, Congress has been unwilling to fully fund KEDO's heavy fuel oil shipments to the DPRK, which are expected to double this year to

⁷ This caution is not new. Over 100 years ago, Rudyard Kipling captured this idea in *The Naulahka*: "At the end of the fight is a tombstone white with the name of the late deceased, and the epitaph dreads: 'A Fool lies here who tried to hustle the East'."

⁸ According to one knowledgeable Korean expert, the North Koreans are more dependent on personal relationships. "From a North Korean perspective, human relations should never be made conditional to something else. To suggest that a problem must be solved or an issue addressed before a relationship is possible is to demonstrate insincerity. Problems should be portrayed as annoying obstacles to what is most important: personal relationships." Linton, *op. cit.*, p. 14.

approximately \$120 million. Needless to say, it demeans the United States and diminishes its influence throughout Asia if Washington is unwilling to adequately fund the terms of an important US initiative. (At the same time, the United States can also better leverage its European, Persian Gulf and Asian partners to win their financial support for the KEDO project.)

Diplomatically, Washington's leadership in engaging North Korea can also provide helpful political "cover" for Seoul and Tokyo to do likewise. Following the US lead, rather than being seen to act independently, can be helpful in dampening criticism from domestic political opponents in South Korea and to a lesser extent in Japan who oppose engagement with the North.⁹

But Who's in Charge?

The past few years have shown that North Korea is too important to US national security interests to be ignored. P'yongyang poses a number of challenges for American policy-makers, ranging from nuclear issues, ballistic missiles, North-South interaction, conventional forces, humanitarian relief and economic sanctions. One of the main challenges for any Administration is to bridge the gap between the arms control/nonproliferation experts and the regional/area specialists in the Administration. Both the defense issues and the politics must be "right."

These issues require consistent attention at a very senior level, preferably by a single person with broad responsibilities. Implementing the policy—building support within the Administration, winning Congressional backing, and coordinating with key allies—will all be indispensable to engaging with the North. Mid-level officials, no matter how talented, cannot adequately perform these tasks.

Indeed, it was only after former Secretary of Defense William J. Perry became North Korea Policy Coordinator in November 1998 that the Clinton Administration was able to overcome what one critic termed its policy of "strategic incoherence" towards the North and articulate a clear way forward.

The period leading up to Perry's appointment proves that if the Executive branch does not aggressively take the lead on a foreign policy issue, Congress may move to fill the policy vacuum. During the past few years, Congress has passed a variety of legislation, some of which has placed additional constraints on the President's ability to carry out policy towards the DPRK.¹⁰ Much of this was due to Congressional distrust of the Clinton Administration's stewardship of US foreign policy generally and towards

⁹ It is an intriguing if unanswerable question as to whether US leadership also makes it easier for North Korea to engage the South.

the DPRK in particular. But Congress has now become a stakeholder in US policy towards North Korea and will likely watch closely the Bush Administration's actions towards the North.

Dynamic Environment, Rapidly Changing

Within the last twelve months, much has changed on the Korean peninsula. The June 2000 summit between Kim Dae-jung and the "Dear Leader," Kim Chong-il, was remarkable political theatre. Following this historic event, the two sides have signed an agreement for a Seoul-to-Shinuiji rail link, P'yongyang has attended ASEAN Regional Forum for the first time, joint de-mining activities continue along the DMZ, North and South Korean defense ministers met on Cheju Island and there has been a dialing down of the propaganda aimed at the South. (One South Korean wit has claimed that Korea has gone from being the "Land of Morning Calm" to the "Land of Morning Surprises.")

It is unclear whether these positive developments will continue, but past practice suggests that the situation will continue to evolve in unpredictable, at times even dangerous, directions. It is useful to recall that only a few short years ago, the South Korean Navy sunk a North Korean patrol boat on the wrong side of the Northern Limit Line, P'yongyang launched a Taepo-Dong I ballistic missile over Japan, North Korean commandoes tried to infiltrate the South by submarine, and the North routinely spewed forth poisonous rhetoric condemning the South Korean leadership and the illegitimacy of the Seoul regime.

At times, the United States has not been able to keep pace with these rapid developments, learning of meetings between the two Koreas or policy changes only after-the-fact. Washington has at times reacted to events rather than shaped them to US ends. This lesson supports the arguments expressed above for greater commitment to intelligence gathering, greater attention by senior policy-makers, and greater assertion of American leadership.

The United States Can Go It Alone (But It Is Better If It Does Not Have To)

Although the United States must always be willing and able to act unilaterally to defend its interests, it can significantly reinforce its position and advance its policies in Northeast Asia if it works closely with important allies, such as Japan and the ROK.

¹⁰ Curiously, in its dealings with Capitol Hill, the Clinton Administration never tried to frame the North Korean issue as one of national security and defense. It therefore left itself open to criticism from Republican members that it was propping up a failing North Korean regime by providing heavy fuel oil and humanitarian assistance.

As an American official once said about NATO, "The trouble with alliances are the allies." With any multilateral enterprise, members' interests overlap but are not necessarily identical; they often diverge in important ways, whether due to shaky parliamentary coalitions, domestic public opinion, financial constraints, or bilateral pressures. The same reality applies to Northeast Asia. While Seoul and Tokyo share many of Washington's interests in dealing with North Korea, their priorities and tactics at times may differ widely.

Although some policy differences can never be completely eliminated, the last few years have demonstrated that often they can be overcome, moderated or minimized in pursuit of a larger common goal. One institutional example is KEDO, where nationals from all three countries (and the European Union) work closely together to implement the LWR project since 1995. Moreover, Seoul and Tokyo will bear almost all of the estimated \$5 billion financial burden (a price-tag sure to rise as the project encounters further delays). Indeed, construction of the LWR plants would be impossible without these contributions since Congress passed legislation in 1999 prohibiting any US funds from being used by KEDO to underwrite the costs of LWR construction.

Another example is the highly useful and long overdue Trilateral Oversight and Coordination Group (TCOG), a US-ROK-GOJ mechanism recommended in the Perry Report.¹¹ Here the United States has worked closely with its allies to forge a common approach to North Korea. Since P'yongyang has proven skillful in the past at exploiting differences among the three countries, this intensive consultation is crucial. An option for the Bush Administration is to continue the TCOG, but with an upgrade in status to symbolize the importance Washington attaches to this issue and to ensure that senior-level officials are both informed and involved.

Finally, there is additional "value added" of Washington going forward in concert with its allies. Should the United States need to reverse course, enhance its deterrence posture or adopt punitive measures against North Korea, it will have a much easier time winning support from Seoul and Tokyo if all three parties have previously worked closely together in their policy approach to P'yongyang.¹²

¹¹ Perry presented his major findings of his "Review of United States Policy Toward North Korea" in testimony to the Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs on 12 October 1999. This can also be found in David Albright and Kevin O'Neill, eds., *Solving the North Korean Nuclear Puzzle* (Washington, DC: ISIS, 2000), pp. 299-313.

¹² The Perry Report also used this reasoning in explaining its "two-path strategy" toward the North. *Ibid.*

What “Rogue” Regime?

The United States no longer refers to the DPRK as a “rogue” regime or any other of the pejorative labels that passed for policy wisdom for a number of years. Kongdan Oh and Ralph C. Hassig have written that attempts to dismiss North Korea as a rogue regime offer little insight into North Korean objectives and motivations, and offer little guidance to US policy-makers seeking to bring North Korea into the international community as a functioning participant.¹³ In other words, if Washington truly believed that the North Koreans were rogues, with its imputation of irrationality, then all policy prescriptions would lead to an analytical dead end. How can you deal with a crazy state?¹⁴

For this same reason, calling North Korea a rogue regime created a number of domestic problems, not least the difficulty of explaining to Congress and the American public why Washington was meeting and negotiating with P’yongyang. Avoiding this linguistic shorthand allows the United States greater flexibility to engage diplomatically with the North. No doubt this was one reason why Secretary of State Albright did an about-face on this issue in June 2000, when she expunged the term from the diplomatic lexicon in favor of “states of concern.”¹⁵ Some early signs indicate that the Bush Administration will steer clear of this trap and deal with the North on a pragmatic basis.¹⁶

Strategic Lessons for North Korea

There are obvious limits as to how well we can understand North Korean behavior. But some thought must be paid to what the North may have learned from the past years of engagement with the United States. As Washington reviews the past decade, the lessons it divines—and the policy prescriptions it proposes—will be influenced by North Korea’s anticipated future behavior. This behavior will have been shaped by the lessons P’yongyang has learned from recent experience with the United States. In other words, there will be what political scientists and economists call “stra-

¹³ See Oh and Hassig, *North Korea Through the Looking Glass* (Washington, DC: Brookings, 2000).

¹⁴ The best treatment of this subject is Robert S. Litwak, *Rogue States and US Foreign Policy: Containment After the Cold War* (Washington, DC: Woodrow Wilson Center Press, 2000).

¹⁵ See Steven Mufson, “A ‘rogue’ is a ‘rogue’ is a ‘state of concern’” *Washington Post*, 20 June 2000, A16. See also the transcript of the Dept. of State Daily Press Briefing, Spokesman Richard Boucher, which can be found at <http://secretary.state.gov/www/br efings/0006/000619db.html>.

¹⁶ At the Munich conference in early February, Secretary of Defense Donald Rumsfeld pointedly did not refer to “rogue” states in explaining the American rationale for national missile defense. See Alexander Nicoll, “Defense debate stresses the need for more talks,” *Financial Times*, 5 February 2001.

tegitic interdependence,” where decisions are affected by the dynamic interaction between two actors who find themselves in a “game.” It is therefore useful to speculate, from an American perspective, what lessons the North Koreans may have learned from the past nine years of engagement with the United States.

The United States Is Afraid of the North’s Strength

The United States respects the North’s military power. Whether it is P’yongyang’s nascent nuclear weapons program, ambitious ballistic missile program, or million-man military, the North’s potential to destabilize Northeast Asia (and other regions through ballistic missile exports) attracts Washington’s attention. Whenever the North has engaged in highly provocative behavior, the United States has responded by immediately re-engaging diplomatically and seeking to address some of P’yongyang’s concerns. Prominent examples are the North’s March 1993 threat to withdraw from the Nonproliferation Treaty, the unmonitored unloading of spent fuel in May-June 1994 and the August 1998 Taepo-Dong I ballistic missile test. Within weeks of each event, Washington found itself back at the negotiating table with P’yongyang, thereby acceding to one of the North’s main objectives. And of course, the preponderance of North Korean conventional force along the DMZ, including artillery that can reach Seoul, acts as a constant threat to the South and US forces stationed there.

For this reason, it is entirely possible the DPRK might apply this lesson to the new Bush Administration, testing them if the North believes it is being ignored. According to a recent article by Robert Manning: “[D]o not be surprised if P’yongyang tries to provoke a crisis—perhaps threatening to withdraw from the Agreed Framework—in an effort to test the new Administration and put it on the defensive.”¹⁷

The United States Is Afraid of the North’s Weakness

As worried as the United States is about the North’s strength, it is also concerned about its weakness. A so-called “hard landing” by North Korea would result in enormous human suffering and physical hardship in the North and risk destabilizing the Korean Peninsula and perhaps beyond.

To avoid this possibility, the United States has taken the lead in propping up the North Korean regime in an attempt to stave off collapse. This assistance has taken the form of food and other humanitarian aid. North Korea is now the largest recipient of US aid in Asia, topping \$160 million in 1999 alone, and totaling around \$800 million since the mid-1990s.¹⁸ That this assistance has routinely continued despite periodic North Korean belligerence, provocations and lack of cooperation has sent a powerful signal to P’yongyang,

¹⁷ Robert A. Manning, “Will Korea be Bush’s first policy crisis?” *Los Angeles Times*, 7 January 2001.

namely, that the United States will feed the North—regardless of the policies it adopts. For North Korea, it would appear, there has been such a thing as a free lunch.

The United States Is an Unreliable Partner

For P'yongyang, the United States may appear to be an unreliable partner, often promising more than it can deliver. The LWR project, which was a centerpiece of the Agreed Framework negotiated by the United States, had a target date of 2003; it now appears the project is at least five years behind schedule. Further delays may be expected. It is likely KEDO will claim that these delays will escalate costs, which will contribute to further delays.

Washington has proven unreliable with respect to another element of the Agreed Framework as well—the pledge to deliver 500,000 metric tons of heavy fuel oil (HFO) annually to the DPRK until the first LWR is completed. For the past three years, this commitment has not been met; the North has had to wait additional months to receive its quota of oil. This problem may reach a crisis this year, as skyrocketing oil prices will double KEDO's cost in delivering HFO.

If Washington cannot be trusted to keep its word on a matter of such obvious importance, why should P'yongyang trust it on other matters?

The Normal Rules Don't Apply to North Korea

Whether because of its strength or its weakness, North Korea has not had to honor the same diplomatic and economic rules as other countries. The United States (and the ROK) have been willing to “encourage” North Korea to attend meetings, such as the four-party talks, to consent to inspections at Kumchang-ri, and to allow family reunions by offering certain inducements. Often these inducements (or what used to be called “carrots”) have taken the form of food aid or financial assistance. This US policy of “food for meetings” started in 1996 and lasted through the end of the Clinton Administration.¹⁹ To use a term from contemporary psychology, the United States has “enabled” North Korea by indulging its bad habits.

This also contradicted longstanding US policy of not using humanitarian assistance as a lever to try to compel political change. The Clinton Administration approach here attempted to do two things simultaneously and ended up doing neither very well. First, it wanted to deflect charges of appeasement from its domestic critics who viewed food assistance as providing comfort to the enemy (especially given doubts about how the food was

¹⁸ Doug H. Paal, “A Korean Peninsula Agenda for the New US Administration,” in *The Korean Peninsula in the 21st Century: Prospects for Stability and Cooperation*, Joint US-Korea Academic Studies, Volume 11, 2001, p. 147.

¹⁹ See Marcus Noland, *Avoiding the Apocalypse: The Future of the Two Koreas* (Washington, DC: Institute for International Economics, 2000), pp. 186-187.

monitored and distributed). Second, it wanted to promote diplomatic movement with the North. It came up short in both instances. Getting the North to the negotiating table was not sufficient to satisfy the Clinton Administration's critics, especially in Congress. And "bribing" the North to attend meetings with food aid sent the wrong signal to P'yongyang. Once the North merely showed up, aid would flow and its primary policy objective was achieved.

This preferential treatment carried over to the economic realm. Foreign investors (admittedly, mostly South Korean) have acquiesced in highly dubious financial transactions with the North despite the extremely hostile investment environment characterized by the absence of the rule of law, private property rights, or any dispute resolution mechanisms. These ventures, often assisted by under-the-table payoffs to North Korean officials, promise little if any return on investment.

Moreover, it is not even clear that these investments have achieved this political purpose—such as the promotion of North-South interaction—that could somehow justify the expense. To take one example, North Korea is not only reported to receive an estimated \$10 million per year from its tourism project with Hyundai, but it still manages to keep its own people insulated from ideological contamination by strictly limiting access to the South Korean tourists.

Big Brother Is Watching

It is clear that the United States has invested tremendous resources to uncover North Korea's military capabilities, especially with respect to WMD, and that these resources are quite sophisticated. This became evident during the 1993-94 nuclear crisis, when the United States shared high-resolution satellite pictures with the IAEA; these pictures showed two undeclared spent fuel sites at the Yongbyon nuclear complex. In addition, IAEA inspectors trained by the United States were later able to uncover evidence of "irregularities" in the DPRK's initial declaration to the IAEA concerning the amount of plutonium it had separated.

But the lesson here is more complicated because of the Kumchang-ri episode. In this case, the United States falsely claimed that the DPRK was building an underground nuclear site thought to house either a reprocessing facility or nuclear reactor. In fact, US officials who visited the site found no such facility.

So what is the real lesson? Perhaps that the United States used Kumchang-ri as a pretext for other purposes? Or that US capabilities are not as good as previously thought? That the North should continue to conceal and deceive the outside world on nuclear issues as a way to get Washington's attention and food assistance? And to the extent P'yongyang understands US detec-

tion capabilities, will this lead the North to adopt more sophisticated deception and concealment efforts?

The United States Will Support the Sunshine Policy

The promotion of North-South dialogue has long been a staple of US policy towards the DPRK; this principle was enshrined in the October 1994 Agreed Framework and was regularly repeated by US officials in their meetings with the North through the rest of the decade. The culmination of this approach was realized by the June 2000 summit between the two Kims.

Reviewing Washington's long-time emphasis on North-South dialogue, a lesson the North has learned is that it will be difficult for the Bush Administration to reverse course.²⁰ Although early indications suggest that the Bush Administration will continue to support inter-Korean dialogue, it is possible that P'yongyang may still try to leverage its relations with Seoul to compel Washington to re-engage with the North on its timetable, not the Bush Administration's.

Conclusion

During the past decade, both countries have climbed some way up a fairly steep learning curve.

North Korea and the United States will need to draw upon this experience if they wish to move forward together in securing a more stable Korean Peninsula during the next few years.

For the United States, however, dealing with the DPRK likely to get more, not less, difficult in the next few years. The North's recent diplomatic offensive, what their press has termed "magic diplomacy," may constrain Washington's future flexibility in ways that are difficult to predict. As other countries improve relations with the North, there is a risk that preserving good ties with P'yongyang will be seen as an end in itself, or as a better means to an end than issuing threats or demonstrating a robust deterrence through military exercises. There is already a growing sense in Asia that the best way to work with North Korea now that the hermit kingdom has left its isolation is to broadly engage P'yongyang through coaxing and "incentives" rather than through overt displays of deterrence. These countries, including US allies, may criticize, frustrate or oppose American actions they view as provocative to the North. Washington will suffer a backlash if it is being perceived as adopting unreasonably harsh measures against P'yongyang.

²⁰ Personal conversations with DPRK diplomats, 6 February 2001.

In fact, Washington has faced this problem before. In early 1994, as tensions on the Korean peninsula increased, the US Commander in South Korea requested that US/UN forces be reinforced with Patriot missiles. In the face of strong criticism from Seoul, Washington backed down. Only in March, after a round of North-South talks ended badly, were the missiles shipped to South Korea. And during the 1993-94 period, the United States consistently faced resistance at the UN Security Council when it tried to adopt sanctions against North Korea for violating its IAEA and NPT obligations.

With P'yongyang's expanded contacts and warming relations, this problem will increase. For example, North Korea's new friends may now even more harshly criticize any hardening of the US position over negotiating the end of the North's nuclear weapons and ballistic missile programs. Attempts by the United States to seek sanctions in the United Nations or reinforce American troops on the peninsula would likely be met with strong criticism from US adversaries and allies alike. Washington will feel growing pressure to be more flexible, more generous, and more forthcoming. North Korea may thus be encouraged to raise its asking price, harden its stance, and be more patient in dealing with the United States than before (not a welcome thought). Under these circumstances, Washington may lose control over the pace and perhaps even the agenda of its negotiations.

In short, the risk is that a subtle shift in the balance of power at the negotiating table may take place. And no one is more adept than the North Koreans at engineering crises and exploiting differences between the United States and its allies to gain concessions from Washington and others. American efforts to resolve the North's WMD programs, missile threats, and the conventional force threat will take longer, cost more, and prove a greater test of alliance relations—and US diplomatic skill—than before. In the past, the North Koreans have played a weak hand well. Now they will have the chance to play a much stronger hand.

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The New US Administration and North Korea Policy: A Time for Review and Adjustment

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Introduction

While most Americans are anxious to see the new Bush Administration achieve forward movement on such domestic issues as tax reform and education, significant foreign policies already confront the United States. One area that requires early attention is the US-Republic of Korea alliance. In recent months, new developments in relations between democratic South Korea and Communist North Korea require that Washington review its policies toward the North and, where necessary, make appropriate adjustments.

Hopeful but Slow Progress

The hostile, 50-year old standoff between North and South Korea fundamentally was affected by last June's leaders' summit in the North's capital, P'yongyang. The talks between South Korea's President Kim Dae-jung and North Korean leader Kim Chong-il were the first such meetings between the two bitter enemies since Korea was divided in 1948. Before departing P'yongyang, President Kim Dae-jung signed a formal agreement with the de facto leader and Defense Commission Chairman of the North that identified concrete avenues toward reconciliation and eventual reunification of the Koreas.

The significance of the summit and the pact cannot be overestimated. Never before have political talks between the North and South reached such high levels. South Korean President Kim deserves praise for his relentless pursuit of the summit after years of diplomatic stalemate. The next major step in the budding peace process will be the reciprocal visit to Seoul by the North Korean leader. While a date for that visit has not been set, there are increasing signs that it may take place around April.

US-South Korean Coordination Is Essential

Washington should applaud President Kim's success at negotiating the pact as well as establishing Seoul's leadership role in the process, a role that the Clinton Administration had downplayed in the past. To sustain the momentum that President Kim's visit to P'yongyang has sparked, the United States now should execute a careful strategy that keeps Seoul out in front and continues to offer any US benefits to the North on a strict, reciprocal basis. This principle of reciprocity was rarely enforced during the Clinton Administra-

tion and now deserves close scrutiny by President Bush as he and his senior advisors review America's North Korea policy.

The June 2000 Joint Declaration

The four-point pact signed by Kim Dae-jung and Kim Chong-il in P'yongyang on June 14 is brief and concise, yet broad in its implications:

First, the two leaders declared that on the matter of national reunification, Koreans should play the leading role. This is significant since the Clinton Administration in recent years assumed the lead role. In doing this, it inhibited the North-South dialogue and thus stymied any meaningful progress toward tension reduction on the Peninsula.

Second, the two Korean leaders pledged to negotiate toward a "loose form of federation." In President Kim Dae-jung's mind, this would involve a confederation stage during which the two governments would cooperate closely on economic, social and political matters. Defense and foreign policy issues would remain the sovereign domain of the respective governments. After a gradual period of reconciliation under the confederation arrangement, the two sides eventually would negotiate formal procedures for reunification of the nation.

Third, the two leaders pledged to move swiftly to address the plight of more than 1 million relatives separated since the national division of Korea. They agreed to arrange a large separated-family member exchange for National Liberation Day on 15 August.

Fourth, the leaders pledged to greatly expand their countries' economic ties, and even cited several specific infrastructure projects on which the two sides could cooperate.

Tensions Remain High

Despite Seoul's successful efforts to resume North-South dialogue after a nearly decade-long hiatus, little meaningful progress has been achieved. A very limited and highly regimented exchange of several hundred separated relatives occurred, and the two sides are wrangling over the next exchange. Critics of President Kim's sunshine policy toward P'yongyang worry that Kim Chong-il simply is allowing for perfunctory North-South interaction in return for stepped up food and financial assistance from Seoul. The Kumgang-san tourism business, funded mainly by the Hyundai Group, is painted by President Kim's opponents as an operation that, by some accounts, has generated as much as \$25 million in monthly profits for the North. While the South Korean leader deserves credit for achieving the historic summit, Seoul should take care that a proper degree of North Korean reciprocity also

is secured. Above all, the North must be pressed to begin reduction of its conventional military threat.

In Senate testimony on 7 February 2001, CIA Director George Tenet said that the North continues to pursue a "military first policy" at the expense of other national objectives. As a result, "the North Korean military appears for now to have halted its near-decade-long slide in military capabilities." He concluded that Washington "has not yet seen a significant diminution of the threat from the North to American and South Korean interests."

The US-Korea security alliance remains dominated by the serious military threat posed by Communist North Korea, and the Korean peninsula remains the only spot in the world where tens of thousands of American lives are at risk. Despite its tattered economy, the North's regime maintains one of the world's largest standing armies and has used its nuclear weapons and long-range missile development programs to extort support from the US and the international community. The North's forward deployed forces require the continued presence of 37,000 US troops in South Korea at a cost of about 3 billion US taxpayer dollars per year.

North Korea Policy: Past Lessons

The Bush Administration wisely announced early on that America's policies toward the North would be reviewed and, where necessary, changes would be made. In this regard, an analysis of President Clinton's policies and their results is a useful exercise. How were the past policies conceived, and what did they achieve? For one thing, North Korea became one of America's largest recipients of foreign assistance. Since 1994, around half a billion dollars has been spent by Washington on the North in the form of humanitarian food assistance, payments to the North for the return of US Korean War-era MIA remains and energy assistance required under the 1994 US-North Korea nuclear deal.

Early in his first term, President Clinton grappled with the North's renegade nuclear weapons program. After many months of tedious negotiations with the North, the first-ever US-North Korea political agreement was signed in October 1994. The so-called Agreed Framework offered benefits to the North including improved trade and political ties with Washington, a \$50 million per year fuel oil supply and construction of two nuclear reactors valued at about \$5 billion. Together with a consortium of about a dozen nations, the United States is raising funds to support this process, although Seoul has pledged to pick up most of the tab. In return, the North agreed to "freeze" its current nuclear program, preventing it from processing any more weapons-grade plutonium than it already has.

The Clinton Administration proclaimed that the nuclear threat had been checked. There were serious holes in this assertion, however. Washington backed down on its earlier demand that the North provide a full accounting of its enriched plutonium stockpile. Inspection of its storage sites, which the North is obliged to allow under other international treaty obligations, has been delayed for years to come. As a result, the North may have already secretly assembled nuclear bombs. Even senior Clinton Administration officials made this public admission. This makes the North's missile technology advances all the more threatening.

As part of the deal, the North promised to resume substantive dialogue with the South in pursuit of tension reduction. It refused to do this for nearly six years, yet the Clinton Administration downplayed this direct violation of the Framework.

The North continued its ballistic missile development program and exported its missile technology to nations hostile to the US. P'yongyang's conventional military threat remains and, considering its missile advances, has become more dangerous. It is receiving assistance from the US and its allies in return for a so-called nuclear "freeze" that has left all of the North's nuclear weapons development capabilities in P'yongyang's hands. Regarding fundamental US national security considerations on the peninsula, Clinton's North Korea policies largely have failed.

Why So Far Off Course?

Clinton Administration officials often answered Agreed Framework critics with the accusation that the policy's opponents never proposed any viable alternatives. That simply is not true. The Heritage Foundation, among others, was promoting a variety of policy options when the nuclear crisis heated up in 1993. The recommendations in this paper's conclusion generally are in line with the ones Heritage espoused during that timeframe. The fact is that the Geneva deal was poorly negotiated and poorly designed.

The North's threat and bribery tactics have repeatedly paid off for P'yongyang. Actually, the most significant "freeze" in play today relates to three key issues. Unlike the much touted yet illusionary nuclear freeze, these other frozen aspects run decidedly counter to the interests of the US, South Korea and its allies. They are:

- 1) Political and military tensions on the peninsula remain frozen at dangerously high levels. Indeed, given the profound ripple effects throughout the region of the North's missile program, tensions are increasing and drawing other nations into the fray. The Agreed Framework has ironi-

cally and disturbingly created more instability and frictions than it has solved.

- 2) The US was frozen into a largely fruitless bilateral political dialogue with P'yongyang. Trapped in a tedious and inconclusive series of talks with the North, the US became the focus of most of the North's attention and energy. Lost in the shuffle was anything resembling a clear, forward-looking, comprehensive plan for achieving lasting peace in Korea.
- 3) As a direct result of point two, South Korea was frozen out of the point position it once held with respect to peace negotiations with the North. For decades, the US required that the North deal directly with Seoul since, in the end, only the two Koreas can ink the formal agreements that will be necessary to get the reconciliation process going. The US position once was that Washington could not solve the stalemate on its own. That US position was overturned by the October 1994 deal. Until last June, the North had refused to hold even one formal government-to-government dialogue session with the South. The June summit had more to do with Seoul's dogged pursuit of the breakthrough and the North's frustration with the Agreed Framework than with the US-North Korea deal itself.

Why did our Geneva negotiators not anticipate these problems? How could they not have suspected that the first political agreement between Washington and P'yongyang would turn the North away from, not toward, productive dialogue with the South? Did they truly believe that the North was sincere in pledging to give up its nuclear weapons program in return for two power plants?

Misguided Expectations on Both Sides

Some critics of current US policy believe the answers lie in two related factors. First, perhaps in a rush to contain the crisis and loathe to stand firm in the face of the North's defiant violation of its NPT obligations, the North's demand for the light water reactor construction project (LWR) was accepted despite the wholly impractical nature of scheme. Very serious questions about the viability of the construction project have emerged that seem not to have been anticipated by the Clinton Administration. One fact is that the North does not have the capacity to distribute the energy that would be produced by the reactors. There are other technical and legal matters that have emerged which cast long shadows of doubt upon the very concept of building LWRs in the North.

Given this, one can reasonably suspect that President Clinton's negotiators had other considerations in mind. With a congressional election looming, they appeared to have been in a rush to sign a deal before November 1994.

The Framework alone would not bring peace to the peninsula, but it would buy time. It appears, however, that the Clinton Administration may not have assessed that the structure of the deal could in fact worsen tensions. Another factor may have been those officials in the Clinton Administration who believed that North Korea was well on the way to its collapse. Buying time would pacify and distract P'yongyang for some months or several years—until the government there slipped into a coma and made a “soft landing.” The work on the LWRs would not be in vain then as they would be inherited and made viable by prosperous South Korea.

The other side of the coin was the North's expectations and intentions. Clinton Administration officials did not realize how divergent the North's perceptions of the deal were from those of the US. Just a few weeks after the Geneva deal was signed, senior North Korean officials met with Heritage Foundation representatives. What the North Koreans said was striking and disturbing. For one thing, the LWRs were not the focal point of their thinking. In fact, they seemed to place little importance upon the construction project and its purported future benefits. Instead, they were elated over the broader implications they saw in the deal. Three points dominated their analysis:

- 1) As the first formal agreement with the US, the Framework was an unprecedented political feather in the North's hat. It would afford P'yongyang greatly enhanced stature and legitimacy in the international community and undercut Seoul's image since the deal broke the South's monopoly on ties with Washington.
- 2) The North Korean officials were adamant in their prediction that these political realignments would open the way for the North and the US to conclude a bilateral peace treaty. That, in turn, would pave the way for the withdrawal of US forces stationed in South Korea.
- 3) With the lifting of America's trade embargo, the North would be showered with US aid and lucrative business transactions, thus saving its decaying economy.

It is important to point out that, in defending these predictions, the North Korean officials pointed to the side letter that President Clinton sent to “Supreme Leader Kim Chong-il” on the day the Geneva pact was inked. In it, President Clinton pledged that the US taxpayer would pay the agreement's multibillion-dollar price tag in the event that the South, Japan and other allies failed to do so. To P'yongyang, it was proof that it had finally succeeded in its strategy of isolating Seoul by aligning itself closer to Washington. The Clinton letter should go down in history as one of America's most careless and disingenuous diplomatic ploys.

Assuming that the North did indeed wildly misjudge and overestimate the benefits that would flow from the Geneva accord, one can understand its subsequent defiant attitude. P'yongyang believed the agreement would bolster and protect the North Korean regime and its economy at the expense of the South, and that it could simultaneously try to squeeze all it could out of the US, its allies and the international community. In the end, Geneva was not about peace. It was about survival.

August 1998: The Beginning of the End of the Framework?

August 1998 was a pivotal month for North Korea policy, particularly from the US perspective. That month, *The New York Times* first reported on the "suspect site" at Kumchang-ri. Then, in late August, North Korea shocked the world by successfully testing a long-range missile. That missile was fired over Japanese territory, sending an unmistakable military warning to Japan and its closest military ally, the US. Within the space of a few weeks, US attitudes toward North Korea were shaken to their core. First, there was dramatic new evidence that the North not only posed a missile threat to the South and Japan but also to US territory. Second, the Kumchang-ri incident, coming four years after the North had pledged to keep its nuclear program "frozen," solidified the opinion of many that P'yongyang never had any such intention.

South Koreans have lived under the threat of North Korean attack for decades. The missiles, while clearly a matter for concern, are just more arrows in the North's quiver in the minds of many South Koreans. However, from the US perspective, the missile program aims to extend the North Korean military threat right to America's shores. First, of course, is the specter of the North possessing missiles tipped with nuclear or chemical weapons capable of reaching western areas of the US. Next, the missiles have set off a regional chain reaction throughout Northeast Asia. This in turn is an added threat to American security interests. Japan was so rattled that its officials reportedly even considered the "preemptive strike" option. Washington has responded by pursuing a missile defense initiative similar to the one that President Reagan was unable to realize even during the cold war. This, together with broadening discussions of theater missile defense programs for allies including Korea, Japan and Taiwan, has become a matter of contention between Washington and Beijing.

So, the North has ceased to be simply a peninsular threat. It is dismaying that some South Korean analyses blame the current debate over changes in US policies toward the North on "hard-line Republicans" or "conservatives." But, this is not a debate over whether to be "hard" or "soft" on P'yongyang. Rather, it is a debate over whether Clinton policies have

compounded US challenges instead of solving them. It is a debate over how to formulate more effective policies.

How the Framework Has Failed

It should be recalled that Section III of the Agreed Framework stipulated, "The DPRK will consistently take steps to implement the North-South Joint Declaration on Denuclearization . . . and the DPRK will engage in North-South dialogue, as this Agreed Framework will help create an atmosphere that promotes such dialogue."

The Clinton Administration's attempts to coax P'yongyang to the bargaining table with the South were, in the end, ineffective. The North, mired in a staggering economic crisis, repeatedly has demanded commitments of massive food aid from the United States and South Korea as a precondition to negotiations. Seoul, Washington and the international community have provided enormous amounts of humanitarian assistance. Still, the P'yongyang regime consistently refused to engage Seoul in political dialogue (until President Kim's June initiative)—violating the promise it made in writing in Geneva in 1994.

The US-North Korean Agreed Framework of October 1994 was hailed by the Clinton Administration as an historic opportunity to end the state of war that had lingered on the peninsula since the 1953 Korean War cease-fire. Instead, military tensions on the peninsula remain high, no progress has been made in easing the North's conventional threat, the North's economy is in a free fall and many of its citizens are starving. Also, under the agreement, the North was allowed to keep its nuclear card for years to come. It technically is obliged to allow for full nuclear transparency just before completion of the two reactors, which, at this point, will not happen for many years.

Also, in order for the Clinton Administration to coax concessions from the North, a pattern of payments and concessions emerged. The 1999 Kum-chang-ri is an embarrassing example of this. Early that year, the US announced that an underground site had been identified in North Korea that was suspected of being used for nuclear weapons development purposes. When the site became public knowledge, and thus a political bone of contention with respect to the purported nuclear freeze, the US demanded inspections. The North offered to allow inspections for \$300 million. In the end, P'yongyang got most of what it demanded, and the US got much less. The food assistance that Washington announced just weeks before the 16 March 1999, "US-DPRK Joint Press Statement" was valued in the \$200 million range. Secretary of State Albright proclaimed that the North had

agreed to "multiple site visits" by US officials to Kumchang-ri. Actually, what the US received was an "invitation" by the North to have a single inspection in May 1999. Any reasonable person would question this failure to secure immediate inspections. The inspection turned up nothing, and observers wondered whether it has been sanitized or simply had been used by the North as an extortion tool. Consider the 18 March 1999 commentary published in the South Korean daily newspaper, *Choongang Ilbo*:

"In effect, North Korea traded a cave for gifts equivalent to a third of its annual trade . . . The US came away with nothing, **not even face** [emphasis added] . . . The US backed away big time, too, from its original refusal to pay any compensation to the North. The US-North Korea agreement, to be sure, contains no mention of compensation, but nobody is fooled by that. The agreement is a straightforward exchange of assistance for visits. Meanwhile, of course, North Korea has carted away any evidence at Kumchang-ri and US 'visits' are unlikely to turn up anything."

The North has a growing missile arsenal that is acquiring intercontinental capabilities. Furthermore, it is becoming one of the world's most prolific salesmen of missile technology to rogue nations. It is not widely known that, in recent years, the Clinton Administration discovered not one but two sales of North Korean missile technology. In 1996, P'yongyang sold Scud mobile missile launchers to Iran. The next year, the Clinton administration, in a low-key, official notice, published in an obscure government document, admitted that the North had been caught yet again selling missile technology. In both cases, Washington was forced under existing US law to impose additional (though meaningless) trade sanctions upon North Korea. In neither of these cases did the administration take the initiative of speaking publicly about the North Korean sales and so neither the US press nor the Congress came to know the full story of these incidents. The Clinton administration established a pattern of downplaying or ignoring serious hostile actions taken by P'yongyang, actions that one could conclude violated the spirit if not the letter of the Agreed Framework.

America's economic, political and security stakes in Northeast Asia are very high. Should the North attempt to make good on its infamous threat to turn the South into a "sea of flames," the entire region would be destabilized. In this context, the Agreed Framework process has not eased Korean tensions.

Clinton policies have done little more than paper over the threat and entice P'yongyang to engage in talks with the United States by offering it a multi-billion dollar energy infrastructure construction along with pledges of limited US aid and political ties. Now, the United States and other nations are

responding to the North's economic crisis with food aid. For the first time, the North openly admits to its economic woes and is publicly appealing for international support. P'yongyang continues its strategy of extracting concessions from the United States and its allies. But, this is a futile game. The North's needs are much greater than Washington and the international community are willing to provide. Massive aid to a nation that poses a clear and present military threat is hardly an acceptable option. As the North continues its slide toward economic collapse, it can expect only limited aid under the current circumstances. The multibillion-dollar bonanza it has been promised—the nuclear reactors—won't materialize for years.

The Geneva Deal's Basic Flaws

The General Accounting Office (GAO), a research arm of the US Congress, has published several reports highlighting the Framework's multiple flaws. It has found that the Agreed Framework is "not legally enforceable," either under US or international law. The GAO determined the document was not a formal treaty of any sort but rather a "nonbinding political agreement." Such a document does not require prior US congressional approval. It is reasonable to assume that this was precisely the aim of the Clinton administration. Still, the Congress has been compelled to appropriate many millions of dollars to fund the Clinton deal. So, the Congress has been something of a hostage in this process. The GAO concluded that the Agreed Framework "can have the effect of pressuring the Congress to appropriate moneys to implement an agreement with which it had little involvement." One could conclude that "no involvement" would have been a more accurate description of the congressional role. Also, the report pointed out that the Congress must eventually approve transfer of any significant nuclear technology to the North, despite the fact that it was not consulted.

The GAO study found that the North eventually would have to purchase expensive nuclear liability insurance to protect KEDO participants, including Americans. Also, the North's existing power grid or infrastructure is not nearly capable of distributing the power that will be generated by the new reactors. The GAO quotes State Department sources as saying that this grid will cost about \$750 million, a figure that is considered a very conservative estimate. The US and its allies understandably say they will not pay for this enormous project. Given its economic crisis, it is certain that the North will not soon be in a position to pay this price. The GAO states that "North Korea could exert pressure on others to pay for the grid."

The most recent GAO report on these issues was released in July 1998. Among other things, it stressed that the International Atomic Energy Agency (IAEA) "identified several problems affecting its ability to determine whether North Korea is complying fully with . . . aspects of the

nuclear freeze." One specific problem is that the North "has not allowed the IAEA to implement required safeguards measures on the liquid nuclear waste tanks" at the Yongbyon facility. Furthermore, "the Agreed Framework allows North Korea to continue operating certain nuclear facilities not covered by the freeze," the report found. The GAO report notes that a December 1996 State Department cable expressed "deep concern about whether North Korea will fulfill critical components of the Agreed Framework."

During talks with the North in 1993 and 1994, US policy makers spoke of a "package deal" under which P'yongyang would reap substantial rewards for giving up its nuclear ambitions and pursuing a lasting peace on the peninsula. At that time, The Heritage Foundation, among others, supported this approach and called for an attractive trade and aid package from the United States, South Korea, Japan and other concerned parties in return for P'yongyang's cooperation. Instead, the Clinton Administration offered a power plant construction scheme. What the North desperately needs *now* is financial assistance and economic reform, not the prospect of enhanced electric power capabilities 10 years from now. What the US urgently needs *now* is an unambiguous end to the North's nuclear threat and rapid tension reduction in Korea.

Current North Korea policy should be changed to address these critical needs. While this will require careful diplomacy, there are no legal barriers to such action. After all, the GAO report to Congress found that the Agreed Framework is not legally binding or enforceable under either US or international law. The study quotes State Department officials as admitting that the deal was structured in this manner since "the United States wanted the flexibility to respond to North Korea's policies and actions . . ." Now is the time to respond.

Sunshine Policy to the Rescue?

Within days of assuming office, President Kim Dae-jung sounded some hopeful notes with respect to North Korea policy. Particularly noteworthy was his contention that the South should resume its front-and-center position in dealing with the North. Seoul's primacy is essential to success, but Washington largely bartered its point position away in the Geneva deal.

Over the course of his first year in office, President Kim fleshed out what he calls his sunshine policy. It has become a matter of domestic Korean political controversy since some accuse President Kim of not requiring enough "linkage" in return for South Korean assistance. Still, his policies embrace

the fundamental principles necessary for turning our concerted efforts away from the current, feckless track and moving them in directions that can eventually produce positive results.

President Kim speaks of an appropriate measure of reciprocity, a concept that would link North Korean good behavior to incentives that would be offered by Seoul and its allies. In this, there could be the makings of a comprehensive "carrot and stick" package deal that the Clinton administration chose to abandon in 1994. This is the sort of approach Seoul should follow, taking care that the principle of reciprocity is enforced against the North. It is important for Seoul to resume the point position in dealing with North Korea. Real progress toward tension reduction must be achieved primarily by the Koreans, with the US, Japan, China and other concerned nations playing important but supporting roles.

Conclusion

The Cold War may have ended, and North Korea may no longer have China and the Soviet Union standing by ready to support its military aggression toward the South. But, even as its economy crumbles, the North continues to pose a daily threat to the security of South Korea, as well as to the interests of the United States and the South's other allies.

The time has passed for simply offering reasonable incentives to P'yong-yang to produce reasonable behaviors. The North must now show substantive efforts and make rapid progress toward achieving peace and stability on the Peninsula. President Kim's North-South summit initiative gives rise to considerable hope that this process has begun and that the two Korea's are implementing a practical, step-by-step journey toward peace and reunification. Washington should step back, support the South in its efforts, and ensure that future aid is tied to real reciprocity on the part of the North.

North Korea's Historic Shift: From Self-Reliance to Engagement

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The North-South summit meeting of June 2000 has brought dramatic change to the Korean peninsula. In political terms, it is the greatest change since the Korean War half a century ago. The resulting engagement, if sustained, has the capability of inaugurating a fundamentally new era in Korea and Northeast Asia.

How did this surprising engagement come about? What are its essential characteristics? Where is it leading? What are the prospects of success?

This paper is a modest effort to explore some of those questions, even though much essential information about the origins and inner workings of the transformation remains unknown. I have always been fascinated with historical turning points: my first book, *Tet!* (1971), was about the turning point of the Vietnam War; my second book, *The Turn: From the Cold War to a New Era* (1991), described the negotiations which ended the global struggle between the United States and the Soviet Union. I find the current shift on the Korean peninsula no less fascinating or less historic, even though the final result is still beyond our grasp. Whatever the developments to come, whether they bring the renewal of Kim Chong-il's regime or its demise, I am convinced that the future of the Korean peninsula will be different from the past. Thus, the developments that came to fruition in the year 2000 will be long remembered.

As is clear from the paragraph above, I do not believe the North-South summit meeting in P'yongyang in June or the events that followed were mere symbolism without substance, as some in Washington and elsewhere have contended. Compared with the past, the events since the June summit have been nothing short of startling. They are already bringing important changes to the relationship between the two regimes that share the Korean peninsula, and they are likely to bring notable changes to the relationship between the two Koreas and United States and a host of other nations.

Since the June summit, North and South Korea have held four rounds of formal ministerial talks on the differences between them and agreed to four North-South pacts to encourage trade and investment.²¹ Defense ministers of North and South have held one round of talks to discuss security arrangements, and lower-level military working groups from the two opposing armies have held five meetings. Two sets of emotional meetings to reunite 100 families on each side have been held, and a third is scheduled for late

²¹ For a good summary of North-South interactions since the June summit, see Mark E. Manyin, "North-South Korean Relations: A Chronology of the 'New' Dialogue," Congressional Research Service, 18 January 2001.

February. The athletes of North and South Korea marched together under a single flag in one of the most memorable moments of the 2000 Sydney Olympics, in sharp contrast to their bitter disputes over the 1988 Seoul Olympics. The two sides have agreed on plans to repair and reconnect the severed North-South railroad that ran through the peninsula until the country was divided more than half a century ago, and to build a highway alongside the tracks to facilitate commerce and other exchanges. Rail reconstruction and mine clearing has begun, to make possible the new links through the heavily fortified DMZ. In a development that started earlier, South Korean and foreign tourists have continued to visit North Korea's Diamond Mountain by the thousands. North Korea and South Korea's Hyundai Corporation have continued discussions on the establishment of an export processing zone at Kaesong, a historically important city in the center of the militarily sensitive area just north of the DMZ. Many of these items represent interactions which are incomplete and in some cases have run into problems. But every one of them is unprecedented in the 50-year struggle between the rival regimes that inhabit the Korean peninsula.

In the international area, the North Korean dogma of *juche* has given way to an almost dizzying drive for engagement. Kim Chong-il sent Vice Marshal Jo Myong Rok, widely regarded as the second most powerful figure in the regime, to see President Clinton in Washington, carrying unexpectedly sweeping proposals to virtually eliminate North Korea's long-range missile programs. Secretary of State Madeleine Albright and a team of high US officials flew to P'yongyang to negotiate further about the missiles, but were unable to forge agreement on a deal before the Clinton administration left office. North Korea resumed normalization talks with Japan in April 2000 after a hiatus of eight years. In July P'yongyang joined its first regional security organization, the Asian Regional Forum sponsored by Southeast Asian nations. A month later it renewed its application for membership in its first international financial organization, the Asian Development Bank. Meanwhile, Kim Chong-il held summit meetings with the leaders of China and Russia. In September his government sent letters to the European Union and every European country proposing the opening of relations. Since 1 January 2000, North Korea has established diplomatic relations with Italy, Australia, the Philippines, Great Britain, the Netherlands, Belgium, Canada and Spain and has moved toward full relations with several others. Nearly all of these developments are also unprecedented.

In Pursuit of a Summit

In examining the motive forces behind these changes, the central focus must be on North Korea. Although Kim Dae-jung's sunshine policy was a key factor in the developments, it brought few results during its first two years because Kim Chong-il was not ready fully to engage. From 1972 to 1994 South Korean presidents from Park Chung Hee through Kim Young Sam had tried at one time or another to establish serious relationships with Kim

Il-sung, their counterpart in the north, and all except Park ardently sought summit meetings, but with only minimal success. Kim Dae-jung was more determined and more consistent than his predecessors and deserves much credit, but even his extensive efforts came to little until a decision was made in P'yongyang to respond in kind.

For most of the half century since the creation of the regime, North Korea's role on the world scene was that of menace to the peace. Its attack across the 38th parallel that started the Korean War, its massive and forward-deployed post-war military force, its practice of terrorism and its bristling vocabulary of threats made it a pariah state to be dealt with disapprovingly and as little as possible by most of the nations of the world. Beginning with the death of Kim Il-sung and the evidence of its poverty and deprivation in the middle 1990s, North Korea was seen less as a threat and more as an economic basket case and the object of humanitarian assistance. Beginning with the June 2000 summit meeting, North Korea and its leader began to be accepted for the first time in terms befitting a normal state. What had been shrouded in mystery began to be explored; what had been cause for either anxiety or pity began to be engaged diplomatically and examined at high levels by many of the world's democratic governments.

In exploring Kim Chong-il's turn toward engagement, it is necessary first to understand that it did not come out of the blue. His father, Kim Il-sung, the founder of the state, sought on several occasions to engage South Korea for his own purposes and on his own terms. These efforts go all the way back to 1948, when he invited the nationalist leader Kim Koo to meetings in P'yongyang, although under conditions which were intended to establish Kim Il-sung's superiority. In 1972, while exploring the initiative of Park Chung Hee that led to the first North-South joint declaration, Kim Il-sung endorsed meetings and frequent contacts between "the authorities," "political parties and social organizations" and even the "rulers" of the two Koreas as part of efforts to eliminate misunderstandings and achieve unification.²² The Great Leader, as he was known in North Korea, and undertook secret talks, including discussion of summits, with South Korean presidents Chun Doo Hwan and Roh Tae Woo. Moreover, in 1994, he agreed to have a full-scale summit meeting in the North with Kim Young Sam and was actively preparing for it on the very day he died.²³

When in 1995 I asked Kim Yong Sun, a senior aide to both North Korean leaders, whether Kim Il-sung had engaged in internal discussions before offering the 1994 summit, he responded that this was unnecessary because advocating a North-South summit was a "long established position," but

²² *Kim Il Sung Works*, volume 27, Foreign Languages Publishing House, P'yongyang, 1986, pp. 141, 266, 340.

²³ For details, see Don Oberdorfer, *The Two Koreas: A Contemporary History*, Addison-Wesley 1997, Basic Books 1999, pp. 337-340.

that the South had always found a way to thwart it in the past. Later I asked Hwang Jang Yop, who had been a senior aide to Kim Il-sung in 1994 but who defected to the South in 1997, why the Great Leader had agreed to the 1994 summit meeting. He responded that there were three reasons: to avoid war in a dangerous situation; to obtain South Korean money to overcome the North's economic crisis; and to build up the pro-North Korean factions which still existed in the South.

In the immediate aftermath of Kim Il-sung's death, his son and heir appeared ready to move ahead to an early summit. In a meeting in connection with his father's funeral, Kim Chong-il told Park Bo-hi, a close aide to the cult leader the Reverend Moon Sun Myung, that he wished to hold summit talks with Seoul, which Park described as sure to take place in "just a matter of time."²⁴ This, however, was before President Kim Young Sam, the South's incumbent leader, refused to express condolences at Kim Il-sung's death and placed his military on full alert instead. Kim Young Sam's actions and his belief that the collapse of the DPRK was near deeply offended the authorities the North, who had little to do with him for the rest of his time as president.

The coming to power of Kim Dae-jung as South Korea's president in February 1998 was a crucial factor in bringing about the North-South summit. Not only did it eliminate the impediment of Kim Young Sam, but more importantly, it brought to the leadership in Seoul a person ready to deal. To my personal knowledge—gained in talks with him since I first met him in 1973—Kim has consistently advocated peaceful coexistence and the easing of North-South tensions throughout his entire career.²⁵ He was red-baited for these positions by a succession of South Korean politicians and presidents, but he never gave them up. In his inaugural address on February 25, 1998, he declared the essence of his engagement, or Sunshine, policy: "First, we will never tolerate armed provocation of any kind. Second, we do not have any intention to harm or absorb North Korea. Third, we will actively push reconciliation and cooperation between the South and North beginning with those areas which can be the most easily agreed upon." These were remarkable statements for a South Korean president. In the months that followed Kim initiated gestures and declarations to follow through and prove his sincerity.

North Korea responded warily at first, harshly criticizing Kim and his policies, although in notably less vitriolic words than had been used regarding his predecessor. Despite the frustrating absence of positive responses, Kim persisted in his policies and insisted that eventually they would succeed. This unwavering persistence was a key element in his success.

²⁴ "Kim Chong-il wants summit with Seoul, US visit: Park," *Korea Herald*, 24 July 1994.

²⁵ For information on his early positions, see "Kim Tae-chung's Past Policy Positions," cable from American Embassy Seoul to Secretary of State, 19 February 1980. Confidential, declassified 1993. In possession of the author.

When I first saw Kim as president in March 1998, a month after his inauguration, he told me, "We're now waiting for the North Korean attitude. I think there is discussion among the North Korean leadership about how to change their policy toward South Korea." When I saw him next nearly a year later in February 1999, there was growing criticism in Seoul of the sunshine policy because of the absence of a visible response. Nonetheless, Kim stood firm, saying, "We have had some positive responses—the four party talks, talks on the underground [suspect] facility, missile talks, general officers' talks, Kim Chong-il's meeting with [Hyundai founder] Chung Ju-yung as a result of the separation of politics from economics, and 30,000 South Korean tourists visiting the North. I consider those things to be indirect responses to my policy." He added, "I don't think the engagement policy is perfect or is certain to bring success—but it is the best we can devise." By the time of our third meeting during his presidency in January 2000, Kim was beginning to receive secret hints of more direct North Korean responses, but he did not tip his hand. Asked about the lack of a clear-cut response to his overtures, Kim told me, "We told North Korea when they respond to our efforts for peace, we will respond." He expressed the belief that the activities of former Secretary of Defense William Perry and the growing solidarity of the United States, South Korea, and Japan would have a positive influence on North Korea.

The Decisions of 1998

In retrospect, according to senior figures involved in North Korea policy in both Seoul and Washington, August and September 1998 appears to have been the period when new decisions began to emerge in P'yongyang that led eventually to serious engagement. Paradoxically, the developments of those crucial weeks seemed at the time to be pointing toward intensified conflict with the United States, Japan, and other nations.

In North Korea military and political leaders were summoned to P'yongyang for two related events: the 50th anniversary of the founding of the Democratic People's Republic of Korea, and the first meeting since Kim Il-sung's death of the Supreme People's Assembly, in theory the highest legislative authority in the country. The SPA meeting amended the constitution, introducing elements of a Chinese-style socialist market economy, bringing younger, more pragmatic bureaucrats to positions of power to replace elderly figureheads, and centralizing governmental authority in a cabinet system to operate under the direct control of Kim Chong-il. Four years after his father's death, Kim Chong-il was officially designated the nation's leader as chairman of the National Defense Commission, a position which was declared to be "the highest post of the state." Kim Chong-il's choosing to rule from a military post and the increasing prominence of military leaders in the Assembly—including the fast-rising Vice Marshal Jo Myong Rok, who was given the honor of nominating Kim Chong-il to an assembly seat—suggested to many observers that North Korea was rapidly becoming an even more militarized regime.

Since his father's death and especially since 1997, Kim had been spending a great deal of time establishing and improving close relations with the North Korean military. He was preparing to be designated general secretary of the ruling Workers' Party, a long awaited event that took place in October that year. A visitor to P'yongyang in 1997 noticed some of the extraordinary ways in which he was garnering military support. Large numbers of officers had been promoted. General officers, of whom there were now many, were being driven around the capital by uniformed drivers in new Mercedes and BMW limousines. Despite the famine in the countryside, a special floor of the Koryo Hotel, the capital's best, had been set aside for the lavish wining and dining of senior military officers. Outside the capital, Russia-style *dachas* or recreational residences were springing up for the use of military leaders. As it turned out, Kim Chong-il's new post as chairman of the National Defense Commission in 1998, with the veteran Jo Myong Rok, former chief of the Air Force, at his side, cemented his grip on power, including power over the military, and set the stage for greater diplomatic flexibility.

The domestic maneuverings over the new constitution and new posts for Kim Chong-il and younger technocrats were overshadowed for the rest of the world by a spectacular event with international repercussions, which apparently was intended to celebrate Kim's ascendancy: the launching on 31 August of a three-stage rocket known as Taepodong I from a testing area on the country's East Coast. Participants in the giant 50th anniversary celebration flashed cards in unison that portrayed a rocket rising in the air, a display probably created and rehearsed weeks, if not months, in advance. The announced purpose of the rocket was to launch a satellite in space broadcasting the revolutionary hymns, "the song of General Kim Il-sung and the song of General Kim Chong-il" as it flew in orbit around the earth. US officials said, however, that the satellite failed and fell into the ocean.

Notwithstanding the satellite's failure, the rocket had a solid fuel third stage and a greater range than had been expected, giving it enhanced potential to become a formidable military missile carrying a deadly payload. The Taepodong test was front-page news, far overshadowing the domestic governmental changes that were hard to assess. In the most dramatic physical threat to Japan since World War II, the rocket flew over the Japanese islands, alarming the Japanese people and also causing great concern in Washington, where it added punch and power to the drive to create a national missile defense. An American official who was in close touch with P'yongyang at the time believes the North Koreans did not anticipate the powerful political impact of the launch.

North Korea had not tested a potential ballistic missile since 1993, and that one a Nodong rocket of much shorter range. P'yongyang apparently prepared for a test of its longer-range projectile in October 1996 but postponed it after US representations. In June 1998, North Korea publicly offered to

negotiate with the United States an end to missile sales and perhaps to deployments, but Washington did not respond. Preparations for a test were resumed in August 1998 while military and political leaders were being summoned for the meeting of the Supreme People's Assembly.

The Taepodong test, which was a total surprise to all but a few experts in the outside world, resurrected the perception of North Korea as a military threat after years of being seen primarily as an area of humanitarian disaster. The tests came only six weeks after a congressionally sponsored commission to assess the ballistic missile threat to the United States, headed by former Secretary of Defense Donald Rumsfeld, reported that the threat was greater and more imminent than the executive branch had acknowledged. The North Korean launch seemed tailor-made to prove the point. The launch also came just weeks after the public revelation that US intelligence suspected North Korea of preparing to cheat on the 1994 nuclear-weapons accord by digging a giant hole in the ground to house a clandestine nuclear facility.

All this greatly strengthened the hand of conservatives in Congress, who had never liked the 1994 Agreed Framework nuclear deal, which created the first non-hostile US relationship with the DPRK and accorded legitimacy to the North Korean regime. The possibility that North Korea was preparing to cheat on its nuclear obligations while testing threatening missiles was of grave concern even to those who had been backers of the Agreed Framework inside and outside the Clinton administration. To save the nuclear accord and the tenuous US-North Korean relationship from being scuttled by Congress, President Clinton named former Secretary of Defense William Perry as North Korea policy coordinator to make a full-scale study and recommendations about what to do regarding North Korea. Although no one guessed it at the time of their inception, Perry's activities would become an important element in North Korea's turn toward engagement.

The Aid-Based Regime

Nearly everyone who has examined Kim Chong-il's turn toward engagement has identified economic necessity as the principal motive force. Kim Dae-jung, for example, told a dinner meeting of Korean experts in New York on 7 September 2000, that "North Korea's desperate situation, [its] economic travail," was the most important reason behind Kim Chong-il's agreement to the June summit. The North Korean leader realized, according to Kim Dae-jung, that without improved relations with South Korea, "others won't help" the North in its economic quest. This was especially true of the United States, Kim told the dinner meeting. North Korea wished to sideline South Korea while responding to the United States, he said. But "the United States clearly rejected this," he said.

Because authoritative data is missing, there is much dispute about the precise state of North Korea's economic output. It is almost universally agreed

by outside observers, however, that the economy had been on a sharp downward path beginning with the collapse of the Soviet Union in 1991 and especially since the death of Kim Il-sung in 1994. There is also a strong consensus that the economy began to "stabilize" around 1998 or 1999 at a very low level, which was close to an economic collapse. The South Korean central bank, the Bank of Korea, went so far as to announce a 6 percent gain for North Korean national income in 1999, but this figure is widely disputed.²⁶ Whether North Korea's economy stabilized, hit bottom, or actually turned around near the end of the decade, it seems likely that the relative improvement enabled Kim Chong-il to experience enough of a breather to experiment with external economic support of a more fundamental nature than mere humanitarian food aid for subsistence purposes. It is also possible that he realized that humanitarian aid to starving people was not likely to continue forever. Donor countries and aid groups, weary from years of coping with a mostly man-made famine in which as many as a million or more people may have died, were beginning to be afflicted with fatigue.

Starting with the reports of extreme famine in outlying areas in the mid 1990s, the international community began supplying humanitarian assistance, principally food and medicine, into North Korea. The aid through foreign government grants, the UN's World Food Program, private aid agencies, and the heavy fuel oil provided by the United States through the Korean Peninsula Energy Development Organization (KEDO) under the 1994 nuclear accord produces about \$400 million annually, according to Marcus Noland, the most careful independent record keeper of such data. This aid has come from 49 different countries, with the United States, South Korea, China, Japan, and the European Union being largest contributors. In addition, North Korean income from missile sales and illicit activities such as counterfeiting and the drug trade adds up to nearly as much, Noland has estimated.²⁷ Altogether these sums are roughly equal to the aggregate value of all of North Korea's recorded exports of slightly less than \$1 billion per year.

Aside from China, which wishes to keep North Korea afloat for security and ideological reasons, the most likely source of immediate economic assistance is South Korea, many of whose citizens originated in the North and whose businessmen speak the same language. North Korea's largest and most important individual benefactor these days is South Korea's Hyundai group, the country's largest industrial combination, whose 85-year-old founder, Chung Ju Yung, was born in North Korea and has always wished to aid the people he left behind. In October 1998, a month after becoming head of the government, Kim Chong-il played host to the visiting industrialist in

²⁶ See Marcus Noland, "Between Collapse and Revival: A Reinterpretation of the North Korean Economy," Institute for International Economics, 2001. For an anecdotal account using journalistic methods of North Korea's economic improvement, see Doug Struck, "N. Korea Back From The Brink," *Washington Post*, 5 September 2000, p. A-1.

²⁷ Marcus Noland, "North Korea's External Economic Relations," Institute for International Economics (IIE Web site), 2001.

P'yongyang. They agreed to a deal under which Hyundai would pay North Korea \$25 million per month to bring tourists from South Korea and, eventually, from other countries to the famed Diamond mountains just north of the DMZ. The enormous potential of this connection in Korean terms is suggested by the fact that the Hyundai group's combined sales in 1997 exceeded \$90 billion—more than five times the national output of North Korea. Hyundai's payments of \$150 million in the first six months of Diamond Mountain tourism might be a modest sum in international financial terms, but it was close to the total sales of North Korea's largest export, textiles, in 1997. Hyundai claimed when the deal was struck that it would be self-supporting, but it has turned out to be a big money loser. The company, now in growing economic trouble, has asked North Korea, so far unsuccessfully, to permit it to slash its payments in half. The deal remains controversial in Seoul, especially since Hyundai has been making its payments in cash to a North Korean bank account in Macao, which reportedly benefits Kim Chong-il and his ruling elite but not the North Korean people.

Although Hyundai's dealings with North ostensibly are the workings of private business, in fact the Kim Dae-jung government has played a critically important role. In 1989 Chung Ju-yung was the first important South Korean industrialist to visit the North, but the disapproval of the Kim Young Sam government prevented him from returning to negotiate possible deals. Kim Dae-jung, on the other hand, encouraged Hyundai's activities with the North under his policy of separating politics from business. The Diamond Mountain tourism deal was widely hailed as the first fruit of Kim Dae-jung's sunshine policy. There have been widespread suspicions that Kim's government has acted to protect the ailing conglomerate from its creditors in order to further the North-South relationship. A senior aide to Kim described Hyundai's dealings with the North as an important part of a confidence-building process, especially in late 1998 and early 1999. That the Diamond Mountain payments continued even during periods of increased tension between the two governments was an important lesson for P'yongyang, according to the aide. "They began to trust us," he said.

Looking at these developments, Marcus Noland recently described the DPRK as "an increasingly aid-dependent economy."²⁸ After a visit to Seoul in early 1999, I observed much the same phenomenon and reported in *The Washington Post* that North Korea's increasing dependence on outside assistance represents "a sea change in the country's relations with the outside world—one that, in the long run, is likely to have a greater effect on this bitterly divided peninsula than the current controversy over a clandestine nuclear facility or concern about its surprisingly sophisticated ballistic missile program."²⁹ In my view the significance of this change is very great in

²⁸ Noland, as cited above.

²⁹ Don Oberdorfer, "A Nation With an Iron Fist and an Outstretched Hand," *Washington Post*, 14 March 1999, p. B-5.

political as well as economic terms, internally as well as externally. Although the DPRK maintains the slogan of "military first," the recent activities of Kim Chong-il and governmental officials suggest a change in priorities. From the time of his father's death in 1994 through 1998, the great majority of announced activities by Kim Chong-il were with military units or on military occasions. That began to change in 1999, even though he had become chairman of the Military Commission. In the first 11 months of 2000, he was officially reported to have made at least 22 on-the-spot guidance tours in the economic sector compared to 13 military inspection visits. He had made more than 30 military visits the year before.³⁰ Simultaneously, both Kim and his government began spending much more time with people from the outside world. Kim was reported to have engaged in about 20 meetings with foreigners during 1999, many more than in the past. According to a South Korean intelligence report, lesser ranking DPRK officials made 222 overseas visits in 1999, compared to 134 in 1998 and 99 in 1997.³¹

Although P'yongyang still maintains a pose of superiority in dealings with outsiders and often acts in recalcitrant ways that frustrate its benefactors, it has so far been careful to yield on the issue at hand before a breaking point is reached. For example, when a South Korean tourist was briefly held on charges of trying to entice a North Korean soldier to defect, the Kim Chong-il regime stepped in quickly to put the matter right. The most notable exception to this pattern has been relations with Japan, which is the likely source of billions of dollars in aid because it generously supplied aid to South Korea when those two countries normalized their relations in 1965. A deal with Japan, while logical and beneficial to P'yongyang, remains to be made, possibly because of Kim Il-sung's famous history as leader of an anti-Japanese guerilla group and because of the deep-seated cultural and historical antipathy between all Koreans and the Japanese who occupied their country in the first half of the 20th century.

Kim's openings to the outside world in the June summit and thereafter have made him a more acceptable aid recipient. Unless a convincing case could be made that the blame for his actions lay elsewhere, returning to an international posture of threat would be hazardous for Kim. It would probably mean a severe cutback or even an end to most of the humanitarian aid, except for aid from the reliable Chinese. I doubt that Kim wishes to place his future entirely in the hands of his massive Chinese neighbor.

Following the arrival of the first tourist ship to Diamond Mountain in November 1998 and the beginning then of the monthly cash payments, North Korea began to make overtures toward governmental relations with

³⁰ For data on Kim's activities, Kwak Seung-ji, "A Move Toward Normalcy," *Vantage Point*, December 2000, p. 4-5.

³¹ Noriyuki Suzuki, "North Korea under Kim Chong-il," paper presented at the Conference on North Korea Policy after the Perry report, 3-4 March 2000, p.7.

the South. In February 1999, the North publicly proposed high-level North-South political talks, and privately sent messages through private enterprises asking for economic assistance. The following month P'yongyang agreed to permit US access to the disputed underground site at Kumchang-ni in return for humanitarian food assistance. In missile talks P'yongyang negotiators expressed willingness to suspend its missile exports in return for compensation and finally named a proposed figure, \$1 billion annually for three years. The United States declined, but the talks continued.

Toward Breakthroughs With Seoul and Washington. A variety of signals from P'yongyang in the early months of 1999 suggested that Kim Chong-il was preparing to move ahead toward ties with South Korea and possibly with the United States. The atmosphere darkened notably in June, however, when a nine-day standoff between North and South Korean naval vessels in the Yellow Sea resulted in the sinking of a North Korean torpedo boat and the death of about 30 North Korea seamen, but no serious injury to ROK sailors or equipment. Shortly after the naval clash, North-South diplomatic talks in Beijing, which had been expected to result in major progress, broke up because of bitter charges and counter-charges about the incident.

At the time, the South Korean and international press was full of speculation about whether hard-liners in P'yongyang had instigated the conflict to torpedo a coming North-South rapprochement, or whether Kim Chong-il himself was to blame. More than a year after the clash, senior US and South Korean officials said they knew at the time that the confrontation was unintentional. The actual cause was a doubling in the annual quota demanded from North Korean fishermen for crabs which inhabit the waters of the Yellow Sea, including those on the southern side of the Northern Limit Line, a nautical dividing line which North Korea has never fully accepted. "It wasn't planned by either side," said a US official in retrospect, "but once you got into it, it became a test of manhood." Had it not been for the naval clash, the dramatic North-South developments of 2000 might well have taken place in 1999, according to a senior ROK official. If so, this would have given Kim Dae-jung's engagement policies more time to work, and might have allowed time for a sweeping US-DPRK missile deal before President Clinton left office.

The American track of Kim Chong-il's engagement with the outside world began to take shape with naming of William Perry in late 1998 to be policy coordinator for North Korea, a measure of near desperation in order to save the policy from fatal blows administered by an angry Congress. The former Defense Secretary initially thought the job would take a few months at most; in fact, it engaged him intensively for nearly a year. Perry, who had presided at the Pentagon when the United States and North Korea came close to war in June of 1994, consulted extensively both inside and outside the government and especially with the allies in Seoul and Tokyo. In May

1999 he flew to P'yongyang to present the North Korean government with his views and obtain its ideas, presenting himself as speaking not only for the United States but South Korea and Japan as well.

A crucial element of Perry's findings was that the United States must "deal with the North Korean government as it is, not as we might wish it to be." In clearer terms than ever stated before at such a high level, Perry accepted North Korea as a reality and indicated that the United States, like the South Korea of Kim Dae-jung, would not seek to undermine it. This was of central importance to Kim Chong-il. In P'yongyang, Perry outlined two different roads that potentially lay ahead for the foreign relations of the North Korean regime.³² One road involved "complete and verifiable assurances that the DPRK does not have a nuclear weapons program" as well as "the complete and verifiable cessation of testing, production and deployment" of long-range missiles and complete cessation of long-range missile exports. If this path were to be chosen, he said, "the United States and its allies would, in a step-by-step and reciprocal fashion, move to reduce pressures on the DPRK it perceives as threatening." Specifically, he said, the United States would normalize relations with the DPRK, and take other positive steps. He said South Korea and Japan had indicated they would do likewise.

The other path, if North Korea should reject these proposals, he mentioned only briefly. In this case, "the United States and its allies would have to take other steps to ensure their security and contain the threat," Perry said. He did not spell out what he meant, but it was not lost on his audience that he was a former US defense secretary.

The North Korean officials took the Perry report seriously but did not respond immediately. Coming out of P'yongyang on a US Air Force plane, the members of Perry's team debated what they had heard. Some officials felt that North Korean officials had merely stuck to their rhetoric and were not likely to respond positively. Another group, including most of those with extensive previous experience with North Korea, were encouraged that the proposals had not been rejected and saw signs they might be accepted in the end. The latter group was right. In a Beijing meeting in June, one month after the Perry visit to P'yongyang, American officials received clear signals that North Korea was interested. Three months after that, in mid-September, North Korean negotiator Ambassador Kim Gye Gwan officially told US Ambassador Charles Kartman in a meeting in Berlin that North Korea would agree to a moratorium on long-range missile flight tests in return for lifting of substantial US economic sanctions. The deal was done, and on September 17 Clinton announced the lifting of most sanctions against North

³² "Review of United States Policy Toward North Korea: Findings and Recommendations," Unclassified report by Dr. William J. Perry, US North Korea policy coordinator, 12 October 1999 (from State Department Web site).

Korean products. Perry and his aides breathed a sigh of relief, believing that North Korea had accepted the first path and was now headed toward a cooperative relationship.

At the next US-North Korean diplomatic meeting, in Berlin in mid-November, North Korea proposed and United States accepted the idea of sending a high-level emissary from P'yongyang to Washington to codify the missile moratorium and take the next steps toward mutual engagement. The American suggested sending the emissary as quickly as possible, so that the issue would not become involved in a political debate in the US presidential election year. The North Korean negotiators seemed sympathetic to that plea, as they were in subsequent meetings in January and March 2000. But as the months rolled on, each time the North Korean diplomats were unable to set a date.

Why P'yongyang stalled on naming its "high-level emissary" in late 1999 and early 2000 remains something of a mystery. Perhaps it was because Clinton, after announcing the lifting of sanctions in September 1999, did not actually do so until after the North-South summit in June 2000. Perhaps it was because, as North Korean diplomats said, P'yongyang did not wish to send an emissary who would arrive in Washington while his country was still officially designated a terrorist nation. Perhaps it was because in the meantime Kim Chong-il for reasons of his own had decided to move first with South Korea. Or perhaps it was, as some US officials have guessed, because of internal jockeying in P'yongyang between Deputy Foreign Minister Kang Sok Ju and the Foreign Ministry, in charge of negotiations with the United States, on the one hand, and Workers Party Secretary Kim Yong Sun and his Asia-Pacific Peace Committee, which is in charge of dealing with the South, on the other. By early 2000 it seemed clear to P'yongyang that quick money was not likely to come via Washington, and the Americans began to sense that North Korea had turned its attention to relations with the South.

Closing the Summit Deal. Just before Christmas 1999, North Korea sent a signal of sorts by participating in North-South basketball matches in Seoul, the first such sports exchanges in eight years. Particularly significant was the attendance of Song Ho Gyong, the senior deputy to Party Secretary Kim Yong Sun and a well connected veteran diplomat. A knowledgeable South Korean official denied that Song met any government officials while in Seoul, but suspicious US experts expressed doubt Song had come south only to witness a basketball game, even though Kim Chong-il is reputed to be a basketball fan.

The first clear-cut evidence that something was changing in P'yongyang came on 5 March 2000, when Kim Chong-il traveled to the Chinese embassy for a five-hour dinner with the departing Chinese ambassador. The remote North Korean leader rarely received ambassadors under any circumstances; for him to visit an embassy was astonishing in North Korean terms.

In retrospect, it appears that Kim used the occasion to prepare the way for the secret trip he made to see Chinese leaders in Beijing 29-31 May, on the eve of the North-South summit.

In Seoul, Kim Dae-jung was heartened by a variety of signals from P'yongyang suggesting it was time for government-to-government talks about economic cooperation and peaceful coexistence. A decision was secretly made in Seoul to try for a summit meeting with Kim Chong-il on grounds that negotiations with a dictatorial government can only succeed if they start at the top. After learning that the North Korean leader was anxious to find out what he might obtain from such a summit meeting, Kim Dae-jung put together a list of incentives that he announced on 9 March as a "Berlin declaration" during a previously scheduled visit to the German capital. The initiative was so hastily prepared that American officials were not informed until hours before the announcement, even though US-North Korean diplomatic meetings were taking place simultaneously in New York. ROK Foreign Ministry officials responded to US dissatisfaction by saying the declaration was still being formulated even as Kim Dae-jung was en route to Berlin.

Although private sector economic cooperation was underway due to his policy of separating politics from economics, Kim Dae-jung declared in Berlin, "the time is ripe for government-to-government cooperation" on much larger projects of the "social infrastructure," including expansion of highways, harbors, railroads, and electrical and communications facilities. Moreover, he said the solution to the North's chronic food shortages would not be yearly food aid from outside but "comprehensive reforms in the delivery of quality fertilizers, agricultural equipment, irrigation systems, and other elements of a structural nature." He pledged that the ROK government "is ready to respond positively" to DPRK requests. To make sure that North Korea paid attention, Kim reiterated the Berlin offers in secret talks in Singapore between aides of the two governments and in a message delivered to officials in P'yongyang by a visiting American academic.

North Korea's response was quick. Even before he returned home, according to an ROK diplomat, Kim learned that the DPRK wished to explore his offers. On 15 March, Kim assigned Culture-Tourism Minister Park Jie-won, one of his closest aides, to meet secretly with North Koreans in pursuit of a summit meeting. Park was chosen rather than the Unification Minister or others who would be expected to work on such matters because they would be more closely watched by the press and the bureaucracy. Two days later, Park met secretly in Shanghai with Song Ho-gyong, the veteran diplomat and senior aide to Kim Yong Sun who had come south in December. After several further contacts, Park and Song reached full agreement on 8 April in Beijing on the summit meeting to be held in mid-June in P'yongyang between Kim Dae-jung and Kim Chong-il. The news was announced 10 April, just three days before nationwide parliamentary elections in the

South, leading the opposition Grand National Party to condemn it as “obvious politicking to grab votes.”

This is not the place to recount the fascinating interplay at the 13-15 June summit meeting in P’yongyang. One point, however, should be borne in mind: the North Korean leader, who had been depicted as an enigmatic and eccentric playboy shrouded in mystery, with his finger irresponsibly on the military trigger, emerged in the light of day as a sensible and even appealing ruling figure. After considerable interaction with Kim, a senior South Korean official described Kim as “a strong dictator” but also as “open-minded and pragmatic . . . a good listener . . . decisive when he is persuaded. . . polite to older men around him” and with an unexpected sense of humor. An American official who accompanied Secretary of State Albright later in the year described Kim in remarkably similar terms as “amazingly well-informed and extremely well-read . . . practical, thoughtful, listened very hard . . . [with] a sense of humor . . . not the madman a lot of people portrayed him as.”³³ Both the Korean and American official were impressed that Kim Chong-il took notes himself in important meetings.

Although the North-South summit meeting was primarily a festival for the two Koreas, US interests were not ignored. Kim Dae-jung handed a written document about the missile issues to Kim Chong-il, and told him that the missile negotiations with the United States must be brought to a smooth and satisfactory conclusion. Otherwise, he said, you cannot expect the North-South accords to go ahead. The South Korean president also spoke to his counterpart about nuclear issues, saying that the Agreed Framework must be strictly adhered to.

In perhaps the most interesting exchange, according to Kim Dae-jung, the North Korean leader said he agreed it was desirable that US troops stay on the Korean peninsula for stability and peace against big powers even after an accord between the two Koreas. This statement was startling to many people when it was revealed by Kim Dae-jung in interviews with *The Washington Post* and *The New York Times* in September. However, North Korean officials had been saying in private talks since 1995 that American forces might remain indefinitely under “new peace arrangements” involving both the North and South, in order to bring confidence and stability to the Korean peninsula.³⁴ At the same time, though, the official position of the DPRK in the Four Party Talks has consistently been that the departure of American troops must be on the agenda for peace talks.

³³ For the quotes from the American official, Doug Struck and Steven Mufson, “N. Korea’s Kim Sheds Image of ‘Madman’” *Washington Post*, 26 October 2000, p. A-1.

³⁴ The first known statements along these lines were reported by Selig Harrison after his meetings with Kang Sok Ju and DPRK General Ri Chan Bok in September 1995. See Harrison’s article, “Promoting a Soft Landing in Korea,” *Foreign Policy*, spring 1997.

Until the June summit, US diplomats often passed along messages from Seoul to the North Koreans in their regular diplomatic meetings. In a turn-about in June, Kim Dae-jung passed along messages from Washington to his North Korean counterpart. Seoul was unhappy with Americans taking the lead in talks with North Korea; despite their rhetorical fealty to direct negotiations between the two Koreas, Americans were edgy about being left out of their dialogue.

Reentry of the United States. It did not take long after the June summit and the flurry of immediate North-South meetings that followed for the United States to be back in the game. On the first day of the next round of US-North Korean diplomatic talks, in New York on 27 September, North Korean ambassador Kim Gye Gwan announced that P'yongyang was ready to send Vice Marshal Jo Myong Rok, the number two person in the ruling National Defense Commission, to Washington as the long awaited "high level emissary." The Americans were surprised and pleased. They had not expected such a high-ranking visitor, nor one who was so well situated to discuss the security issues that are the United States' most important concerns.

Was the resolve by Kim Chong-il to engage South Korea and United States a single decision or two separate decisions? This is a fascinating question whose answer might suggest the degree of the comprehensive planning or of impromptu maneuver on the part of the North Korean leader. As early as 30 June, Kim Chong-il told the visiting Korean-American correspondent Julie Moon that he would send to Washington as his emissary a higher ranking figure than was under discussion in western capitals.³⁵ North Korean diplomats made similar comments to Americans on several occasions last summer. Neither Kim Chong-il nor the diplomats mentioned the name of Vice Marshal Jo, but it is fair speculation that this is who the top leader, at any rate, had in mind in June. If so, he clearly made a single decision to engage comprehensively.

When Vice Marshal Jo arrived in Washington 9 October, he brought two more surprises: first, that North Korea was prepared to negotiate an end to development, production, and sales of long-range ballistic missiles, and was even willing to discuss deployments and other issues of concern to the United States; and second, that his principal objective was to arrange a visit to P'yongyang by no less than the President of the United States. Although he wore civilian clothes during most of his visit, Jo donned his marshal's uniform with row after row of service and battle ribbons for his call on President Clinton at the White House. Jo handed Clinton a letter from Kim Chong-il, and expressed the belief that all difficulties between the two nations could be worked out in a meeting between the two top leaders. The high-ranking visitor appeared to be disappointed when the Americans insisted that Clinton could not travel to North Korea without extensive

³⁵ Julie Moon dispatch from US-Asian News Service datelined Wonsan, courtesy of Julie Moon.

preparations, and suggested that Secretary of State Albright should go to P'yongyang first to work out the details. Jo and Vice Foreign Minister Kang Sok Ju, who accompanied him to Washington, were pleased, however, with the US-DPRK joint communiqué which declared that "the two sides stated that neither government would have hostile intent toward the other and confirmed the commitment of both governments to make every effort in the future to build a new relationship free from past enmity." The declared absence of hostility and enmity is of crucial importance in the North Korean scheme of things, just as the declarations that they were no longer enemies were of crucial importance in ending the Cold War between United States and the Soviet Union.

Albright's two-day visit to P'yongyang 23-24 October made substantial progress in the discussions about limiting or eliminating missiles, but they fail to solve all the issues at hand. Lower-level negotiators were unable to close the gap in subsequent meetings in Kuala Lumpur. It was finally decided over New Year's weekend that not enough time remained for a deal with sufficient importance to be struck to justify a trip by Clinton before he left office 20 January.

With North-South discussions and movement continuing, European relations with P'yongyang developing rapidly, and North Korean normalization talks with Japan on a slow-moving track, the US-DPRK negotiations on missiles and full normalization are currently in limbo, awaiting decisions by the Bush administration. After the rapid changes that took place in Korea in the year 2000, a new situation has dawned.

Summary and Outlook

Who and what are responsible for the great change on the Korean peninsula?

Kim Dae-jung and his policies in South Korea were key factors in enticing North Korea to engage on a grand scale. In the United States, William Perry provided a practical route for North Korea to follow, opening the way to cooperation with the leading nation of the post-Cold War international community. Japan, China and other nations also played useful roles.

It is undeniable, though, that the crucial decisions were made in the North and were made by Kim Chong-il. It is my belief that his decisions flowed from tendencies and objectives that have long existed, but that only now have coincided with circumstances that provide a reasonably good chance for fulfillment. In other words, I believe that what has developed in North Korea is a not a ruse or aberration but is the consequence of possibilities with roots in the past.

The historical record suggests that despite the ages-long fear by Koreans of being overwhelmed by its stronger neighbors and despite the sometimes belligerent talk of self reliance, the regime of the Kim Il-sung and Kim

Chong-il was well aware since its inception of the necessity to court the big powers that could strongly influence its future. Thus Kim Il-sung was forever seeking to maneuver between the two great powers of communism, the Soviet Union and China, while seeking in modest fashion, at least since 1972, to forge a connection with United States. When the Soviet Union collapsed and China emphasized markets over Marxism, thereafter establishing formal and increasingly close relations with South Korea, Kim Il-sung placed growing emphasis on a potential US connection, even while initiating nuclear and missile programs to deter his enemies and protect North Korea in case of a clash. The weapons programs had the added advantage of seizing the attention of the United States. In the month before he died in June 1994, Kim also decided to undertake a summit meeting with South Korea, which clearly would have had an impact on the American connection. In fact it was an American, former President Jimmy Carter, who obtained the news of his Kim's willingness to stage a North-South summit and brought it to Seoul.

After inheriting the regime from his father, Kim Chong-il initially was unable to move on the North-South front because of an antipathy to the South Korean President, Kim Young Sam, and due to the unproven state of his authority and the dire state of his sinking economy. He had made a deal with the Americans on the nuclear program in the 1994 Agreed Framework, but it had brought him neither the legitimacy nor the economic gains he had sought and perhaps expected. After cementing his authority and witnessing at least a modest upturn in his economy, Kim appears to have decided in the second half of 1998 to explore a new path with the more-willing South Koreans and with the Americans. The events of 1999 and 2000 flowed from that exploration.

For Kim Chong-il, the most important immediate objective appears to have been economic assistance bringing the stabilization and permanent improvement of North Korea's economy, leading to the survival of his regime. In the final years of the twentieth century, the right circumstances seemed to come together—greater assurance of his position as national leader, a modest improvement in the sinking economy, and receptive partners in Seoul and Washington. Since early last year, at least, he has been trying to make the best of these opportunities.

It is well to remember that twice before North Korea has taken major steps toward engagement with the non-Communist world, only to turn back when conditions darkened. In 1972, the opening to Park Chung Hee's South Korea was followed by new contacts abroad and the extensive acquisition of European machinery and equipment intended to bring North Korean industry into a new era. The 1973 Middle East war and oil embargo, which were not foreseen, unbalanced the international economy and made it difficult for North

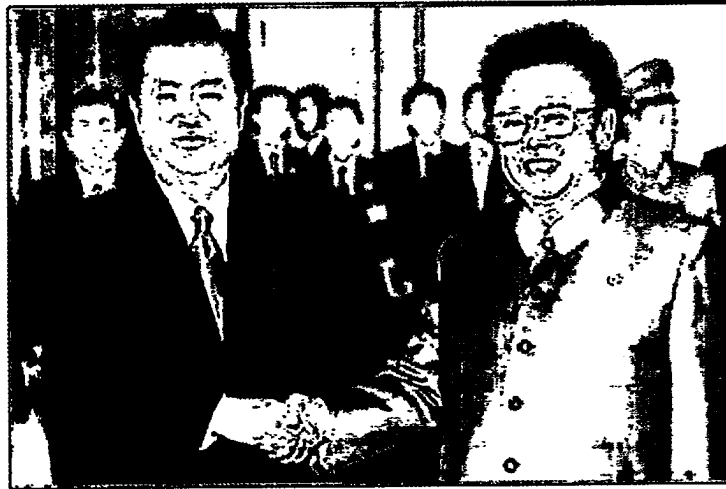
Korea to pay for the industrial machinery it had imported. Instead of paying or agreeing to participate in an international committee to oversee its debts, North Korea defaulted and refused to speak to its creditors, placing itself outside the pale of the international economic life for decades to come.

On a second occasion, as the Soviet Union was collapsing in 1991, Kim Il-Sung followed the advice of Chinese leaders in seeking a rapprochement with the South and the United States. A wide-ranging basic agreement with Seoul was signed at the end of that year, and Kim Yong Sun went to Washington to begin a process of reconciliation early in 1992. The favorable portents were short lived. North Korea's refusal to submit to inspections of its nuclear program, to which it had previously agreed, led to escalating conflict with the United States and almost brought the two countries to war in 1994.

What is the likelihood that the policies of South Korea, the United States and other key actors will remain favorable to Kim Chong-il's engagement policies? This is an imponderable beyond the scope of this paper. If the weather outside remains suitable, what are the chances that Korea will consistently pursue the current opening despite any difficulties that may arise, and in so doing, successfully secure the existence of the regime into the foreseeable future? Any answer to this must be highly speculative, but I would rate the chances as less than 50-50. The experiences of the former Communist states in the post-Cold War era suggest it is exceedingly difficult, although not impossible, to make the change from a centrally directed economy to some form of a market economy, even a guided market economy, that can thrive in the contemporary world. China has done it, although daunting problems remain, but other states have done less well. No doubt Kim Chong-il's recent trip to Shanghai was an object lesson for him in what can be done with strong leadership, the right policies and favorable circumstances. It is equally difficult, if not even more difficult, to convert a dictatorship to a stable political system resting on the foundation of the consent of the governed. Historically, North Korea is an extremely negative example in both the economic and political realms.

Having said this, I must add that Kim Chong-il has turned out to be a leader very different from previous depictions and that he has done much more, more quickly and more smoothly, to create favorable new conditions than anyone had expected. This time last year, no one dreamed of the developments that have taken place in recent months on the bitterly divided peninsula and which, in my view, represent a turning point to a future still unknown. As I wrote in the last lines of my book, *The Two Koreas*, "Hold on to your hats. Korea is a land of surprises."

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North Korea's Engagement: Implications for South Korea

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Engagement Standards

How engaging is North Korea? The answer depends on how engagement is defined. Much of the excitement generated by North Korea's recent outreach efforts should be attributed not to what the Kim Chong-il regime is doing now but to what it has failed to do in the past. For a modern-day hermit kingdom the changes are almost startling. For a normal state, they hardly deserve notice.

Engagement can be defined in at least three ways: by process or events, by goals or intentions, and by consequences. As a working definition, engagement can be understood as a process of non-punitive interaction designed to elicit cooperation. This definition includes reference to both process and goals. Defining engagement in terms of process or events is relatively easy to do, but not especially useful in terms of predicting future policy, since process can serve any number of purposes besides the desire for cooperation. The Joint Declaration signed at the conclusion of the 2000 inter-Korean summit may be intended by the two Koreas in very different ways, and if this is the case, it is likely to prove as futile a means toward reconciliation as the 1972 and 1991 agreements. Engagement events can take many forms: economic, political, military, or social; bilateral or multilateral; governmental or nongovernmental.

Defining engagement according to a country's intentions is more satisfying, since intentions explain present events and predict future ones. But intentions are often difficult to determine, especially on the part of secretive actors such as the North Korean regime. A single engagement event can realize multiple intentions: the desire to communicate, to provide aid, to teach by example, or to undermine through increasing dependency. Students of North Korea are understandably reluctant to attribute North Korea's engagement intentions to peaceful purposes, given its history of using engagement as a cover for aggression and united front tactics. But history should not blind us to changes. The tendency to attribute ulterior motives to North Korean initiatives may be an example of the "hostile attribution bias" as described some years ago by Ole Holsti, who cited the example of John Foster Dulles' refusal to attribute Soviet actions, no matter how peaceful, to anything other than an underlying aggressive intent.

Defining engagement by consequences, regardless of the magnitude of events or seriousness of intentions that lead up to them, is a pragmatic approach that is most closely related to the concept of "implications of

engagement." A handshake or conversation between leaders may yield far greater consequences than a formal treaty. Or to take another example, the act of opening to the outside world, which North Korea intends as a means of inducing foreign direct investment and aid, may subsequently trigger events that fully engage the country in the international community. The tricky thing about defining engagement by consequences is that consequences are often substantially shaped by other countries' responses to engagement initiatives. How South Korea responds to North Korean engagement overtures will ultimately determine the consequences of those overtures, regardless of North Korea's original intentions.

North Korea's diplomacy has become more active in the closing years of the 20th century. The question that presents itself to foreign governments and potential investors is whether this flurry of North Korean activity signals a decision to join the international community (on the community's own terms) or whether it is an effort to replace lost support from fellow Communist regimes with new support for the dictatorial political methods and autarkic economic policies of the Kim Chong-il regime.

This discussion of the background and implications of North Korea's engagement of South Korea begins with a brief overview of recent instances of engagement, which form the necessary basis for drawing implications. The discussion then turns to South Korea's responses to this engagement, which will materially influence the course of engagement, and finally considers implications of engagement according to two scenarios: first, that North Korea's engaging behavior is an indication of its willingness to reform its political and economic system; or alternatively, that engagement is intended to fortify the Kim regime and its "socialism in our own style."

Instances of Engagement

Pre-Summit Events

The inter-Korean summit meeting of 13-15 June 2000, was a watershed in South-North relations. But historic as it was, it was certainly not the first time that North Korea had agreed to high-level meetings with the governing authorities of the South. The two Koreas have a long history of contact against a background of hostility and violent acts. Notable examples of government and business engagement include a series of Red Cross meetings culminating in the 4 July 1972, North-South Joint Communiqué, eight high-level meetings leading to the adoption of the North-South Basic Agreement on 10 December 1991, Hyundai Chairman Chong Chu-yong's visit to North Korea to inspect the Mt. Kumgang area for development in January 1989, and the Kim Young Sam-Kim Il Sung summit talks scheduled for 25 July

1994, but cancelled after the death of Kim Il Sung on 8 July. It should be asked how these contacts, which failed to bear fruit, differ from today's engagement proceedings. Did they provide a foundation for the present engagement, despite an interval of hostility in which the North Koreans twice (in March 1994 and June 1999) threatened to turn South Korea and Seoul into a "sea of fire," or is the present engagement built on a newer foundation of circumstances in and around the Korean peninsula?

The election of President Kim Dae Jung did not seem to melt the ice in P'yongyang. At the center of Kim's engagement strategy were the three sunshine policy principles: "not to tolerate armed provocation by North Korea," "not to attempt a takeover or absorption of North Korea," and "to broaden reconciliation and cooperation." North Korean criticism continued until just before the summit talks were announced. Thus for the first two years of Kim's tenure most North-South contact was of a non-government nature, primarily through business contacts. Most notably, 10 years after his first visit, Hyundai's Chong Chu-yong finally succeeded in negotiating a contract to open Mount Kumgang to tourists, with the first tour arriving in November 1998.

In February 1999 North Korea convened a "meeting of the government, political parties and organizations of the DPRK" at which Secretary Kim Yong Sun offered to hold "a wide-range dialogue between the north and the south, including the talks between authorities." The catch was that the South Korean government first had to meet North Korea's long-standing demands to end cooperation with outsiders against the DPRK (i.e., end security cooperation with the United States), abolish the National Security Law, and permit pro-North Korean organizations full freedom of activity.

On 9 March 2000, Kim Dae Jung, speaking at the Free University of Berlin, made three promises to the North Koreans: to "guarantee their national security," "to assist in their economic recovery efforts," and to "actively support them in the international arena." In return, Kim asked that North Korea guarantee to "abandon any armed provocation against the South once and for all," to "comply with its previous promises not to develop nuclear weapons," and to "give up ambitions to develop long-range missiles." The day before the speech, South Korea had delivered a corresponding four-point proposal dubbed the "Berlin Declaration" to the North Koreans at Panmunjom. In addition to offering to aid the North's economic recovery and asking for the realization of peaceful coexistence, the Declaration proposed to resolve the issue of separated families and hold talks between South and North Korean authorities.

On 15 March Radio P'yongyang rejected the Berlin Declaration as offering nothing new, reiterating that North Korea was prepared to engage in talks as soon as the South complied with preconditions announced in the joint meeting of 3 February 1999. The next day the North's Committee for the Peaceful Reunification of the Fatherland (CPRF) issued a broadside against South's National Intelligence Service (NIS) citing the same preconditions, and adding that the North would never have any dealings with the NIS.

But in the background the Kim Chong-il regime was approaching the South. As is now known, in response to a North Korean proposal of 14 March, President Kim sent his Culture and Tourism Minister Park Jie-won on clandestine trips to China for four rounds of talks on 17 and 18 March, another round of talks in Beijing on 22 March, and a third set of talks in Beijing on 8 and 9 April, which produced the summit agreement that was announced on 10 April, three days before the South Korean election for the National Assembly. An answer to the question of why the Kim Chong-il regime reversed its position on government-level talks at this time would go far in explaining North Korean motivations for engagement.

The summit, at the last minute delayed one day at North Korea's request (citing "problems of technical preparedness"), was a personal triumph for both Kims, but particularly for the reclusive Kim Chong-il, who surprised and charmed his South Korean guests (and apparently his own people) from the moment he appeared at the airport to greet President Kim and his entourage (including President Kim's right-hand man, Yim Tong-won, head of the NIS). The full extent of the topics and informal agreements discussed was not disclosed. On his return, President Kim declared, "There are [a] number of good things that were understood, but it is not [the] proper time yet to reveal them."

The South-North Joint Declaration issued at the conclusion of the talks on 15 June is taken by both Koreas as the new cornerstone for engagement. Like the previous agreements, the Joint Declaration opens with a call for the two Koreas to "independently" achieve reunification, a phrase interpreted by the North Koreans since 1972 as calling for the end of the ROK-US security alliance. According to the Declaration, the two leaders find a "common element" in their governments' respective models of reunification (the South's confederation of two politically independent states and the North's federal government overseeing national defense and foreign affairs); pledge to "promptly resolve humanitarian issues" including visits of separated families and the return of unconverted North Korean prisoners held in the South; will promote "balanced development of the national economy through economic cooperation and exchange," and will pursue further government-level exchanges to implement the Declaration, including a promise by Kim Chong-il to visit Seoul "at an appropriate time."

Post-Summit Events

Having secured what they consider a beneficial agreement in terms of promised economic cooperation (i.e., aid) and independent reunification, the North Koreans have persistently called for the two sides to implement the Declaration "to the letter." The summit meeting and Joint Declaration initiated a flurry of government-level engagements, as summarized in the table.

The implementation of post-summit engagement is guided by agreements reached in the Ministerial Talks lead by South Korean Unification Minister Park Jae-kyu and North Korea's Senior Cabinet Councilor Jon Kum-jin. These talks prepare the way for discussion of more specific matters handled by the Red Cross talks, the military talks, and the economic talks.

The highest profile contacts are the Red Cross talks to arrange family reunions. At the first round of talks the two sides agreed to hold the first family reunions in August, and South Korea agreed to repatriate unconverted prisoners (i.e., spies). The talks were reportedly stormy at times. At the second round of talks an agreement was reached to hold second and third rounds of family reunions, to begin exchanging names of Koreans to confirm family survival and addresses, and to exchange letters between 300 separated persons on a trial basis. The talks were criticized by the South Korean press for failing to address the issues of the return of hundreds of South Korean prisoners held in the North and the establishment of a permanent family reunion meeting place. The third round of Red Cross talks, postponed from mid-December 2000 to the end of January 2001, agreed to another family reunion, the exchange of letters and "one or two photographs" for 300 separated family members, to expand the size of the family search and letter exchange programs in the future, and to continue to discuss the establishment of a family reunion center. The talks were reportedly difficult, and not only did the two sides fail to address the issue of the return of South Korean prisoners, but the North demanded that remaining unconverted prisoners held in the South be returned. By the end of the third round of talks North Korea's dialogue strategy was becoming clear: delay and limit social reunification projects as much as possible.

The August family reunion arranged by the first Red Cross talks moved the entire South (and North?) Korean people with its heart-rending meetings of long-lost family members and relatives. Held in Seoul and P'yongyang, it cost the South Korean government and families \$2.69 million. For the lucky participants, the reunion experience was mixed. According to one poll, 52 percent were happy with the meeting, 48 percent were more concerned about their northern relatives than before, and 47 percent did not expect to have another chance of meeting them. The second reunions in late November did not command as much public attention as the first. Political statements made by North Korean family members annoyed their South Korean kin and the South Korean press.

Table
Korean Engagement, January 2000–March 2001

2000	
10 March	Berlin Declaration
14 March	North Korea proposes first in a series of meetings, China
9 April	South Korea announces potential of 600,000 tons of fertilizer aid
10 April	Summit meeting announced
6 May	South Korea announces 200,000 tons of fertilizer aid
13-15 June	Summit Meeting, Joint Declaration, P'yongyang (postponed 1 day)
26 July	South Korea announces 100,000 tons of fertilizer aid
26-27 June	First Red Cross Talks, Mt. Kumgang
29-31 July	First Ministerial Talks, Seoul
12 August	South Korean media heads visit P'yongyang
14 August	Liaison offices re-opened, Panmunjom
15-18 August	First Family Reunions, Seoul and P'yongyang
23 August	Hyundai and North Korea agree to launch Kaesong industrial park
29-31 August	Second Ministerial Talks, P'yongyang
2 September	Return of unconverted prisoners to North Korea
11-14 September	Kim Yong Sun visits Seoul and Cheju
18 September	South Korea begins preparations for rail connections
20-23 September	Second Red Cross Talks, Mt. Kumgang
25-26 September	First Defense Ministers meeting, Cheju
25-26 September	First working-level economic meeting, Seoul
27-30 September	Third Ministerial Talks, Cheju
4 October	South Korea announces 600,000 tons of food aid
10 October	40 South Korean civic and religious leaders attend 55 th anniversary of WPK
8-11 November	Second working-level economic meeting, P'yongyang (postponed from 18 October)
30 November– 2 December	Second Family Reunions, Seoul and P'yongyang (postponed from 2 November)
12-16 December	Fourth Ministerial Talks, P'yongyang (postponed from 28 November)
27-30 December	First Inter-Korean Economic Cooperation meeting, P'yongyang
2001	
25 January	South Korea announces 100,000 tons of food aid
29-31 January	Third Red Cross Talks, Mt. Kumgang (postponed from 13 December)
30 January	North Korea provides information on whereabouts of 375 family members
7-10 February	Power cooperation subcommittee meeting, P'yongyang
26-28 February	Third family reunions (postponed from 5 December)
15 March	Letter exchanges (postponed from November)
Scheduled but Unrealized Contacts	
(Mid-September?)	Exchange of tour groups, Mt. Paektu and Mt. Halla
(Mid-November?)	Second Defense Ministers Meeting
(6-8? February)	Second Inter-Korean Economic Cooperation meeting

Talks between the North and South Korean military organizations were also high on the agenda of security-conscious South Koreans. The two defense ministers, meeting on Cheju island on 25-26 September, issued a communiqué in which the two sides agreed to ease military tension in unspecified ways and permit entry into the DMZ for the purpose of reconnecting rail and road links. By early February 2001 five working-level military talks had been convened to discuss the issue of handling security in the DMZ during the reconnection of road and rail lines, with only vague reference to other tension reduction measures.

The first meeting of the Inter-Korean Committee to Promote Economic Cooperation was convened 27-30 December in P'yongyang, preceded by working-level contacts. The two sides discussed power industry cooperation (i.e., providing electricity to North Korea), connection of the Kyongui rail line, Imjin River flood control programs, the creation of an industrial park in Kaesong, and the adoption of trade and investment agreements. The North's chairman announced that, "Now that our side made a sweeping concession over issues like the formation of survey teams, we expect that there will be concessions from the South at the time of the second meeting to be held in Seoul."

In addition to these on-going meetings a number of one-time engagements occurred in 2000. On 12 August, the heads of most of South Korea's leading media organizations visited P'yongyang and enjoyed a luncheon meeting with Kim Chong-il. A 11-14 September visit to Seoul and Cheju island by Secretary Kim Yong Sun was seen as a preparatory step for a Kim Chong-il visit to South Korea. Secretary Kim was accompanied by the North's General Pak Jae-gyong, who presented three tons of North Korean mushrooms (valued at \$800,000) as a gift from Kim Chong-il to designated South Korean recipients, as originally offered at the summit talks. The general then hastily returned to North Korea without meeting any South Korea military officials, thereby puzzling and disappointing his hosts.

After a fast start, inter-Korean contacts began to slow in the last months of 2000. Meetings and family reunions were postponed. Kim Chong-il's trip to Seoul remained unscheduled, making President Kim's trip look more like a tributary visit than an engagement visit. The North Koreans put off discussions over setting up a permanent meeting place for family reunions, and said they would have to delay efforts to locate family members because of a shortage of computers. The theory that North Korea had decided to switch its attention to relations with the US highlights the importance of the international engagement context in explaining inter-Korean engagement.

South Korea's Role in Inter-Korean Engagement

South Korean Proposals and North Korean Rejections

How much is North Korea initiating engagement for its own purposes and how much of its engagement is a response to South Korean overtures? North Korea showed little interest in implementing the engagement provisions of the 1972 and 1991 inter-Korean agreements. With North Korea's economic and political fortunes declining even further by 1998, Kim Chong-il initially rejected Kim Dae Jung's engagement proposals as well. But the North Korean press has repeatedly called for the implementation of the Joint Declaration, and to date both sides have met the minimum requirements for upholding the agreement. In fact, many of the voices counseling caution in implementing the agreement are from conservative security-minded and economy-minded South Koreans, who are concerned that the reconnection of road and rail links will make the South more vulnerable to an invasion from the North, and that economic aid and investment will strengthen the Kim Chong-il regime and its military while draining the battered South Korean economy.

South Korean Aid

The path for North Korean engagement was smoothed if not paved by South Korean aid. South Korean government aid to North Korea totaled \$232 million in 1995 (the high cost attributed to the use of domestic rice), \$3 million in 1996, \$27 million in 1997, \$11 million in 1998, \$28 million in 1999, and \$79 million in 2000 (plus in 2000 another \$98 million of food aid as a "loan" and \$35 million from NGOs). The 2000 aid included 200,000 tons of fertilizer announced on May 6, a month before the summit meeting; and 100,000 tons of fertilizer announced on 26 July, a day before the first minister's meeting. Also, 600,000 tons of food (100,000 tons through the WFP and 500,000 treated as an unsecured loan) agreed to during the second working-level economic meeting in late September and announced on 4 October. In 2000 South Korean aid surpassed in value aid from the rest of the world. In January 2001 the South pledged another 100,000 tons of grain to North Korea.

Inter-Korean Trade and Investment

Until 2000, most inter-Korean engagement was of a business nature. In 1989 inter-Korean trade (through third countries) totaled \$18 million. In 1990-1992 the South passed a series of "Laws on South North Economic Cooperation," prompting the cautious inauguration of chaebol investments in processing-on-commission (POC) trade; trade jumped to \$111 million in 1991 and \$173 million in 1992. The North Korea nuclear controversy poisoned the business atmosphere until the controversy was resolved by the October 1994 Agreed Framework. On 7 November 1994 the South Korean

government lifted its ban on direct business contacts with North Korea. In 1995 trade reached \$287 million but then leveled off for the next several years, constrained by the lack of improvement in North-South relations under the Kim Young Sam government.

Kim Dae Jung's proposal to separate politics and trade enabled South Korean companies to do business in North Korea without waiting for the government-level contact that North Korea continued to avoid. Unfortunately for the sunshine policy, the financial crisis that struck South Korea in 1997 restrained companies from entering new business ventures. Inter-Korean trade in 1998 was down to \$221 million; in 1999 it bounced back up to \$333 million.

These trade figures cover different kinds of economic transactions, only some of which are strictly business. To take an example, in 2000 inter-Korean trade totaled \$425 million, but this figure includes economic aid from the South, trade involving the KEDO project, and Hyundai payments for permission to conduct its money-losing Mount Kumgang tours. Subtracting these substantial sums, the estimated inter-Korean trade in 2000 is only \$228 million.

The lack of growth in inter-Korean commerce reflects business uncertainty about the health of the South Korean economy and the fact that without government-level connections and guarantees, business transactions between the two Koreas entails unbearable risk. The North Koreans are known for their short-term business practices, taking as much as they can with little regard for establishing good will. They have been told that this is how business is done in the dog-eat-dog world of capitalism. Estimating the mood of South Korean business interest in North Korea is complicated by the fact that the Kim Dae Jung government, in its desire to bolster its engagement policy, puts a positive spin on inter-Korean business prospects. On the eve of the summit meeting announcement, President Kim (with the foreknowledge of the meeting) predicted "an immense North Korean business boom, which would dwarf the business boom the country enjoyed with the Middle East countries, and small-to-medium-sized businesses will be granted opportunities to invest in North Korea on an unimaginable scale."

Hyundai, the leading investor in North Korea, is motivated primarily by the patriotic sentiments of its founder. From November 1998 to the end of 2000, Hyundai's Mount Kumgang tourist business had attracted over 372,000 visitors. Unfortunately, Hyundai's upfront costs and fixed payment rate of \$12 million a month to North Korea have resulted in losses through 2000 of almost \$400 million (\$624 million in investments, including \$324 million to North Korea, versus \$233 in revenue), with no prospect in sight

of recovering them by 2005, when by the end of the contract Hyundai will have paid the North Korean government \$942 million for its exclusive tourist rights. Hyundai has also reached agreement with North Korea on setting up a gigantic industrial park in Kaesong to produce goods valued at \$20 billion a year when it is fully operational, but lacks financial resources to develop the site. Other chaebol have been much more cautious in their North Korean investments. The Kim Dae Jung government has been criticized for pushing large businesses into North Korea. It is rumored that the government has been particularly solicitous of the financial health of the ailing Hyundai companies.

Medium and small-size businesses that have invested in North Korea have been hurt by management problems, poor infrastructure, and inter-Korean shipping problems. In early 2001 North Korea blocked the major shipping route for POC trade owing to a disagreement with the major inter-Korean shipping company, which refused to use North Korea's higher-priced shipping containers.

In addition to taking the burden of financing North Korea's development off the shoulders of the government, business investment is seen as a way to increase social contact and to make North Korea economically dependent on South Korea and the outside world, thereby making it more difficult for the Kim Chong-il government to revert to its hermit existence. In 2000 a total of 7,280 South Koreans visited the North (not counting 213,000 tourists to Mount Kumgang), including 543 traveling for business purposes).

South Korean Popular and Political Response to Engagement

South Koreans want peace with North Korea in order to pursue their middle-class dreams. Except for a brief period during the family reunions, when South Korean society became a "sea of tears," South Koreans have learned to live without the North.

The public was firmly behind the idea of the June 2000 summit, with 89 percent favoring the idea. The summit exceeded the expectations of most Koreans in terms of the cordiality of the meeting, leading 97 percent of a post-summit survey sample to dub it "successful," 75 percent to expect the Joint Declaration to be implemented, and 73 percent to expect that the meeting would change North Korea for the better, a level of optimism that might be characterized in the words of Samuel Johnson as the triumph of hope over experience. Some 76 percent said they were willing to pay more taxes to aid North Korea, a figure that has been fairly constant in recent years (73 percent in 1996 and 75 percent in 1999). The most urgent issue was considered to be the reunion of separated families, which most concerned 50 percent of the respondents. Yet in another poll taken at the same

time, although 90 percent expected the summit to change North Korea, 20 percent of the respondents still considered North Korea to be an "enemy" (although 17 percent qualified this by agreeing that the North had the potential to become a reunification partner), 43 percent viewed North Korea as a partner, and 35 percent as a partner who could potentially become an enemy.

The public pessimism over engagement that appeared in the autumn of 2000 can be attributed both to North Korean foot dragging in the implementation of the social and security aspects of the Joint Declaration and to a slowdown in the South's economic recovery. The public expected reciprocity and gratitude for aid, but the North Korean government accepted the aid as its due and always asked for more. In a poll conducted in September 2000, 55 percent of respondents approved of the government's food aid to the North, 90 percent favored a return trip to Seoul by Kim Chong-il, and 80 percent supported President Kim's engagement policy. But only 56 percent believed that North Korea would implement the Joint Declaration (down from 75 percent immediately after the summit), and 60 percent felt that the pace of North-South engagement was too rapid. In a poll conducted two weeks later, Kim Dae Jung's approval rating had slipped to 47 percent (down 20 points from the previous October), 93 percent of respondents were concerned about the condition of the economy, 57 percent supported the engagement policy, but 75 percent believed that the government was making too many one-sided concessions to North Korea. A poll taken in the middle of December 2000 found 72 percent of respondents complaining that the government had shown a "servile attitude" in its negotiations with the North.

Inter-Korean relations are a new experience for the South Korean people. The norm of reciprocity is strong, but the North Korean Government, by refusing to admit its mistakes and blaming the outside world for its misfortunes, shows little appreciation of how the South Korean people feel. President Kim, caught in the middle, is forcefully pursuing a long-range strategy that tolerates this North Korean attitude in the short term. But publics are notoriously short-term in their thinking, and the engagement policy is bound to raise more hopes than it fulfills. The Kim Dae Jung administration has not been transparent in its conduct of engagement. In difficult times leaders often take a position considerably ahead of the public, but in doing so risk a backlash of public opinion if their policies fall short of success. President Kim may have overreached himself.

President Kim's engagement policy initially received considerable bi-partisan political support, reflecting the overwhelmingly positive public response to the summit. But with Kim's Millennium Party a minority in the

National Assembly, and Kim in his last two years of office, politics is emerging from the background. As the public becomes more skeptical of the prospects of a fundamental change in North Korea, Kim's policies will look increasingly like appeasement. And if Kim has engaged in irregular or extra-legal deals to forward his policy, his well-meant efforts may come back to haunt him and the engagement policy in the years ahead.

Implications of Engagement

What engagement means to South Korea depends upon how engagement is defined. If defined as contact, then engagement to date must be rated a great success. If defined by its consequences, the results have been encouraging compared to past engagement efforts, but meager by the standard expected for relations among a homogeneous people. If judged by intentions, it is hard to say that the evidence suggests any change in the Kim Chong-il regime's commitment to keeping up the barriers around its totalitarian socialist system.

Future consequences of North Korea's engagement depend upon whether the engagement events to date reflect a North Korean policy of shallow and limited engagement, or whether they signal the beginning of a deep and total engagement. Engagement according to the first scenario is built on North Korean government distrust of and hostility toward South Korea. North Korea would be expected to address engagement issues in the following order: economic, political, social, and finally military. Aid agreements will dominate engagement in the early years. Political destabilization will also be high on P'yongyang's agenda, for old Communist habits die hard. Social and military engagement will be used as rewards by the North Korean regime to maintain the flow of economic aid that supports the Kim Chong-il government and pacifies its people.

Engagement according to this scenario is likely to become embroiled in South Korean politics. Opposition parties will make hay from public disillusionment with the lack of progress in social contact and threat reduction. The prospects for Kim Dae Jung's Millennium Party will be dim. On the economic front, limited and sporadic government aid, supplemented by increasing amounts of NGO aid from those South Korean constituencies that value their ties to relatives in the North, will keep North Korea on life support. Trade and investment will grow slowly. Social contact will remain at the level of several hundred to a few thousand controlled personal and mail contacts a year, a level the Kim Chong-il regime will consider to be sufficient to uphold its end of the Joint Declaration agreement.

Even though limited, this level of engagement will convince the South Korean public that the threat of invasion from the North has virtually disappeared. The South Korean military will begin re-aligning its forces to cope with threats from larger neighbors by putting more money into high technology weapons systems and drawing down its infantry forces. In its foreign policy, Seoul will gradually reduce its security ties with the United States, especially those aspects of the alliance targeted at North Korea, such as US Army troops stationed in Korea. South Korea will become more active in dialogue with its neighbors to coordinate efforts to cope with North Korea.

On the other hand, deep engagement, springing from a new-found trust and acceptance of South Korea by the Kim Chong-il regime, will simultaneously pursue military, political, social, and economic engagement, leading in the direction of complete reunification. The focus will be on results rather than process.

Engagement will receive the support of all South Korean political parties, although there will always be room for jousting over specific engagement programs. Pleased by the changes taking place in North Korea, the South Korean public will accept higher levels of taxes to support North Korean aid programs. Since the South Korean economy alone does not have the resources to turn around the North Korean economy, international financial institutions and wealthier nations, particularly Japan, will be asked to open their purse strings, and will probably do so. Trade and investment from the South will rapidly increase, although the economic "complementarity" of the two Koreas will not be realized in the form of company profits for years to come.

The opportunity for extensive inter-Korean social contact will be the most dramatic, and the most threatening, aspect of full engagement. Thousands of families will be re-united. Tens or hundreds of thousands of North Koreans will try to move to the South. The social control and legal aspects of the border breakdown will threaten overwhelm the South Korean Government, which has to date taken a very cautious approach in its acceptance of North Korean defectors.

The military trends accompanying limited engagement will be magnified in the full engagement scenario. The South Korean defense budget will plummet. US forces will be phased out. In foreign policy, South Korea will begin to turn away from its security relationship with the United States and explore new relationships with China, Japan, and perhaps Russia. The cultural identity of Koreans will draw them into Asian relationships, although continued globalization will keep the door wide open to American influence.

These are mere speculations. It is too early to predict with any confidence which of these two scenarios is more probable. Evidence favoring the first scenario includes the fact that previous inter-Korean agreements have after all amounted to very little, and that in the current engagement North Korea is eager for economic talks but stalls on social and military talks. Evidence for the second scenario is found in the fact that engagement contacts have been far more extensive this time around, and the North Korean economy is in much greater need than it was at the time of previous engagements. Whether or not to factor in the recent pronouncements of Kim Chong-il regarding the need for "new thinking" is a moot point, since these pronouncements are exceedingly vague (he says he wants to remake North Korean industry with all new technology, but gives no indication how he could afford to do so), and in any case are almost swallowed up by the usual flood of propaganda extolling the importance of absolute obedience to Kim and sacrificial support for the North's military first policy. In reality, the most likely course of events will lie somewhere between these two scenarios.

Inter-Korean engagement is complicated by the impact of the Korea policies of the United States, Japan, and China. For example, while South Korea may be satisfied to pursue a controlled engagement process even if it does not yield substantial social consequences, the status quo will not satisfy the United States, which seeks to turn back North Korea's nuclear and missile capabilities. As President Kim Dae Jung's influence wanes, inter-Korean engagement may come under greater control of the United States.

Engagement as a process is a fact. The South Korean people have gained tremendous confidence in their ability to lead Korea along the path of reunification, even though some of this confidence may be misplaced. The two Koreas have taken an irrevocable step toward reconciliation, and barring outside-initiated events, it is almost inconceivable that they will ever again sink to the level of fratricidal warfare. This is something that President Kim Dae Jung can honestly boast about, and to Koreans, it is the single most important goal that could be achieved.

The Ultimate Oxymoron: Japan's Engagement With North Korea

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Theoretical Overview

Over the past 12-18 months, a dizzying array of countries have embarked on a path of engagement with the reclusive Democratic Peoples' Republic of Korea (DPRK). At the front of this list of countries, which started with Italy and includes Britain, Australia, Canada, Belgium and most recently Germany, stand the United States, the Republic of Korea (ROK), and Japan. Given the half-century of Cold War conflict in which the three allies' relationships with North Korea were constructed, and the crises in 1994, 1998, and 1999 over nuclear weapons and long-range missile tests, the notion of engagement with the DPRK appears almost oxymoronic.

In part, this assertion derives from the nature of engagement as a diplomatic tool. Engagement is a strategy that employs positive incentives to achieve peaceful change when an existing power structure or hierarchy is confronted by challengers.³⁶ The use of engagement, therefore, historically and theoretically presumes at least three things:

- Some confidence that interests and intentions between the “engager” and target state are somehow mutually compatible (i.e., not a game of dead-lock but a coordination game where engagement plays important enabling functions [like transparency and communication])
- Some confidence that the target state's intentions are indeed engageable—i.e., seeks non-revisionist or non-revolutionary outcomes, and a degree of opening; otherwise, engagement is ultimately a costly and futile exercise.
- If not #1 or #2, then some level of confidence that engagement can create the conditions for #1 or #2—i.e., the hope that the benefits accrued to the target state as a result of engagement can have a transforming effect on its underlying preferences and intentions.³⁷

³⁶ In this sense, engagement is different from containment which uses deterrence and threats of punishment (negative sanctions) to deal with the challenger, and everyday diplomacy.

³⁷ For recent conceptual and applied studies of engagement strategies, see Randall Schweller, “Managing the Rise of Great Powers: History and Theory,” in Alastair Iain Johnston and Robert Ross eds., *Engaging China* (NY: Routledge, 1999); Victor Cha, “Democracy and Unification: The Dilemma of Engagement,” in *The Two Koreas and the United States* (NY: M.E. Sharpe, 2000); Richard Haass and Meghan O'Sullivan, “Terms of Engagement: Alternatives to Punitive Policies,” *Survival* 42.2 (summer 2000); and George Shambaugh, *States, Firms and Power: Successful Sanctions in US Foreign Policy* (NY: SUNY Press, 1999), chs. 1,6.

None of these conditions have been established in the DPRK case, yet engagement continues, largely led by the political successes in the North-South dyad created by the ROK's sunshine policy.

I am not opposed to engagement. As I have argued elsewhere, I see engagement as the necessary current strategy with North Korea even if one is a hawk.³⁸ Engagement and certain instruments associated with the policy (most notably the Agreed Framework), absent conditions 1, 2, and 3 above, provide the best (or only available) window on whether DPRK intentions are ultimately amenable to peaceful resolution of conflict on the peninsula. However, of the "big three" currently seeking engagement with the North, I believe Japan's engagement with the DPRK is the most contradictory and therefore the least likely to be successful.

As argued in this paper, three reasons substantiate this claim. First, Japan has fewer opportunities than Seoul or Washington to distinguish DPRK tactical behavior from the underlying intentions. Second, if the South Korean case is any indication, historical reconciliation remains an almost immovable obstacle (i.e., the modest advances in Japan-ROK interaction over history offer a positive example what is absent in the DPRK case). And third, the strategic priorities that inform Seoul and Washington's engagement policy are not necessarily in tune with that of Japan; and this, in turn, could isolate Japan even in a best case scenario of engagement bearing fruits. I begin with a short empirical overview of Japan-DPRK normalization talks. I then offer the three reasons that make engagement most problematic for Japan and evidence in support of the argument. I conclude with observations about the future and the implications for trilateral coordination.

Empirical Overview

History, Events, and Issues³⁹

There have basically been four attempts by Japan at engagement with North Korea. Efforts at improving relations took place during the detente years (1971-1974) when a train of Japanese officials went to P'yongyang (most notably Tokyo Governor Minobe Ryokichi in 1971), the Japanese Diet established a League for Promotion of Friendship with North Korea, and memorandum trade agreements were signed. In the early 1980s, additional high-level initiatives were made through personal emissaries of Prime Minister Nakasone Yasuhiro. Finally at the end of the Cold War, a delegation

³⁸ Victor Cha, "Engaging North Korea Credibly," *Survival* 42.2 (Summer 2000); and Cha, "Is There Still a Rational North Korean Option for War?" *Security Dialogue* (December 1998).

³⁹ Portions of the empirical overview are excerpted from Victor Cha, "Japan-Korea Relations," *CSIS Comparative Connections* www.csis.org/pacfor/cc/004Qjapan_skorea.html.

led by then LDP strongman Kanemaru Shin returned from P'yongyang in 1990 with grand aspirations for normalization that led to talks in 1991-1992.⁴⁰

The fourth and current period began with the resumption of preliminary normalization dialogue between Tokyo and P'yongyang in December 1999.⁴¹ Two sets of talks (foreign ministry and Red Cross) took place in Beijing with the latter producing a "humanitarian cooperation agreement" in which the two sides agreed to resume home visits for Japanese spouses of DPRK citizens.⁴² The two delegations also committed to advising their respective governments to address in prompt fashion each side's key humanitarian concern—i.e., for Japan, the alleged abduction of citizens by the DPRK; and for P'yongyang, the provision of food aid.

Japan and the DPRK followed through on the December meetings enabling the opening round of formal normalization talks in April 2000 (4-8).⁴³ However, any hopes of success were quickly dashed as both sides laid out their terms of negotiation. Kojiro Takano, Japan's ambassador to KEDO and chief negotiator to the talks, and Foreign Minister Yohei Kono emphasized the criticality of resolving the abduction issue, while DPRK counterparts firmly entrenched themselves in an immovable negotiating position demanding colonial apologies, \$5-\$10 billion in material compensation, and dismissing Japanese counter-demands for addressing of the ballistic missile threat and abduction issues. Another set of talks in May were

⁴⁰ Victor Cha, *Alignment Despite Antagonism: The United States-Korea-Japan Security Triangle* (Stanford, CA: Stanford University Press, 1999); Jung-Hyun Shin, *Japanese-North Korean Relations* (Seoul: Kyunghee University Press, 1981); Chong-sik Lee, *Japan and Korea: The Political Dimension* (Stanford: Hoover, 1985); Chae-Jin Lee and Hideo Sato, *US Policy Toward Japan and Korea* (NY: Praeger, 1982); Brian Bridges, *Japan and Korea in the 1990s* (Edward Elgar, 1993). For a useful new study on Japan-DPRK relations, see B.C. Koh, *From Discord to Collaboration* (book manuscript, September 2000).

⁴¹ In early November 1999, Japan partially lifted sanctions on the DPRK, including the ban on charter flights and restrictions on unofficial contacts with DPRK authorities (imposed after the August 1998 Taepo-dong launch). This was followed in early December by a suprapartisan Japanese delegation led by former Prime Minister Tomiichi Murayama to P'yongyang. The three-day visit was both exploratory and goodwill in nature, largely for the purpose as described by Japanese officials of cultivating an "atmosphere" conducive to the resumption of dialogue. The meetings took place without preconditions on either side, and the former Premier carried a letter from Prime Minister Obuchi to DPRK leader Kim Chong-il expressing hope for improved relations. Japan subsequently lifted remaining sanctions (the most significant of which was on food aid) after the Murayama mission.

⁴² The MOFA talks were conducted at the director-general level (led by Anami Koreshige, director general of the Asian Affairs Division of Japanese Foreign Ministry, and the DPRK delegation by Oh Woollok, director general of the 14th Bureau of the DPRK Ministry of Foreign Affairs).

⁴³ Japan in early March 2000 lifted a three-year suspension on food aid to the DPRK and committed to provide 100,000 tons of rice through the World Food Program, meeting an important pre-condition for the North to start normalization talks. P'yongyang's reciprocal commitment to look into the issue of abducted and/or missing Japanese made it marginally easier domestically for the Obuchi government to start the talks.

scheduled but later indefinitely postponed by P'yongyang in spite of a goodwill gesture by Japan to deliver the first installment of the 100,000 ton commitment of humanitarian rice aid to the DPRK.

After a four-month hiatus, Japan offered token amounts of aid through international channels to help jump start another round of normalization dialogue. The aid was offered after the normalization talks but the pattern of what Bob Manning has termed in a US-DPRK context as "food-for-meetings"—either in advance or retroactively—was clearly set in the Japan-DPRK context. Talks resumed in August 2000 with some encouraging signs, producing agreements in principle on timelines for the return of cultural assets. Most important it also appeared to produce an implicit DPRK acceptance of a formula on the difficult issue of compensation. Following the model of the 1965 pact with South Korea, Japan proposed to offer not historical compensation but "economic aid" (the North could call it whatever it wanted to its domestic audience). The North did not outright reject this idea which gave optimists the impression that they may be amenable to the formula. In addition, optimists hoped that the aid package to come with normalization would then prompt the North to resolve the abductions issue in some political fashion.

Pursuant to the meetings, confidence in Japan was bolstered by a third round of homecomings for Japanese wives (residing in North Korea) in September—arguably, a new bargaining chip for the North (i.e., politically important for Japan and relatively costless for the DPRK). Premier Mori and Kim Yong-nam agreed to meet at the UN Millennium summit in New York (before the North's much publicized problems at Frankfurt airport). Japanese investors expressed interest in Hyundai projects in North Korea (the Mt. Kungang tourism complex and the Kaesong industrial park). And as a new turn in the path to normalization, pro-North Korean residents in Japan were allowed to visit relatives in the South for the first time and resident associations in Japan representing the two Koreas began talks.⁴⁴ However, just as momentum appeared to be building with a string of positive outcomes, another round of talks in late-October brought the process to a screeching halt as the North rejected out of hand Japanese attempts to elaborate on the proposals made in August.

Japan's Engagement Dilemmas

The last round of normalization talks made explicit the material quid proquos that were in play for the two sides. Tokyo wants satisfactory resolution of the abduction issue and some assurances on DPRK missiles that might

⁴⁴ The latter, while welcome, probably did more for North-South relations than for Japan-DPRK relations.

come with the establishment of normal diplomatic relations. It is willing to provide occasional disbursements of food aid as goodwill gestures to bring the North to the table. P'yongyang seeks the large influx of funds to come with normalization settlement and is willing to grant temporary homeland visits for wives as goodwill gestures.

To an objective observer, these two positions may not appear irreconcilable, and indeed, there may be a narrowing of the gap in the near future. However, the problems for Tokyo with regard to engagement with P'yongyang run deeper than the stated issues. In short, these problems have to do with DPRK intentions, history, and subtle differences in the security concerns that inform Japanese investment in engagement vis-a-vis the ROK and United States.

Tactical Behavior and "Baskets" of Transparency-Building Issues

The first deeper problem for Japanese engagement is the inability to distinguish clearly between DPRK tactics and intentions. As noted above, engagement strategies conceptually are likely to be successful if there is some sense on the part of the implementer that the target state's intentions are amenable to reform and opening. Engagement will not be successful if the target's intentions are revisionist or aggressive. The most dangerous and costly engagement policy is one in which the implementer goes forward despite uncertainty about the target's intentions, or simply assumes that engagement will transform those revisionist intentions (e.g., Chamberlain's Munich Pact).

In the case of the DPRK, the future greatly hinges on the extent to which DPRK intentions have changed fundamentally from revisionist and aggressive ones to a more cooperative and moderated outlook. Both skeptics and optimists would agree that the recent spate of "smile" diplomacy conducted by P'yongyang reflects a change in tactics largely for the purpose of regime survival. The as-yet unanswered question is whether there is more behind the smile. In other words, all that the North has undertaken in terms of opening—the June summit, family reunions, normalization with some European countries, and Kim Chong-il's trip to Shanghai—is consonant with nothing more than tactical changes in behavior. There is no sense in these actions that a fundamental change in underlying preferences is driving the new policies.⁴⁵

⁴⁵ DPRK actions indicative of deeper changes in preferences over tactics would generally be in the security arena. Unlike "smile diplomacy" which from a DPRK bargaining perspective are relatively costless yet appear to offer significant payoffs in terms of economic engagement by others, changes in the conventional military situation or missiles would be an important indicator. Arguably, the recent set of agreements between the two militaries to enable connection of the railway link through the DMZ offers some positive signs in this vein.

Proponents of sunshine respond by arguing that encouraging tactical opening and spurring some economic growth in the North will in effect start a process of change that will have a moderating effect on DPRK intentions. Such a classical liberal interdependence argument may be true. At the same time, there is little in the past history that makes one confident about such lessons applying to North Korea. The periods in history when the DPRK has been economically strong have been exactly those periods when its external behavior vis-à-vis the ROK was far from moderate.

The inability to distinguish between tactics and preferences is a problem faced by all three allies' engagement policies with the North. Indeed, all three have been willing to risk some opacity on P'yongyang's underlying preferences and pursue engagement as a window on these intentions. The dilemma for Japan, relative to the other allies, is that there are arguably fewer "baskets" of transparency-building issues on which to engage in order to get a better sense of DPRK intentions. For example, all three allies could gain a better sense of DPRK intentions through implementation of the Agreed Framework or through tension-reduction in the conventional military balance.⁴⁶ In addition to this, Seoul has a weighty basket of issues, including family reunions, infrastructure rejuvenation projects, ministerial meetings, and summits, on which to gauge further DPRK intentions. To a lesser extent than Seoul, Washington too has a basket of issues including MIA remains and terrorism where DPRK concessions offer a window on whether intentions rather than tactics are changing.

However, for Japan, the basket of transparency-building issues is substantially lighter. Home visits for Japanese wives is a potential vehicle by which to communicate political goodwill, but even with DPRK concessions, there is little value-added in terms of understanding preferences. Similarly, the abduction issue has been a major impediment to normalization talks, but actions by P'yongyang to resolve this issue, again, do not convey a sense of "costliness" on P'yongyang's part and create confidence that preferences or aggressive intentions vis-a-vis Japan are changing (missiles are dealt with below). The North arguably could communicate its good intentions by acknowledging that Japan is no longer a target of its nuclear deterrent.⁴⁷ However such a hypothetical presumes that P'yongyang would admit that it had a strategic doctrine and possessed nuclear weapons, neither of which seems likely in the current situation.

⁴⁶ In particular, whether the DPRK agrees to requests to amend its Nuclear Declaration will be an important test of whether intentions have changed.

⁴⁷ There is no explicit statement of DPRK strategic doctrine; however, given the range of their operational missiles, circular probability errors, and interest in crude nuclear devices, one could deduce that the North seeks an existential nuclear deterrent against the US by holding Japan hostage with the threat of nuclear retaliation. For these arguments, see Victor Cha, "Hypotheses on DPRK Strategic Doctrine," in *The North Korean System* (Palgrave, 2001 forthcoming).

Historical Animosity

One response to the above discussion might be to advocate that Japan expand the list of issues on which it could engage the DPRK. In other words, create new avenues by which to build transparency and confidence that the DPRK's recent opening is well-intended. However, the problem here is that historical animosity places inherent limits on the range of available issues.

As is well-known, while historical animosity between the two Koreas and Japan date back to the late sixteenth century Hideyoshi invasions, the defining event in a modern context was Korea's colonial subjugation to Japan from 1910 to 1945. In the Japan-ROK case, the relationship, although plagued by history, did have elements of admiration that are completely absent in the DPRK case. Enmity stemming from the colonial period dominates, and has become deeply ingrained in the Korean mindset through a variety of formal and informal institutions. Antagonistic images are passed down generationally through family folklore, chauvinist histories taught in secondary schools (probably exponentially more so in the DPRK than in the ROK and Japan), and government propaganda-perpetuated stereotypes such that the negativism becomes a part of one's identity. North Korean self-identity becomes constructed in linear opposition to Japan.⁴⁸

Moreover, North Korea's thaw in relations with the United States and ROK have counterintuitively increased history-based invectives against Japan. For example, in spite of the positive atmosphere after the June summit, which Japan supported whole heartedly, one cannot help but think the Japanese were a bit uneasy with the emerging constellation of relations. Because DPRK rhetoric with regard to the United States and Seoul moderated after the summit, the result was that Japan became the target of propaganda with laser-beam intensity.

The likelihood of this situation being rectified is low. First, one can assume that the DPRK is undergoing significant internal adjustment as the domestic images of Seoul and Washington are probably undergoing a process of rapid reconstruction. To effect a similar transformation with Japan would appear to be difficult, particularly if DPRK identity and national purpose needs to be constructed negatively (i.e., against an adversary).

Second, Japan's relations with the ROK offer a positive example of the missing elements to any form of Japan-DPRK historical reconciliation.

⁴⁸ Negatively-constructed nationalisms and nationalist myths are not unique to Korea; however the degree to which this identity is so viscerally framed against a past aggressor may marginally distinguish the Korean case. By contrast, 4 July is a patriotic institution in the US, but its construction is as a pro-American holiday more than an explicitly anti-British one.

Historical enmity has certainly not been eradicated from Seoul-Tokyo relations, but the relationship has progressed to the point where historical issues do not persistently lead to diplomatic breakdowns and political crises as was the case in the 1950s through 1980s. In part this process of reconciliation and closer relations was spurred on by basic security threats in the post-Cold War (i.e., DPRK), but also critical to the process was a demonstrated willingness on the part of South Koreans to look forward and stop dwelling on the past. This was particularly evident at the Kim-Obuchi summit in October 1998. What was impressive about the summit was not the colonial apology, the fishery zones agreement, the commitment to joint naval exercises, or the joint action plan, all unprecedented accomplishments of their own merit.⁴⁹ But particularly telling was how Kim Dae-Jung spoke of Koreans as equally responsible as Japanese for putting the history issue to rest and moving forward. Kim called "infantile" the fixation on 50 years of negative Japan-ROK interaction at the expense of 1500 years exchanges and cooperation, and praised Japan's peace constitution and role as an ODA provider. These were extremely important signs of a willingness in the South to change the terms of the relationship in their own minds and to move beyond demonized images of Japan as a former colonizer.

This ability to "move on," in my opinion, was directly linked to two trends—democracy and development. As South Korea embraced democracy and progressed toward economic prosperity, its enhanced international prestige (reflected in events such as the 1988 Seoul Olympics, UN membership in 1991, OECD membership in 1996, and 2002 World Cup with Japan) fostered a growing self-confidence among Koreans that reduced national insecurities and xenophobia, and nurtured a less petty, less emotional attitude in dealings with Japan. As generations of Koreans continue to live under a democratic and developed society, they cultivate norms of compromise, nonviolence, and respect for opposing viewpoints that become externalized in their attitudes toward Japan. In addition, future Korean leaders not having experienced the occupation are less apt to carry the historical/emotional baggage borne by their predecessors, and more apt to engage in rational and logical dialogue.

Japan-ROK relations therefore offers one of the best examples of historical reconciliation in the region (e.g., juxtaposed to Japan-China relations), and if the factors responsible in ROK case are at all able to be generalized, this augurs extremely poorly for achieving similar results in the DPRK case. None of the factors in terms of democracy, development, or leadership are present in the North Korea case. This assessment does not deny that a normalization settlement may still occur between Tokyo and P'yongyang, but it does mean that historical reconciliation under current conditions will not

⁴⁹ *Choson Ilbo*, 11 October 1998; *Washington Post*, 8 October 1998; *New York Times*, 8 October 1998.

occur in spite of any material agreement. Hence a normalization settlement would result in a situation similar to 1965 where material incentives (security and economics) pressed a settlement, but perceptions and attitudes remained highly antagonistic. From the Japanese perspective, this then begs two questions: why press for normalization, if Japan will still remain demonized in DPRK rhetoric; and why press for normalization, if residual historical enmity ensures that a settlement will provide little in terms of a window on DPRK intentions?

Misaligned Strategic Priorities

The third obstacle to Japanese engagement is perhaps the most problematic. This has to do with ensuring that Japanese security interests do not get obscured by the whirlwind of activity on the peninsula. While Tokyo fully supports the sunshine policy, conservative circles in Japan are rightfully worried about being entrapped in a position where the thaw on the Peninsula gives rise to three negative dynamics: (1) greater DPRK obstinacy in talks with Japan; 2) ROK aid that may bolster the North's missile threat; and 3) ROK requests for Japanese assistance to North Korea.

The third negative is problematic barring any movement on the missile issue as Japan cannot simply dismiss ROK requests given the priority placed on maintaining trilateral policy coordination over the past two years. Moreover, meeting these requests from allies without any tangible improvements in normalization dialogue or moderation of the DPRK threat are not only domestically anathema but also could be self-defeating for the dialogue itself (in that P'yongyang can get something for nothing). This complexity of this mixed motives were reflected in Japanese government reports on the DPRK in the middle of 2000 from the prime minister's office, foreign ministry, and JDA each trying to reconcile competing imperatives of dialogue, deterrence, engagement, and support of trilateral policy coordination with the allies

In the context of trilateral policy coordination, what is perhaps most concerning as one looks down the road of Japan-DPRK dialogue is that even best case scenarios appear somewhat unsettling from a Japanese security perspective. As noted above, the engagement dilemma for Tokyo is uncertainty over whether DPRK opening is tactical or represents deeper transformation of preferences toward reform. Among the three allies, one imagines a spectrum of views on this issue: At one extreme, the Kim Dae Jung and the ROK sunshine policy banks on a transformation of preferences; in the middle stands the United States which hopes for the same but the skepticism is palpable; and at the other end stands Japan. The latter statement may sound strange, given that Japan has remained in line with the Perry process of trilateral coordination and supports the engagement policy. But how

much of this support stems from a belief in engagement per se and how much stems from Japan's dutifully being a good ally?

One could argue that Tokyo sits at the farthest end of this spectrum not because it is inherently more pessimistic than its allies, but because even in an optimistic extrapolation of the current situation, it may end up in the worst-off position. In other words, the critical fork in the road that will prove the current worth of these engagement initiatives is whether DPRK cooperation will move beyond the economic issues to the harder military and security issues. In a best case scenario, one might imagine the North forgoing development and testing of the longer-range ballistic missile programs (i.e., Taepo-dong I and II) because these have the highest value-added for the P'yongyang—the North can expect asymmetric returns and/or compensation for giving up a “potential” program (TD-I) and a future one (TD-II). In a best-case scenario, the North might even agree to military hot lines, advanced notification and observation of troop movements and exercises, regular meetings of a military committee, and even some mutual conventional force reductions. These sorts of concessions (admittedly very optimistic) by the North would satisfy South Korean, Japanese, and US concerns regarding peninsular security and nonproliferation, but what they would not address are Japanese concerns about the North's medium-range missile arsenal.

With an estimated range of 1000-1300 kilometers and payloads of 700-1000 kg, the No-dong is among the North's most developed missile programs after the Scud B and Scud C missiles. In 1999, it is estimated that the DPRK produced between 75 and 150 missiles of which one-third were sold to foreign countries. Unlike the Taepo-dong program which is still in the development and testing stage, experts estimate that the No-dong became operational in 1994 and that the North has deployed between four missile battalions (about nine to ten launchers per battalion) to as many as 100 missiles since 1998 at various sites inland and along the northern borders.⁵⁰ Arguably these deployed capabilities are the most immediately threatening to Japanese security. At the same time, they also constitute the demonstrated operational security capabilities that P'yongyang is least likely to part with. Japan may therefore be stuck between a rock and a hard place. The “final bargain” for the DPRK in the future may be to trade some conventional arms cuts and its potential long-range ballistic missile aspirations for money and the guarantee of regime survival. This may bring a moderation of nonproliferation and peninsular security threats for the US and ROK,

⁵⁰ These include underground sites at Youngjeodong, Yanagang province (20 km from the Chinese border), Shinori, Pyongbuk province and new bases at Yonglim, Jagang province and Sangnam, Hambuk province (*Chosun Ilbo*, 2 March 2001 [Yoo Yong-won, “NK Deploys 100 No Dong-1 Missiles”] accessed at the *Napsnet Daily Report*, 2 March 2001).

but it will not bring security to Japan as fully as one would hope because of the residual and real No-dong threat.

Such hypotheticals about the future may be farther forward than people like to think. After all, there is enough uncertainty regarding North Korea in the present. Nevertheless, this is a very real problem down the road, and it is one that will test the trilateral coordination process among the allies. Perhaps most problematic, it is a dilemma that arises for Japan if things with North Korea go the way we want them to. "Be careful what you wish for" must be in the minds of some far-sighted Japanese strategists as they adhere with trepidation to the trilateral process of engagement.

Dilemmas of Engagement

To sum up then, there is no denying the Japan-DPRK normalization dialogue will continue, and indeed, there may even be a settlement in the future. But such progress only would mask what are some intractable dilemmas for Japan.

Dilemma #1-Engagement's value-added?

- The benefits of Japanese engagement with the DPRK are unclear. DPRK acts of cooperation and reciprocity based on the current set of quid pro quos in the normalization talks would not offer sufficiently convincing evidence that DPRK intentions have changed (versus merely tactical behavior).
- Even if a normalization settlement were reached, such a settlement would be pragmatically-driven and effect no real change in the level of animosity given residual historical issues—again, meaning from Japan's perspective that the critical question of DPRK intentions still remains unanswered.

Dilemma #2-Defining engagement's successes?

- As noted above, this dilemma is the counterintuitive regarding engagement's success. Even if US-Japan-ROK engagement results in a missile deal with the United States and conventional force reductions on the peninsula, there is the distinct possibility that such a deal will not address with equal expedience the deployed No-dong threat on the ground and therefore still leave uncertain DPRK intentions to Tokyo (while perhaps making them at the same time more positively transparent for the US and Seoul).

Dilemma #3-Engagement's vicious circle?

- The more US-ROK-Japan engagement is successful at achieving progress vis-à-vis US-DPRK and DPRK-ROK, the less likely there will be parallel progress on the Japan-DPRK dyad.
- Moreover, the more engagement succeeds in thawing relations with Seoul and Washington, the more likely that residual historical enmity will focus on Japan as the primary adversary. A vicious circle results where Japanese support of engagement could be conceivably self-defeating.

The Dead End at the End of 2000

A microcosm of these problems were evident at the end of 2000. Japan approached the October 2000 round of normalization talks with the determination to achieve a breakthrough. Prime Minister Mori Yoshiro (at the advice of Kim Dae Jung) sent a personal letter to DPRK leader Kim Chong-il requesting summit talks (revealed 6 October). In advance of the October-end normalization talks, Tokyo announced a contribution of 500,000 tons of rice to the North (a five-fold increase over past contributions). Having greased the wheels, Japanese negotiators then put forth the proposal for a purported \$9 billion (60 percent in grant aid and 40 percent in loans) as a quid pro quo for North Korean moderation of the missile threat and satisfactory resolution of the alleged abduction of Japanese nationals, which would lay the groundwork for a move to political normalization of relations. Despite Japanese hopes of ending the year 2000 with any progress, P'yongyang's continued intransigence dashed all such aspirations.⁵¹ While Japanese negotiators did not expect their counterparts to outright accept this idea, there were indications based on the last round of negotiations that P'yongyang would show a "positive attitude." Instead, the North responded that such attempts to side-step an admission of colonial repentance was logically inconsistent with the notion of opening a new era of cooperation (which in no uncertain terms also criticized the South for "selling out" in its 1965 settlement). As some observers noted, the North was also clearly abstaining from any commitments with Japan while the possibility of a US presidential visit hung in the air.⁵² The disappointment among Japanese officials at this outcome was palpable and manifest in very frank public statements that talks would not restart until sometime in 2001 in part because as one official put it, "...we have exhausted what we have in our pockets."

⁵¹ At issue was Japan's proposal of a normalization settlement formula similar to the 1965 pact with South Korea which offered economic aid and loans in lieu of explicitly as colonial compensation.

⁵² Interviews, Tokyo, 14 February 2000.

Conclusion

The current constellation of forces suggests that despite all of these seemingly insurmountable problems, Japan-DPRK talks will be a likely focus of activity in 2001. In Japan, Tokyo probably took their best shot at reaching a breakthrough as a weak Mori government, surviving a no-confidence vote in late November, now faces mounting criticism from the domestic opposition at its overly conciliatory efforts to woo P'yongyang.⁵³ In Seoul, what is certain to be more difficult economic times in the new year will increasingly make it difficult for Kim Dae Jung to continue financing the sunshine policy with the North off the backs of the South Korean taxpayers. And in the US, Clinton's non-visit and the transition to a new Bush administration means that Washington will, at best, reluctantly continue pursuing engagement with the North.

If one believes that the North pursues only one bilateral channel at a time (to maximize leverage by playing the others off the chosen channel), then this confluence of factors suggest a new algorithm in 2001. While 2000 saw activity on the North-South and US-North Korean channels with the Japanese nervously trying to keep pace, lack of movement on the Seoul and Washington channels in early 2001 may incline P'yongyang to focus more on Tokyo. At the same time, a Mori government (if it is still around) will need to appease a domestic opposition impatient with "soft policies" toward the North. Whether this new algorithm creates opportunities for progress in Japan-DPRK relations is, frankly, anyone's guess but not an optimistic proposition given the deeper dilemmas that Japan faces with engagement.

⁵³ A February 2001 nationwide opinion poll registered public approval for the Mori Cabinet at a paltry 8.6 percent (down from 19.2 percent in January). See *Yomiuri Shimbun*, 27 February 2001 ("Mori Cabinet's Support Rating Sinks to 8.6%"). The government's lowest approval rating since formation of the cabinet in April 2000 is directly a function of scandals involving the LDP; however, they render virtually impossible any bold moves by the government on North Korea.

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China and a Changing North Korea: Issues, Uncertainties, and Implications?⁵⁴

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The major developments in North Korean diplomacy and external relations over the past year have required all outside actors to reassess their policy assumptions and expectations with respect to the Korean peninsula. Among the outside powers, the developments in Chinese-North Korean bilateral relations seem second in consequence only to the North-South summit and subsequent negotiations between P'yongyang and Seoul. The pivotal talks that resulted in President Kim Dae-jung's visit to P'yongyang were conducted in secret in Beijing and Shanghai, suggesting a highly discreet facilitating role by Chinese officials. Kim Chong-il's late May 2000 visit to Beijing only weeks prior to the inter-Korean summit indicated a degree of consultation and coordination in Chinese-North Korean relations rarely seen in the past, and far in excess of the prior uneasy relations between the younger Kim and his Chinese counterparts. Subsequent developments, including Kim's January 2001 visit to Beijing and Shanghai and his readiness to identify much more explicitly with China's economic strategies, further confirmed the changes in Sino-North Korean bilateral relations. Though none of these developments ensure a smooth evolution in future ties, they bespeak a major change in the atmosphere and potentially the substance of Beijing-P'yongyang relations.

To further consider these trends and possibilities, this paper will seek to place Chinese-North Korean relations in their larger context. Although the Chinese have long considered security and stability on the peninsula very important to Chinese interests, Beijing has generally preferred to wield influence quietly and indirectly. For much of the 1990s this was making a virtue of necessity. There seems little question that the major breakthroughs in Chinese-ROK relations over the past decade were deeply alienating to the North Korean leadership. As Chinese leaders (most notably, Deng Xiaoping) with long standing personal ties to Kim Il Sung and his close subordinates withdrew from leadership roles or passed from the scene, relations between the two capitals seemed increasingly tenuous. The highest ranking Chinese official to visit the DPRK over the entire decade was Minister of Foreign Affairs Qian Qichen in 1992, and only then to notify Kim Il Sung of China's impending diplomatic recognition of the ROK. By contrast, a full array of ranking Chinese leaders (including President Jiang Zemin) visited the South over the course of the 1990s. Indeed, China's Minister of

⁵⁴ Paper prepared for delivery at Conference on North Korea's Engagement—Perspectives, Outlook, and Implications, co-sponsored by the Federal Research Division, Library of Congress and the National Intelligence Council, Washington, DC, 23 February 2001. The opinions expressed in this paper are entirely my own, and should not be attributed to the Naval War College or to the US Government.

Defense Chi Haotian, a veteran of the Korean War, paid an official visit to the ROK in January 2000, nearly a year prior to visiting the DPRK, still ostensibly a PRC ally. These diplomatic slights were powerfully underscored by the cessation of heavily subsidized largesse that Beijing and Moscow (but especially Moscow) had long provided the North. With China moving ever closer to the ROK despite heated North Korean objections, relations with the North became a subordinate factor in Chinese foreign policy, with P'yongyang relegated to a marginal role in Chinese regional policy calculations.

However, the nuclear crisis of 1993-94 and the intensive diplomacy evident since that time inescapably returned North Korea to the Chinese policy agenda. But there is little first-hand knowledge of interactions between Beijing and P'yongyang during the mid- and late 1990s. Indeed, much of what is known or inferred about Chinese policy calculations toward the North derives from consultations between Chinese officials and American and South Korean counterparts during the latter half of the 1990s, when the United States sought to induce North Korea to freeze or sharply curtail its nuclear and missile activities, and when the ROK sought a direct dialogue with P'yongyang. But these exchanges reveal far more about Chinese evaluations of US and South Korean policy initiatives than they do about China's readiness and capability to exert influence over North Korean policymaking.

Thus, the extent of Chinese leverage over North Korean decision-making and the willingness of China to expend political capital in dealings with the North remain the subject of ample debate among analysts. Many observers assert that China has been able to wield influence over North Korean policy at various critical junctures, while still retaining a measure of plausible deniability over its actions. For example, even during the deep chill in bilateral relations evident during the 1990s, the Chinese and North Korean military establishments maintained intermittent contact and exchanges, befitting their status as past allies and neighbors. There are also commonalities in the design of the failed North Korean satellite with early version Chinese satellites, suggesting a degree of unreported scientific collaboration, much of it with important national defense implications. Others, however, have remained highly skeptical of the extent of Beijing's involvement in North Korean affairs, even when various issues seemingly touched on critical Chinese security interests. Even in the aftermath of Kim Chong-il's long awaited visits to China, there is skepticism that the Chinese are prepared to do more than extend the North Korean leader an extra measure of courtesy and leadership attention. Thus, some see China's readiness to host Kim Chong-il as an effort to propitiate the North Korean leadership, rather than a fundamental effort to reshape political and economic developments in the North.

But numerous observers believe that Kim's open endorsement of Chinese economic reform presages an effort by P'yongyang to remake North Korea along comparable lines. According to this interpretation, North Korea hopes to achieve an economic transformation through domestic economic reform and infusions of foreign capital while retaining absolute power in the hands of Kim and his key lieutenants. Under such conditions, China could potentially wield decisive influence over future policy choices in the North. It bears emphasis, however, that these are inferred North Korean policy objectives, rather than Chinese commitments. Thus, there are continued asymmetries between P'yongyang's needs and expectations, and what Beijing may feel is in its interest to undertake.

However, without understanding the larger context of Chinese policy deliberations, analysis of likely Chinese policy calculations remains highly speculative. There is little consensus among analysts about why and how much North Korea matters to China (especially in comparison to China's burgeoning ties with the South), whether and how the developments of the past year have altered Chinese policy assumptions, and the readiness of Beijing to incur significant political and economic commitments to the North. Equally or more significant, the Chinese recognize that the prospects for change in the North will affect a much wider range of Chinese political and security interests. Indeed, it seems quite likely that the Chinese view their stakes on the peninsula more in terms of their ramifications for regional security as a whole, including critical issues in US-China relations. Should North Korea sustain its accommodation with the South (including steps to reduce the risks of renewed warfare) and exercise credible longer term restraint in its missile development, deployment, and exports, this could induce significant changes in longer term security trends on the peninsula and in Northeast Asia as a whole. These trends would be broadly supportive of Chinese regional security objectives, and might persuade Beijing to lend fuller support to North Korea's domestic goals. Contrarily, the North's unwillingness or inability to sustain meaningful policy change, including credible threat reduction toward the South, would sharply diminish the prospects for improvements in US-North Korean relations, narrowing China's room for policy maneuver, and reducing Beijing's incentives to devote renewed attention to relations with the North.

But officials in Beijing also recognize the depths of the domestic crisis that North Korea continues to face. Though the Chinese have rarely discussed North Korea's internal development in much detail, the basics seem beyond dispute. Notwithstanding its modest economic recovery of the past year, North Korea represents a system and society in paralysis and acute decline. Without major energy, food, and humanitarian assistance from the outside world (including from China), North Korea's prospects appear decidedly

grim. Its agricultural base, while always problematic in the past, seems unable to rise above subsistence levels, and its education, public health, and social welfare functions are in utter shambles. The stripping of the North's industrial base has been equally pronounced; grievous energy shortages make the prospects for any sustained economic recovery in the absence of massive external assistance highly uncertain. Chinese scholars in private conversation draw obvious parallels to the disasters that befell China in the aftermath of the Great Leap Forward; the Chinese readily recognize the social and political pathology of a regime still in the pervasive grip of the cult of personality.

The Chinese are therefore heartened by the seeming interest shown by Kim Chong-il and his closest subordinates in exploring the possibilities of economic change in the North, with China presumably seen as a relevant example. Beijing is equally gratified by the North's willingness to enter into direct negotiations with the South and to sharply curtail its half century of ideological and military hostility directed against the ROK. For reasons that we will explore subsequently, the Chinese leadership sees such changes as substantiating its preferred outcomes in relations between the two Koreas and in regional politics, economics, and security as a whole. The interconnectedness of Chinese policy objectives at these levels warrants particular mention. But it remains less clear how the Chinese are likely to balance their various interests and prospective policy opportunities in coming years.

At the same time, the Chinese very likely entertain few illusions about the prospects for an early and easy transition in the North. Kim Chong-il may have indeed concluded that there is no alternative for regime viability than to accommodate to the outside world, which in turn is expected to yield extensive assistance from external powers. But there is little reason to believe that the North Korean system is even remotely prepared for the stresses it will experience should meaningful change be attempted, including major alterations in the scope and magnitude of foreign involvement in the North. It is telling that neither of Kim Chong-il's visits to China has included a significant complement of economic advisers, with the delegations weighted heavily toward senior generals and party and government officials. However, some reports suggest that Kim will undertake a third visit to China in the spring of 2001, with his delegation expected to include a number of senior economic advisors. Despite such indications, it is highly unlikely that the Chinese are prepared to seek a highly interdependent relationship with Kim Chong-il. They do not desire an overly encumbered relationship with the North, but rather one that will improve the prospects for normalcy, predictability, and incremental accommodation between North and South. Such a pattern would permit China to advance its larger goals in regional security and regional economic interdependence, while enabling

simultaneous if asymmetric ties between China and the two Koreas. A much fuller relationship with P'yongyang would in all likelihood have to await far more definitive indications of policy change in the North.

But the Chinese are also seeking to ensure that major changes in North Korea's external strategies are not undertaken to the detriment of Chinese interests. In this regard, the Chinese would seem likely to prefer that North Korea undertake a balanced relationship toward the various major powers, thereby precluding any state from wielding disproportionate influence over the North. In view of the intense nationalism that pervades North Korean political life, the notion of *any* external actor exercising preponderant influence over decisionmaking in the North seems almost laughable. Indeed, the Chinese may well feel that their current position on the peninsula (though not optimal) is far stronger than that of any other major power. An active effort by North Korea to curry increased favor with China provides Beijing with ample flexibility and latitude in its relations with Seoul. Indeed, as the negotiations of the past year demonstrate, the Chinese are better able to exercise a role between the two Koreas than anyone else, and this appears to be a role that Seoul especially has grown to value. Though P'yongyang's prior negotiating behavior (to be briefly examined below) provides ample evidence of brinksmanship as a negotiating tool, the returns on such an approach have diminished over time. Thus, a North Korean leadership less inclined to perturb or threaten the *status quo* is far less likely to create major complications for Chinese regional security strategy, and may also inhibit future US policy options, including accelerated pursuit of ballistic missile defense in East Asia or plans for national missile defense. Beijing may well be counseling North Korean restraint in this regard, in that neither has incentives to provide the Bush Administration with additional justification for some of its proposed defense programs. That said, neither has an effective means to prevent unilateral pursuit of such programs.

But Beijing has consistently had to react to activist US strategies toward the North, hoping to inhibit courses of action could undermine China's security interests. The Chinese can point to the extraordinary gyrations in US policy toward the North during the mid and late 1990s to illustrate this phenomenon. On repeated occasions, the United States sought Chinese support for programs to curtail North Korean nuclear and missile development, with the Chinese consistently demurring from any options that tilted toward the coercive end of the spectrum. It was only following protracted negotiations (i.e., the Agreed Framework) and a subsequent policy reassessment and proposal to the North (i.e., the Perry report) that the United States decided to forego or at least defer more coercive strategies. Somewhat paradoxically, however, the repeated twists and turns of US policy enhanced P'yongyang's bargaining power.

It was widely assumed by American policymakers that the Chinese saw the prospect of a North Korean nuclear weapons breakthrough as profoundly destabilizing to peninsular and regional security. It is far less certain, however, that the Chinese were ever persuaded that North Korea was embarked on such a program, perhaps explaining the seeming equanimity with which Beijing viewed many of North Korea's actions. Still unresolved, however, is whether China sustained a credible enough relationship with North Korea during those years to secure direct assurances from P'yongyang on this fundamental question. Regardless of the answer, some Chinese analysts viewed the North's threatened withdrawal from the Nonproliferation Treaty and its subsequent efforts to defy the inspections regime as designed principally to exploit one of its few sources of meaningful leverage. As a consequence, the Chinese repeatedly counseled diplomatic negotiations as the preferred means to restrain North Korean activities, simultaneously warning of the major risks posed by more coercive strategies.

Even as the United States has subsequently acknowledged Chinese assistance in defusing the nuclear crisis, few officials have ever characterized this role in any detail. Repeated American urgings that Beijing take steps commensurate with what US officials deemed the gravity of developments on the peninsula fell largely on deaf ears in Beijing. All too often, the tenor of US-Chinese exchanges seemed formulaic and unsatisfactory, with the Chinese repeatedly counseling patience and urging the actions of all sides to conform to unspecified actions conducive to ensuring stability. Chinese officials seemed especially insistent that no undue pressure be brought to bear on North Korea, even when P'yongyang was especially defiant on matters related to their nuclear weapons and missile development programs. Though Beijing at times voiced indirect criticism of the North when P'yongyang's negotiating behavior seemed especially egregious, the Chinese often seemed more concerned that US actions might induce an even larger crisis.

During the mid to late 1990s, US worries about P'yongyang's nuclear and missile programs were abetted by widely expressed fears of the prospect of a systemic meltdown in the North that might trigger a larger regional crisis. Here as well, most Chinese expressed comparable skepticism about US concerns, arguing that the North was prepared to tolerate unspeakable privation among its citizens (including, for example, widespread malnutrition and starvation) without modifying its regime goals. Although the Chinese did concur in various multilateral initiatives in pursuit of enhanced normalcy on the peninsula (in particular, the four party talks in Geneva), such a facilitative role did not constrain China from reserving its own options in a crisis—even as its officials remained highly elusive in characterizing their potential behavior and policy objectives under more stressful circumstances.

Despite China's seeming detachment during much of the diplomatic maneuvering of the mid to late 1990s, this may well have reflected China's judgment about the efficacy of seeking to compel North Korea under duress, rather than a true reflection of China's abiding concerns about instability on the peninsula. Indeed, even as China routinely dismissed the prospects for internal unrest or systemic meltdown in the North, Beijing as well as Washington opted to increase their food and energy assistance to the North, presumably in the interests of avoiding a much more substantial crisis. In retrospect, this may also have been a means for the Chinese to quietly rebuild their diminished political capital with the successor leadership in P'yongyang, without China foregoing its increasingly consequential relationships with the ROK. Thus, Chinese leaders may now believe that North Korea sees no practical alternative to enhanced economic and political engagement with the outside world. South Korea and China appear to wield enhanced influence in this altered policy environment, while also enabling Beijing to fashion a far more coherent policy toward both neighboring Korean states.

Under these circumstances, Chinese policy objectives on the peninsula seem likely to reflect a balance among four separate but overlapping considerations: (1) the management of bilateral relations with the North, in so far as North Korean policy permits an active Chinese role; (2) ensuring a credible and growing relationship with the ROK for both developmental and security reasons; (3) a complex mix of collaboration and competition in relation to US regional policies; and (4) indirectly encouraging a more limited role for other major powers (i.e., Russia and Japan). The Chinese do not believe it is practicable or advisable to exclude any of these outside actors from a role on the peninsula or in regional diplomacy related to Korea. However, Beijing has reason to believe that it enjoys substantial political advantage in comparison to other major powers. This judgment reflects Beijing's geographic proximity, its growing links to the South Korean economy, the increasing closeness of Chinese-South Korean relations in the aftermath of inter-Korean summit, and the evident receptivity of North Korea to an enhanced Chinese political and economic role in peninsular affairs.

But it seems highly doubtful that the Chinese feel fully confident of the sustainability and predictability of long term ties to the North and to the Kim Chong-il leadership. Beijing recognizes that P'yongyang's negotiating strategies often favor sequential approaches toward different major powers, with alternating periods of cultivation and disengagement. North Korea may recognize that it has entered a much more problematic period with the United States, thereby underscoring the need to shore up other sources of support. The logic of accelerated ties with China partly emerged out of these

concerns, but this implies that North Korean policy calculations are predominantly tactical rather than strategic. Some of this adjustment could also extend to relations with South Korea, which seemed relegated to a sideline role following the inter-Korean summit, as P'yongyang assiduously curried favor with the United States in the waning months of the Clinton Administration.

Although it is not possible to discern the full scope and character of current bilateral ties between Beijing and P'yongyang, press coverage of Kim Chong-il's January visit suggested an appreciable warming of relations among senior leaders. The available evidence suggests that the visit was arranged either in great secrecy, in great haste, or both. Though the Chinese appear disinclined to chase after Kim Chong-il, they clearly recognize the possibilities for exploiting Kim's evident interest in Chinese economic development. However, it is possible that Kim might misconstrue what he observed in Shanghai and Beijing, which represents the cumulative results of two decades of economic reform and a decade of greatly accelerated development in both cities. If Kim believes that North Korea could rapidly undertake a comparable plan, he is certain to be disappointed. In this regard, the Chinese have undoubtedly emphasized that autarkic economies must walk before they can run. The question is how much effort China is prepared to undertake with the North. Beijing can be expected to counsel patience, prudence, and practicality as the watchwords for achieving economic change in the North; the question is whether North Korea is prepared to listen and is able to implement meaningful policy change. Such interactions, assuming they develop further, will reveal a good deal about the potential for Beijing to exploit its current opportunities with the North Korean leadership.

On balance, however, the Chinese seem inclined to lead by power of example, rather than undertaking a major role within the North Korean economy. This could extend to a heightened Chinese role in training North Korean managers, and in otherwise seeking to facilitate the North's economic recovery. But it seems highly unlikely that the Chinese will undertake major investments in North Korea. Limited numbers of Chinese have had significant "on the ground" experience in the North, and if anything this is likely to caution the Chinese from substantial direct involvement. But such speculations are necessarily conjectural. North Korea's current needs are profound. Its economy and society are functioning at minimal capacity. Despite South Korea's incentives to help stimulate at least a modest economic recovery in the North, P'yongyang may soon confront the upper limits of an "aid based" foreign policy. Except in certain areas such as food and energy supplies, the Chinese are very unlikely to undertake a major assistance role. What might happen if conditions go from bad to worse takes us beyond the scope of this paper, but it should not be excluded as a relevant concern.

Relations with the South, therefore, will continue to remain a far more compelling priority for Beijing, both with respect to economic development and in terms of regional politics and security. The Chinese may indeed perceive some common ground with the North on specific security concerns, but larger stakes exist with the South, especially in terms of potential transitions in the scope and character of the US-ROK alliance. Although President Kim Dae-jung has repeatedly emphasized the singular importance of the US-ROK alliance and a US military presence on the peninsula, a more definitive movement toward non-adversarial relations on the peninsula would heighten calls for a redefinition of the bilateral alliance. A refashioned alliance would seek to conform to the new security landscape that might ultimately emerge on the peninsula, with or without unification. There is every reason to believe that the ROK leadership will be highly attentive to China's security equities and that the Chinese fully recognize this essential fact. In the absence of a profound deterioration of Chinese-ROK relations, a regionally configured alliance that either sought to exclude China from its consultative framework or that presumed the prospect of future adversarial ties with China would elicit little support among South Korean policy makers. There seems little doubt that China remains quietly but seriously focused on these larger issues, even as it recognizes that such possibilities will ultimately depend on the elimination of the North's capacity to threaten the South, or the ultimate unification of the peninsula.

China and the United States are both highly attentive to how the postulated North Korean threat continues to shape US regional security strategy. Korea remains the final Cold War frontier, where the threat of large scale armed conflict directly involving US forces remains essentially undiminished from decades past. North Korean conventional and weapons of mass destruction (WMD) capabilities constitute the central concerns and underlying rationale in planning for a major theater war (MTW) in East Asia. A hypothesized future North Korean ICBM capability constitutes the principal justification for movement toward national missile defense (NMD) as well as an array of theater missile defense (TMD) programs. These factors would seem to provide ample incentive for China to encourage internal change in the North and a tangible degree of threat reduction.

But the Chinese are realists: they recognize that military power constitutes the principal foundation of the power of the North Korean state, with the North Korean People's Army the most powerful institution within the DPRK, and the ultimate guarantor of the power and prerogatives of Kim Chong-il. No matter what the prospects for economic change in the North, the underlying power structure persists as an enduring element in the North Korean system, and is unlikely to be modified in significant fashion at an early date. At the same time, the Chinese recognize a fundamental strategic

divergence: the United States, the ROK, and China all seek a formal peace agreement that would ratify the end of the Korean War, whereas P'yongyang continues to seek a bilateral peace agreement with Washington that would provide the North the separate security guarantee it desires from the United States. It remains very difficult to see how these views can be reconciled. But there seems little doubt that North Korea's longer term political, economic, and military evolution assumes central importance in the future geopolitics of Northeast Asia, and that the Chinese will continue to seek opportunities to fashion such an evolution to Beijing's advantage. The question for the Chinese is how realistic they judge the prospect for meaningful change that does not generate instability within the North, and whether they can pursue such a goal at acceptable cost and risk. The answers to these questions remain far from clear.

The Chinese also recognize that there are ample risks and uncertainties posed by the prospect of major change in North Korea. Beijing above all seeks incremental movement that does not induce abrupt disequilibrium or acute internal conflict. At a time of continued uncertainty about the North's longer term directions and prospects, Beijing will seek to facilitate development and economic recovery where possible, keep North Korean expectations realistic, and limit the possibilities of unanticipated change. To the extent practicable, Beijing will also seek to coordinate its strategies with the ROK, which it tacitly recognizes as a far more viable and meaningful partner on the peninsula. Though the Chinese will likely remain wary of becoming overly enmeshed in US strategies toward the North, they also seem likely to test the possibilities to work with a new administration toward complementary objectives on the peninsula. Multilateral coordination involving Japan and Russia may also emerge as a policy option under some circumstances. However, the ultimate determinant of future outcome rests with the North Korean leadership, and whether it will prove capable of capitalizing on its current opportunities to advance longer term stability and security on the peninsula.

Engagement With North Korea: Implications for the United States

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Introduction

This paper addresses the implications for the United States of engagement with North Korea by looking at three facets of the issue: overarching policy perspectives, security policy implications and military presence and command implications. Before coming to these points it is important at the outset to appreciate what a conceptual departure the notion of engagement with North Korea is for two generations of American policy makers.

Since its June 1950 surprise invasion of South Korea, North Korea has been considered an “enemy” and likely military foe of the United States. This characterization has never been uncertain; a subject of speculation or hypothetical scenario creation that often characterizes discussions of potential threats. No, North Korea has been a “dead certain,” “no doubt about it,” “no further discussion necessary” enemy.

- Being an “official” enemy means, among other things, that the nation in question is the object of deliberate war planning, is the focus of deterrent deployments of US forces, is used publicly to argue for certain size and capabilities in the armed forces, is commented upon in the most negative terms in open Congressional testimony, and becomes the object of intense sustained intelligence scrutiny.
- Because North Korea is an “official” enemy, it is not considered provocative or undiplomatic to refer to North Korea as such, or to hold open hearings on Capitol Hill discussing the probabilities and implications of war with North Korea. Over time North Korea has come to hold a unique place in the pantheon of American enemies that US officials mention when conducting a tour de horizon of where the United States might be forced to fight—a sort of security danger equivalent to the FBI’s “10 most wanted list” in which P’yongyang was either number one or two. It is startling to realize that North Korea has been on this list longer than any other country—50 years and counting. North Korea has the dubious distinction of being America’s longest running enemy.

When talking about “engagement” with North Korea, the most fundamental implication has to do with the security paradigm that has shaped thinking about North Korea for decades. Does it remain valid? The overarching assumptions that American policy makers embrace will shape the course, nature and degree of an engagement policy with North Korea. Some of the

obvious considerations are: should North Korea be considered an aggressor state, is America's relationship with P'yongyang really shifting from confrontation to coexistence, and finally has the United States reconsidered its vision of the future of the Korea peninsula to include the possibility of two Korean states peacefully coexisting for an indefinite period of time?

The Overarching Assumptions

North Korea: An Aggressor State?

Virtually all US experts have approached the issue of dealing with North Korea with caution given the bloody history of the past 50 years, the near hair-trigger military posture on the peninsula, and the need to ensure that Washington and Seoul, and now Japan as well, are in step regarding any policy initiatives toward the North.

One need only read recent Posture Statements from General Schwartz, Commander of US Forces in Korea and the Combined forces Commander (CFC) to be reminded of the continued military threat posed by the North. Military professionals in Korea responsible for its defense pay close attention to the military capabilities of the Democratic Peoples Republic of Korea (DPRK). Examining North Korea from a strictly capabilities point of view is reason for concern. The forward deployment of North Korean forces along the DMZ with long-range artillery and rockets dug in close enough to the DMZ to be able to reach Seoul create real problems for officers and officials responsible for the lives of Americans and South Koreans under their command—officials who are accountable for the successful defense of the South. Although determining capabilities is not a precise art, it is a finely tuned intelligence gathering and estimating process that provides a reasonably accurate judgment on North Korea's military muscle.

Far more difficult is trying to discern North Korean intentions. Does North Korea still have the desire to reunite the peninsula by military force? Has it forward-deployed its forces so that it is optimally positioned to launch a short notice invasion? Or is its forward deployment a defensive concept of operations designed to try to halt an invasion in its tracks. In plain words, is North Korea's deployment positioning for an offensive or forward defense intended to deter the United States and ROK from moving North?

A growing consensus in Washington seems to be that P'yongyang's intentions carry more weight than P'yongyang's military capabilities; probably because observers believe that North Korea's economic mess has undermined its military readiness. Furthermore judgments regarding North Korean leadership have been transformed. Far from the buffoonish portrait

of 1994, Kim Chong il is now assessed as a shrewd politician who has closely examined his situation, forsworn reunification by conquest, and concluded that the only way to save his regime, other than through genuine reform, which would probably unseat him, is to engage the United States, South Korea, and others to bail out the economic mess North Korea is in. But, as individuals who worry most about North Korean capabilities are quick to point out, "Chairman Kim," as ROK officials now call Kim Chong-il, has not to this point done anything to reduce his own military potential, and may in fact, not be free to do so.

This is simply not an intellectual exercise, trying to parse capabilities versus intentions. To individuals who must determine the pace and scope of engagement, if any, this is a central issue. If one makes North Korean intentions the most important determinate of policy and conclude those intentions are survival and defense, the paradigm one uses to think about shaping policy is very different from the one that assumes that North Korea's recent opening is simply a tactical ploy based on survival and ultimately forceful reunification remains P'yongyang's ambition. The tolerance for risk is much higher in the former case. In the later case, policy options one might feel comfortable in advocating tend to be strictly bounded by considerations of North Korean military capability. The range of options available to the policymaker and the degree of tolerable risk decisionmakers are willing to accept in the military dimension, particularly changes advocated as unilateral indications of good faith by the United States and the ROK, dramatically narrow unless North Korea's military undertakes similar and verifiable actions.

On the other hand, if officials in Washington and Seoul conclude that the North has neither the desire nor intent to invade the South, even if its economy begins to turn around, then it is reasonable to speculate that an "engagement" policy could lead to adjustments in US military posture without insisting on some form of North Korea military reciprocity. In such an event, policymakers would be more apt to countenance unilateral redeployments or even removal of some US forces without a North Korean quid pro quo.

Recent history suggests that such a course of action is neither far-fetched nor out of the question. Recall in 1990, the US Department of Defense announced plans for a phased downward adjustment of US presence in Asia, especially Korea. A central element of that adjustment involved a unilateral reduction (not elimination) of US ground combat presence in Korea. The ROK Army was judged strong enough to hold the line on the ground. The focus of US presence in Korea was to be concentrated in airpower and the ability to reintroduce US ground forces that were dispatched from the United States. The South Koreans were to assume the "leading role" in their own defense.

The fact that this plan was never executed in full was not because policy-makers had misjudged risk or that North Korea's intent to invade was reevaluated. Concerns surrounding the North Korean nuclear program brought it to a halt. Then Secretary of Defense Cheney judged that withdrawing conventional military forces from Korea at the same time the USG was attempting to heighten Congressional and international concern regarding North Korea's development of nuclear weapons appeared inconsistent and sent confusing signals to Capitol Hill and friends and allies whose support the United States sought in the United Nations. As a result, the US plan was "frozen" in place—a decision that the newly elected Clinton administration validated in 1993.

Could such an approach become one of the implications of an engagement policy? Possibly. Many factors would have to be taken into account, especially unilaterally giving up the leverage of using US reductions to force North Korean reductions along the DMZ, and the overall impact on US strategic interests in Asia. Also, as in 1990, domestic factors related to the overall size of the US military could also play a role.

This point is not raised to advocate this particular policy line. Rather it is made to highlight an important implication of a policy of engagement. Does engagement contribute to a perception that North Korea longer harbors aggressive intent against the South? If that is the case, a range of security policy options regarding conventional force evolution, that for years have been overshadowed by concerns with nuclear weapons developments and long-range missiles, could once again become prominent.

From Confrontation to Coexistence

Closely related to perceptions of aggressive intent is the overall categorization of North Korea in the hierarchy of threat, which is mentioned in the introduction. Engagement is likely to change threat perceptions. North Korea could easily lose its place as an official or "certain" enemy and slip into the shadowy uncertainty of "potential threat." Assuming that North Korea will do the minimum necessary in terms of reciprocity to keep the United States and ROK from throwing their hands up in disgust, it is easy to forecast a US policy approach that is less concerned about the threat posed by the possibility of North Korea's aggression and remains more focused on North Korea's long-range missile development and "halted" nuclear weapon program. This is what has been US policy for the past several years.

Ever since the Nuclear Framework Agreement was concluded in 1994, our policy toward North Korea has assumed two parallel tracks—on one, ensure

deterrence by maintaining a strong military position in the ROK and on the other deal with the nuclear and missile threats by what could be called "pay-off" diplomacy. I hasten to add, I use this characterization in a descriptive rather than pejorative sense. This diplomatic approach falls into the realm of "least bad" choices since there are no viable coercive options that make sense.

In Washington, the imminent collapse of North Korea scenario so popular only a few years ago is today scarcely discussed. The resilience of the North Korean state, the massive infusion of aid, and most of all the realization that China is willing to do whatever possible to keep North Korea afloat have combined to create a new consensus in Washington. North Korea will not collapse; as a separate state it is going to be around for many years. The so-called Perry Initiative (led by former Secretary of Defense William Perry), instigated by a Congressionally mandated review of US policy toward North Korea, has reached the conclusion that the United States must engage North Korea, live with it, and not hasten its demise. Perry represents mainstream, but certainly not all, opinion in Washington that the best policy is a step-by-step process that leads to normalized relations with North Korea in return for a North Korean rollback of its long-range missile and nuclear program.

One of the major implications of an engagement policy is the implied judgment that North Korea's nuclear program and long range missiles are intended as defensive capabilities being assembled at great economic sacrifice as a guarantor of last resort for regime survivability. The nuclear program and long-range missiles are manifestations of a weak and insecure North Korean regime and therefore can be bargained away once an engaged North Korea feels that regime survival can be assured through diplomacy, international agreements and economic development. One of the potential contradictions of engagement is the belief by many that these rudimentary capabilities are the only leverage P'yongyang has to "force" engagement and that without these threats the international community would be largely indifferent to the fate of North Korea. As a result North Korean will never bargain them away—at least in a verifiable way.

The balance of this paper assumes that the Perry formulation is the most viable course of action, and engagement is the way in which this approach can best be operationalized. Rather than confronting, or ignoring, North Korea, the only hope the USG has for achieving US objectives is to coexist with North Korea, thorough engagement work to reduce its sense of insecurity, and eventually through the process of engagement convince North Korea it can ensure its future without the threat of nuclear weapons and long-range missiles. I am going to assume that North Korea has forsworn military aggression as a reunification strategy and is much more concerned with stepping back from the brink of collapse and working to ensure the

DPRK survives as a separate sovereign entity. While not absolutely convinced this is the case, to do otherwise would not allow a full exploration of what an engagement policy that seeks coexistence might mean for the United States.

“One Democratic Korea or Two Koreas?”

For decades, official US policy regarding reunification mirrored Seoul's. Specifically, we opined that the United States favored peaceful reunification that resulted in a “democratic Korea,” diplomatic code for reunification on the ROK's terms. While equating the ROK with democracy was, for many years, a policy of hypocrisy, at least Seoul had some of the trappings of democracy and was infinitely preferable to the Communist dictatorship in the North, which had no prospects whatsoever for becoming a democratic state. What US policy really meant was that reunification would take place under South Korean auspices, with the P'yongyang regime disappearing. Because no one expected that P'yongyang would be intentionally complicit in its own demise, and the United States was unwilling to countenance two Korean states as a possible outcome, US policy options were severely limited in dealing with the North—even had we wanted to.

But now, if “engagement” becomes official policy, decades of “one Korea with Seoul as the winner” will be jettisoned. Actually, this evolution has been going on for some time. In a series of incremental steps since the Nuclear Framework Agreement in 1994, the United States has been pursuing a de-facto “two Korea” policy. It has been working to keep the P'yongyang regime afloat, rather than taking opportunities to hasten its demise.

An official policy of engagement would merely validate what has been going for six years, and, since Kim Dae Jung became President of the ROK, keep us in step with Seoul. The mutual objective is no longer reunification, but coexistence—two Korean states peacefully sharing the Korean peninsula.

Within the context of US objectives and a post-Cold War environment that is no longer zero-sum based, this policy transition makes perfectly good sense with one disturbing exception. The regime that we propose to coexist with, and actually help to survive, is one of the most dictatorial, benightedly repressive regimes on the face of the earth. It is regime that has killed or let die hundreds of thousands of its own citizens and, over the years, has sponsored horrendous acts of terrorism and criminal behavior. Also, a nagging concern remains; helping this regime to survive, US policy may actually be allowing this incredibly militarized society to catch its breath, reinvigorate its military readiness and become an even more dangerous state in the future.

So, as it happens, one of the biggest implications of an engagement policy is that we compromise our own ideals to deal with a reprehensible regime and hope that this compromise will lead to the greater good of removing once and for all the prospect of a war of reunification on the Korean peninsula as well as removing the potential threat of North Korean nuclear-tipped ICBMs that could hit the United States.

Security Policy Implications

Shifting to implications for security policy a key assumption is that should engagement lead to any political change for the better between the two Koreas that *also reduces the risk of surprise attack from the North* this will have a profound impact on the strategic situation in both Korea and the whole of Northeast Asia. Such a change in the strategic environment in Korea would trigger a major reevaluation on the part of the United States and its allies of what the mission, overall size, military composition and location of US forces stationed in East Asia—especially Korea—ought to be.

The United States has indicated on a number of occasions that it would prefer to retain US forces in Korea after a political settlement between the two is reached. From the US perspective the key issue has always been whether the government of the ROK would continue to welcome US presence after rapprochement. Would Seoul be able to diplomatically accomplish North-South reconciliation without giving ground on US presence? Or would US presence be the major stumbling block on the way to permanent reconciliation?

This author has heard in conferences and other interactions with colleagues from both Korea and China that the United States does not favor inter-Korean coexistence because it would necessitate a change in military posture in Asia. The hypothesis behind these assertions is that the United States is worried about a loss of political influence in the region if US military presence were diminished because of a draw down or withdrawal from Korea. As a result, the United States would somehow seek to interfere with or slow down efforts to achieve reconciliation. One of the important implications of a policy of engagement would be that it would put this line of speculation to rest. Furthermore, uncertainty surrounding the rise of China among most of the countries of Asia makes it unlikely that US influence in the region will wane no matter what the outcome in Korea.

Presence in Korea in the Context of East Asia

When considering the implications of engagement with North Korea on US presence in Korea, US forces there must not be considered in isolation. If the risk of war in Korea dissipates, the United States would still seek to maintain

US forces in East Asia to maintain regional stability—this is a mission that transcends events in Korea. The larger context of region-wide presence must be a point of departure for considering options about the future.

Over the past decade, the question of US forces stationed in East Asia—so called “forward presence”—has been a central, if not the central, focus of US security policy in the region. Two interrelated issues—whether there should be any permanent forward presence at all, and, if so, what the number and military nature of those forces should be—have been the thematic centerpiece of US regional strategy and dialogue with East Asian nations. Besides deterring war in Korea, US forces are welcomed by most of the countries in the region as a balancing or countervailing presence to the uncertainty created by a China that is modernizing militarily, and as a hedge against the remote possibility of a militarily assertive Japan.

Today, US forward-presence forces are both a force for regional stability and a force for deterrence because they blend multi-service capabilities well tailored to address the three most dangerous security uncertainties found in Asia: the possibility of war in Korea, the possibility of military conflict over Taiwan, and the conflict over sovereignty claims in the South China Sea. Forward-deployed forces are relevant because they have the proper blend of capabilities to deal with the most credible military problems in the region—not *all* of the problems, but the most likely problems.

A quick survey of the major elements of US forces illustrates this point. The ground forces in East Asia—located in Korea (8th US Army) and Okinawa, Japan (III US Marine Corps Expeditionary Force)—are largely oriented toward Korea. In addition to their major role in any Korean contingency, the Marines stationed in Okinawa also play a regional crisis-response role when they are embarked in the Amphibious Task Force located in Sasebo, Japan. The US Seventh Fleet, whose flagship and aircraft carrier battle group are in Yokosuka, Japan, would also play a key role in any Korean contingency. But because of the maritime nature of the vast East Asian region, the inherent mobility of the fleet results in a decidedly regional rather than peninsular operational orientation. The numbered US Air Forces in Northeast Asia, the 7th in Korea and the 5th in Japan, are largely focused on Korea as well. But, air forces also are inherently very mobile, and the tactical aircraft located in Japan could be employed region wide.

As practiced today, the mission of deterrence in Korea combines a militarily credible land and air force physically stationed in Korea with the promise of swift and massive reinforcement from the United States. That mission also counts on having a small but militarily significant force (those that are oriented to regional stability) elsewhere in East Asia, available for rapid introduction into a Korean campaign, to diminish the possibility that a surprise attack could succeed before reinforcements from the United States arrive.

As a general proposition, almost all military forces are conceptually fungible, in that they can be shifted between missions. However, reality imposes real restraints. Primary mission tasking commands the bulk of training time and readiness focus. In Korea, for example, a single-minded preparation for war in Korea is manifested by established lines of communication, in-place logistics support, and administrative arrangements that include integration of ROK draftees into US units, and command relationships that include integrated ROK-US staffs. It would be very difficult today to employ US forces in Korea on an off-peninsula regional basis even if all political and policy-level impediments and treaty obligations could be overcome.

Necessary Conditions for Evolutionary US Force Changes in Korea

A central promise of a policy of engagement is that it will lead to the necessary precondition for US force evolution, that is, *military* security for the ROK. If engagement facilitates coexistence, US presence could be reduced when the ROK felt itself strong enough to manage its own defense without foreign assistance.

The most immediate security concerns in Seoul are reducing the risk of surprise attack and the vulnerability of the capital to bombardment. Force reductions, thin outs of North Korean artillery tubes, elimination of ballistic missiles, reduction of reinforcement capabilities, verifiable bans on various forms of weapons of mass destruction (WMD), and continued successful inhibition of the DPRK nuclear program all help with these goals.

But surprise or short warning attack is the central military issue. As long as North Korea's army remains postured very close to the DMZ it could conceivably launch an invasion with little detectable preparation. Therefore, the warning time necessary to ready defensive forces can be defined in terms of hours or, at best a few days. The only militarily practical way to reduce the possibility of a surprise invasion or attack would be a substantial withdrawal of military forces to some considerable distance from the DMZ. They would have to be moved far enough back from the DMZ that intelligence officials be confident they could detect the movement and preparation of North Korean forces for an invasion far enough in advance to permit raising the readiness of ROK and any US forces in Korea, as well as initiating the process of reinforcement before an actual attack.

Therefore, one important implication of engagement would be a policy focus on creating the circumstances necessary for confidence building measures to be put in place that reduce worries about surprise attacks.

Off-Peninsula Missions for Forces in Korea

Because change in the security situation in Korea will probably come slowly, it is likely that changes in US posture would also come slowly, in an evolutionary step-by-step process. An early step would be a mutually satisfactory agreement between the ROK and the United States that US forces stationed in Korea would be available for regional missions. The United States would want to be confident its forces based in the ROK would be available for deployment elsewhere without ROK agreement about such redeployment.

This is another central issue. If the ROK could not commit to such an agreement, the United States would have to face some difficult considerations even if the ROK government was willing to have US forces in Korea only for a vaguely defined mission of Korean defense.

One such consideration would be the overall security situation in East Asia, especially the way in which China was perceived by the nations of the region. If China loomed as a latent threat, or became particularly assertive, that would be the major factor. Sustaining forces in Korea solely in defense of Korea would have some continued credibility.

Absent a China that makes the rest of the region nervous, the impact a total withdrawal from Korea would have on the willingness of the people of Japan to continue to host US forces would also be a serious consideration. Would a lack of flexibility in the use of US forces in Korea be an acceptable trade-off for continued access to facilities in Japan? Possibly; but domestic factors in the United States would also be a consideration.

The US services involved—the Army and Air Force—could want to have greater flexibility in meeting worldwide commitments and not be willing to tie down forces in Korea that was not under some threat of aggression. Congress might balk at perpetuating a commitment of US forces to Korea, that could not be employed elsewhere, absent a compelling threat.

For its part Seoul has a potentially serious problem with allowing forces stationed on its territory to leave on missions conceived by the United States alone. Because of geography and history Seoul will certainly be very attentive to its relationship with Beijing. China might insist that if the ROK wanted some US forces to remain, they could not be available for missions outside Korea, such as protecting Taiwan. Since China has been clear that it opposes US forces in East Asia “aimed at China,” it is likely this would be a major issue. The point being that despite the declaratory policy of both the United States and the ROK that both capitals want US forces to remain, even after reunification, circumstances and geopolitical considerations may frustrate today’s best intentions.

Military Implications

Hypothetical Off-Peninsula Force Structure

If we assume however that all of these issues can be resolved, what might a residual Korean-based US force with a regional mission look like? As a point of departure the conceptual relationship between forces in Korea and forces in Japan and elsewhere in the region would be reversed. Forces in Korea would have to be considered as a supporting component of all the US forces stationed in East Asia, including obviously, those stationed in Japan. As opposed to today where the forces outside Korea are considered a supporting component to the forces in Korea. As a component of a larger force whose potential area of operation is throughout East Asia, forces in Korea must be configured in such a way that they can be moved rapidly off the peninsula by either air or sea.

In practical terms this suggests Air Forces—perhaps an Air Expeditionary Force (AEF)—either permanently assigned to a base in Korea or one that rotationally deploys from the United States. It also means that any ground forces would have to be equipped with tanks, artillery, and other vehicles that are light enough to be moved easily. Today the US Army has airborne and light infantry forces that fit within this category. The Army is also experimenting with differently sized and equipped mobile forces—based on a brigade-size organization—that at least on paper, would appear to be suitable for a regional mission originating from a base in Korea. Finally, in terms of land forces, US Marines also fit the category of mobile forces. It is certainly conceivable that a portion of the US Marines currently in Okinawa could be relocated in Korea and conduct regional missions from Korea. Any military forces based in Korea that have the capability to conduct combat operations beyond Korea would also have the capability to conduct those operations in Korea in the defense of Korea. Thus, even if the primary mission was off-peninsula these forces would also contribute to the overall security of Korea—against no specifically singled out enemy.

Changed Command Relationships

One of the major implications of an engagement policy with North Korea would be the ripple effects it would have on the existing US military command structure in East Asia. Changes in the US presence in Korea, and indeed probably in forces in Japan as well, would also trigger changes in command arrangements both within Korea as well as among all US forces in East Asia.

The command structure in Korea is integrated—or, in official parlance, combined—through the device known as the Combined Forces Command (CFC), which is charged with fighting in the defense of the ROK. The Commander of CFC is a US Army four-star general who heads a staff composed of ROK and US officers; they are totally integrated, in that United States and ROK officers serve side-by-side, and each country has officers who are in charge of various elements of the staff. This is similar to the NATO military staffs in Europe.

The concept behind an integrated command is the military doctrinal imperative of “unity of command.” A single operational commander must be responsible for all the forces likely to be engaged in combat. This sort of command arrangement is especially well suited for defensive alliances in which the forces have as their primary mission repelling an invasion. Since off-peninsula missions would probably be at the initiative of the United States, in pursuit of objectives that might only be in the interest of the United States, an integrated staff could create serious difficulties. (As we have witnessed recently in the Balkans when the mission is offensive or “out of area” in nature, combined staffs require a solid political consensus regarding campaign objectives and the military means to be used in accomplishing those objectives.)

If, in the case of Korea, the mission of US forces is split between defense against a less well-defined threat to the ROK with no specific designated enemy and a US regional presence mission beyond the Korean peninsula, does perpetuation of a combined CFC command structure make sense?

Some would argue yes, an integrated command structure for Korea and eventually perhaps for all of Northeast Asia, would be one way to preserve regional stability and act as a catalyst for bringing the militaries of the region together. But, because China continues to oppose military alliances as “relics” of the Cold War, and would be concerned that any such command arrangement would be “pointed at China,” the implementation of such an arrangement would probably come over the strong objections of China.

That may not matter if China is so assertive that the other countries of East Asia feel threatened. But if China remains focused on economic development and shows every indication of being a stabilizing force in East Asia, it seems doubtful that such an integrated command structure would be politically possible.

However, others could argue that an integrated command could easily encumber unilateral US action, especially in a Taiwan crisis. It is an article of faith among US commanders to want a maximum amount of flexibility in

force deployment and operational decisions. An independent US command in Korea would be the best way to enable flexibility.

From an ROK perspective, having a US officer in command of both ROK and US forces when the threat from the North has abated is probably politically impossible. A transition to an ROK general officer in command of CFC would solve ROK sovereignty concerns, but raise additional issues for the United States—specifically, the issue of US forces under foreign command. In such a circumstances this issue could be avoided by simply not assigning forces in Korea to CFC—neither US nor Korean. CFC would survive as a planning headquarters whose staff and facilities would focus on Korea-defense related contingencies.

To execute regional missions, today's existing stovepipe command arrangements—one command for the US forces in Japan and a separate one for the US forces in Korea—could be modified, and a single US officer responsible for "regional stability" put in command—in US parlance a sub-unified commander reporting to CINCPAC. Alternatively, the current stovepipes could be preserved and each command redesigned as a Joint Task Force commander, each reporting to CINCPAC. The result of this arrangement would be Commander Joint Task Force Korea and Commander Joint Task Force Japan.

The United Nations Command in Korea is the other major command that would be affected by change in Korea. Its mission today is armistice maintenance. Once the Armistice Agreement is superseded by a peace treaty, it is difficult to imagine the UN Command—as it currently functions with the United States acting as the surrogate for the UN, and the United Nations in New York studiously ignoring Korea—could continue to exist.

Some sort of reconstituted UN authority over US forces in Korea could become an issue for the North Koreans. North Korea may press for UN involvement to reassure themselves that US forces remaining in Korea would not have freedom of action, or it could totally oppose any continued involvement of the UN as an affront. There are so many variables on this issue that it is beyond the scope of this paper to explore them. The main point is that the current UN Command is unlikely to survive a peace treaty.

In sum, there are many alternatives to existing command arrangements, but three main points seem clear. One, the United States is unlikely to have any command authority over ROK forces; two, the UN Command as it exists today is likely to disappear when a political settlement replaces the armistice; and three, whatever arrangements are made, they will be evolutionary and suited to the political and strategic realities existing at the time. The current arrangements have remained in place for so long because the strategic situation in Korea has remained static for a long time. For command

arrangements to be effective and satisfy both the military and political requirements of alliance warfare, they must be based on the realities of the moment; not on an uncertain future.

The Impact on National Military Strategy

Today, the requirement to *deter* North Korea makes it difficult to justify a major change to the overall size and composition (the balance of Army, Air Force, Navy, and Marine Corps) of US presence in the region. But, an engagement policy that created an atmosphere in which Seoul and Washington base calculations more on P'yongyang's intentions than on its military capabilities could lead to unilateral changes in US presence. Certainly an engagement policy that led to a mutual pullback from the DMZ or other verifiable confidence-building measures that make the prospect of North Korean aggression remote would be sufficient to trigger a major reevaluation of the roles and missions of US forces in East Asia.

In fact, such a reevaluation would encompass the whole of US military strategy. Ever since the 1992 Bottom-Up Review conducted by Secretary of Defense Les Aspin, America's armed forces have been sized and organized to be able to respond to two nearly simultaneous "major theater wars (MTWs)"—a characterization intended to capture the idea of a conflict on the scale of Desert Storm. From the beginning, Korea has been considered one of the two-theater wars planning cases, and fully 50 percent of US military power is earmarked for Korea if conflict breaks out. (Conflict in the Persian Gulf is the other canonical scenario.) Absent another plausible "theater war" scenario, peace in Korea could have a dramatic impact on the size and composition of the entire US military—especially the ground forces.

Once the prospect of war in Korea is perceived to be remote, US security strategy for East Asia will require a fresh publicly coherent case for continued presence that makes sense in the capitals throughout Asia as well as in Washington. Declaratory US policy regarding US presence would no longer include deterring conflict in Korea, nor presumably, at least in the near term, containing China.

A new rationale for US military presence in East Asia will probably revolve around the idea of "regional stability." Actually, sustaining stability is not a new idea or rationale for US presence. Preserving stability has long been an avowed rationale when discussing America's military role in East Asia. What is new is that sustaining regional stability would become the primary mission focus for US presence and no longer share pride of place with the easily comprehended mission of deterrence in Korea, or, during the Cold War, containing the Soviet Union.

It is fair to pose the question why could not the public rationale also include *detering conflict* in other potential hot spots in East Asia; especially across the Taiwan Strait and in the South China Sea? Without becoming entangled in a long digression about deterrence; the difference between deterrence in Korea and deterrence across the Taiwan Strait is in declared US policy. In Korea the US has a treaty obligation and a firm commitment to respond to a North Korean attack with overwhelming force. No such treaty or explicit obligation exists regarding Taiwan or the South China Sea. The United States has been insistent that these issues be resolved peacefully, but for good reasons has not elected to *commit* the United States to a guaranteed military response. Without such a commitment, an avowed and openly planned for deterrence mission in these two cases is not diplomatically wise as it would almost certainly introduce a militarily confrontational aspect to our relationship with China. Some things are best left unsaid.

A policy of engagement with North Korea seems likely to lead to a major reassessment of US security strategy in East Asia. Not only will a new rationale for continued US presence be necessary, but once that rationale is decided upon, the next step will be to “translate” that rationale into a proper forward presence force structure that makes good military sense. For example, should “stability” become the rationale for presence, how is this vague notion transformed into the proper mix of Army, Navy, Air Force and Marines that yield a “combat credible” force able to accomplish the stated objective?

Forces that are responsible for tasks throughout all of East Asia, beyond but not excluding Korea, must have flexibility in administrative and support arrangements. These forces would have responsibility for maintaining stability throughout the region. This is why forces would remain in Korea after some sort of political settlement—to make a contribution to maintaining regional stability. Translating the vague notion of stability into specific military requirements is necessary to determine the precise mix and size of US armed services that would constitute a future residual force in Korea. But, in general the main criteria are:

- They must not be tethered to specific crisis scenarios so they can respond quickly throughout East Asia.
- They must have the political or policy freedom from the host country that permits them to use bases for contingencies not directly associated with the defense of the host country.

- They must be agile enough to carry out a wide range of tasks anywhere in the region. This agility is a combination of the characteristics of the forces themselves as well as their training and command arrangements.

Because they are not “tethered” to Korea, the forces that today are located in Japan—particularly the Navy, the US Army Special Forces in Okinawa, some of the Marines, and some of the Air Force—perform what could be termed “the regional stability mission.” In the future, any forces in Korea with regional responsibilities would need similar flexibility. This is a task for the Joint Staff and Pacific Command to puzzle over, because it is one of the logical consequences of engagement.

Conclusion

This paper has discussed many, but certainly not all, of the implications that an engagement policy with North Korea could precipitate. Over the short term it seems likely that an engagement policy would continue to focus on stopping the development, testing and export of long range missiles and keeping the North Korean nuclear program in its current state. But, this near-term focus ought not be allowed to blind policymakers to the essential longer term payoff of an engagement policy; specifically reducing the threat of North Korean surprise attack, getting Seoul out from under the gun of artillery and rockets, rolling back the North Korean long range missile program and accounting for the still unaccounted for reprocessed plutonium that the IAEA found missing in 1993-94. This is an ambitious, and perhaps unrealistic long-term agenda. But, unrealistic or not, it needs to be pursued if there is to be long-term peace and stability in Korea.

For the United States, reconciliation and peaceful coexistence in Korea would mark a major shift in the strategic landscape of East Asia. After almost 50 years of being “frozen-in-time,” change in Korea will precipitate a major reevaluation of the rationalization, size, and mix of US forces stationed in East Asia. Because the United States has maintained some sort of military presence in East Asia dating back to the formation of the US Navy East India Squadron in 1835 it does not seem unreasonable to believe that Washington will continue to place a high value on sustaining presence in the region under any circumstances.

Losing the “figleaf” of deterring war in Korea after 50 years of using it as one of the principle rationales for that presence will almost certainly bring the relationship between forward presence and China into sharp focus, even if in the unlikely event Taiwan is no longer an issue. The Chinese grudgingly accept US presence today largely because they share our concern

about instability on the Korean peninsula. Once that rationale dissipates, Chinese concerns about US military power "on our door-step" will almost certainly become more vocal. Thus, it is incumbent upon US policy makers who will be narrowly be focused on the Korean peninsula in the day to day execution of engagement with North Korea, to step back and take a longer look and think through the regional implications that such a policy will inevitably trigger.

