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빈 면



## The Major Powers and the Korean Peninsula

Robert A. Scalapino

**T**he geopolitical position of Korea is unequalled in its complexity. No other small country has had to contend with three major states on its borders or in its near vicinity, with a fourth exercising great regional influence in recent decades. It is not surprising that irrespective of the era or prevailing political system, Korea—both united and divided—has had to choose among three broad security options: isolation, alignment, or some variant of the balance of power strategy.

These options, to be sure, were not mutually exclusive, especially the latter two. For example, it was possible to combine alignment with the creation of a broader base, as Roh Tae-Woo's *Nordpolitik* and Kim Young Sam's "quadrilateral diplomacy" demonstrates; or to use alignment as part-reality, part-threat to those who had an interest in keeping Korea from veering wholly into an opponent's camp, as Kim Il Sung did during the years of the Sino-Soviet cleavage. Moreover, despite the deserved appellation "hermit kingdom" to historic Korea, isolation has not generally been an exclusive strategy. Some foreign elements have had more access than others. Witness China's access to the DPRK. In the case of the DPRK, however, one must acknowledge the extraordinary degree to which the constricted contacts between that nation and the outside world have faithfully followed

a long-standing tradition. In this, as in other respects, the North evokes an image of earlier times.

The attitudes and policies of the major states concerned with the Korean peninsula should be explored with these considerations in mind. Even though divided at present, the two Koreas are not merely passive recipients of others' policies. The post-colonial post-Cold War era makes wider options for them possible, hence, enables them to be more active players on the international arena. Nonetheless, the major powers continue to fix the broad perimeters within which the two Korean states must operate and the alternatives among which they must choose.<sup>1</sup>

To examine the implications of these facts, let us first examine the role of China, that major society that has been most often, most deeply involved in the Korean peninsula throughout history. Many centuries ago, China bestowed upon Korea its dominant cultural trait, Confucianism. In time, the pupil outshone the master in Confucianist practices, just as it was to exceed China much later in fusing Confucianism and Leninism in an effort to make it applicable to an Asian society. In that fusion lies the essence of Kimilsungism.

It is not surprising, however, that China has always taken a paternalistic attitude toward Korea as it has toward other small neighbors. For China, its near-beyond has been divided into good and bad outsiders, in past times, labelled "barbarians." Good barbarians were those that assimilated Chinese culture (ideology) and paid deference to the Central Kingdom. Bad barbarians were those outside China's cultural-political influence and prone to rebelliousness. While Koreans were good

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1 Two works containing perceptive insights into the issues faced are Hong Yung Lee and Chung Chongwook, eds., *Korean Options in a Changing International Order*, Institute of East Asian Studies, Berkeley, 1993, and Chung Min Lee, *The Emerging Strategic Balance in Northeast Asia*, Research Center for Peace and Unification of Korea, Seoul, 1989.

barbarians historically, they were not always properly deferential.

This attitude still colors Chinese thinking, including that of Chinese policy-makers, but it must be factored into the complex world in which Beijing finds itself today, and its contemporary needs and desires.<sup>2</sup> Fundamentally, the People's Republic of China has three objectives with respect to the Korean peninsula. First, it views the peninsula as vitally important to its security, and it therefore wants an absence of strife or chaos, with the region serving in whole or in part as a buffer zone. Hence, it would prefer the minimal presence there of any other major power.

Second, despite a growing tolerance toward political diversity, it would like a Korea that is politically compatible, or at a minimum, does not present a challenge to its domestic political structure. Nor does it want the nationalist sentiments of the large Korean population living in Northeast China aroused. Hence, it is not unhappy with the division of the peninsula. Fearing the consequences of continuing economic decline in the DPRK, however, it would like to see the North pursue economic reforms, Chinese-style.

Connected with the latter hope is a third objective, that of finding in Korea an added source of support for China's own ongoing economic development. Currently, this relates almost wholly to the South, with the desire for capital, technology and managerial expertise to benefit the nation, and especially Northeast China, drawn from the dynamic South Korean economy and, to the extent possible, from the DPRK as well.

Let us explore these objectives and the efforts to achieve them in greater detail, drawing upon recent history. From the earliest

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2 A recent analysis of the Asian-Pacific scene from a Chinese perspective is Yan Xiangjun, Yang Bojiang, Chu Shulong, and Dao Shulin, "A Survey of Current Asian-Pacific Security," *Contemporary International Relations*, China Institute of Contemporary International Relations, Vol. 4, No. 7, July 1994, pp. 1-23.

days of the PRC, China expended blood and treasure in abundance to maintain North Korea as a buffer zone. The successful but costly effort to reverse the North Korean defeat in 1950, and to prevent the U.S. and the ROK from unifying the Korean nation under their aegis was followed a few years later by policies designed to keep the DPRK in the Chinese rather than the Soviet orbit.

These and other events made China first a competitor with the Soviet Union for influence and ultimately, the most important external factor in North Korea. The Sino-Soviet cleavage that began to unfold in 1956 and continued for more than two decades was both a curse and a blessing for Kim Il Sung. Earlier, during and shortly after the Korean War, he had succeeded in eliminating rival factions within the Korean Workers' Party, including the so-called Yan'an and Russian groups, wielding *juche* as a formidable weapon against his foes. But that war greatly enhanced the Chinese presence and importance within the DPRK; it was the Chinese, not the Russians who had saved Kim and his regime.

There were other factors that contributed to a decline in Soviet influence. Like the Chinese, the North Koreans were troubled from an early point by Khrushchev's impetuosity, arrogance, and inclinations toward "revisionism." His vigorous attack on Stalin—coming without warning—embarrassed those, including the KWP leaders, who had proclaimed the Soviet dictator their mentor and hero. After the famous 8th Party Congress in Moscow in 1956, they quickly gravitated toward Beijing along with most other Asian Communists, and by the time of Khrushchev's ouster in 1964, DPRK-Soviet relations were decidedly cool.

Yet very soon, troubles with China erupted. During the Cultural Revolution, xenophobia ran wild, encompassing Kim Il Sung among others. The attacks on him coming from Red Guard sources, the reopening of border disputes during this period, and sundry other tensions created gloom and anxiety in Pyongyang.

For the moment, Russia looked better. Not until Foreign Minister Zhou Enlai travelled to the North Korean capital in April 1970, and apologized, did DPRK leaders feel somewhat assuaged.

Events during these years underlined the difficulties of living in a deeply split Communist world, and on the doorstep of its two giants, both of whom were going through recurrent domestic upheavals. Understandably, Pyongyang had its proclivities for aloofness reenforced. It was natural to come to the conclusion that given the fluidity of the situation in both the PRC and the USSR, it would be unwise—and indeed, impossible—to count exclusively upon alliances. The call for an adherence to *juche* was ceaselessly repeated. At the same time, however, the DPRK turned to a new tactic: that of tilting first toward one side, then toward the other, so as to keep both major Communist states vying for a stronger position in a region that each regarded as strategically important.

Yet certain shocks had to be endured, of which none was more deeply felt than the decision of Mao and his associates to move toward a new relationship with the United States. This move was taken in the aftermath of the Ussuri River clash with the USSR in 1969, and it quickly received a warm reception from an American administration that wanted to find a method of achieving “peace with honor” in Vietnam and additional allies against the Soviet Union. PRC-U.S. rapprochement together with the decision of the United States to withdraw from Vietnam shook both Koreas, and constituted the major reasons for the short-lived effort by the two governments to seek a *modus vivendi*, symbolized by the 4 July 1972 joint communique.

After the inanities of the Cultural Revolution had passed, one of China’s first efforts, as noted, was to mend its fences with the DPRK. But the new policies went much further. An effort to regain PRC status in the region and in the world got underway. Alignment with the U.S. enabled Beijing to face Moscow with greater confidence. Once the signals emanating from Washington reached it, moreover, Tokyo moved rapidly to establish

diplomatic relations with the PRC, an additional gain of substantial proportions for Chinese foreign policy. And having previously abandoned the policy of aiding revolutionary movements in East Asia, China subsequently began to seek ways of achieving recognition from all of the states of the region, irrespective of their politics.

In the new PRC foreign policy, ideology was out, the "Five Principles of Peaceful Coexistence" were in. By the 1980s, China had modified without totally abandoning its earlier "Three Worlds" theme. Now, it was presenting two faces to others simultaneously: member of the Third World, championing the interests of the developing states; and regional power, with its goal that of achieving wealth and strength, ultimately reaching the status of a major actor on the global stage.

Yet a central political problem emerged. As economic reforms directed toward those ends unfolded, the society became more decentralized, more diverse, and more susceptible to external influences. Suddenly, Leninism was threatened. In this setting, Chinese leaders placed ever greater reliance upon nationalism as a means of supporting the stability now endangered. Old themes refurbished were given greater prominence: "China is a great nation, and it intends to assume its rightful position in Asia and in the world." Thus, increasingly, it was China, the major power, rather than China, the developing society, that made an impact upon others, most especially its neighbors. And in some quarters, the specter of a Greater China involving not only Hong Kong and Taiwan, but Overseas Chinese as well began to evoke anxiety.

The influence of China's "third revolution" upon its policies toward the Korean peninsula was quickly felt.<sup>3</sup> Given the in-

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3 For two recent analyses of PRC policies toward Korea, see Jiao Hao and Zhuang Qubing, "China's Policy toward the Korean Peninsula," *Asian Survey*, Vol. XXXII, No. 112, December 1992, pp. 1137-1156 and Hong Li, "The Sino-South Korean Normalization: A Triangular Explanation," *ibid.*, Vol. XXXIII, No. 11, November, 1993, pp. 1083-1094. See also Dingli Shen, "Engaging DPRK in a Verifiable

creased quotient of pragmatism in its economic policies and political strategy after the onset of the Deng revolution, it was natural that China would move, step by step, toward a two-Koreas policy. The dramatic growth of economic ties with South Korea was a key factor. Indirect China-South Korean trade via Chinese traders marked the initial stage, but this was rapidly overtaken by direct trade after the opening of China to the ROK in 1988.<sup>4</sup>

By 1990, China's interest in economic interaction—including financial assistance—from Korea had greatly expanded, and an agreement to establish trade offices in the two countries was reached.<sup>5</sup> A series of governmental agreements relating to trade, investment and technological cooperation were subsequently signed, beginning in September, 1992. At the same time, the Korean private sector was rapidly taking the initiative in holding meetings with Chinese counterparts to discuss joint ventures, with seminars and trade fairs relating to investment and product promotion also held, and Korean firms setting up offices in China.

By the beginning of 1994, 211 Korean firms had established such offices, Direct trade grew at a phenomenal rate in the early 1990s, reaching a total of U.S. \$9.2 billion in 1993, with Korea having a trade surplus of over \$1 billion that year. ROK investment in China also expanded rapidly, with some 1042 firms

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Nuclear Weapons Free Zone: Addressing Nuclear Issues of the Korean Peninsula," Nautilus Institute for Security and Sustainable Development, Berkeley, May, 1994.

- 4 A recent analysis of China-Korean economic relations is that of Kim Doo-Hyon, "Present Status and Prospects for Trade Between Korea and China," *Republic of Korea Economic Bulletin*, March 1994, pp. 17–25. This author is indebted to Mr. Kim, deputy Director of the Regional Cooperation Division II, Economic Planning Board, for providing the figures on Korean China trade and investment that are used in this article.
- 5 An useful background article is Hajime Izumi and Susumu Kohari, "Sino-South Korean Relations Under the Roh Administration," *China Newsletter*, No. 91, March-April 1991, JETRO, pp. 16–20.

investing a total of \$9.6 billion as of 1993, much of it from small and medium-sized plants seeking lower wages. In addition, provisions were made for foreign workers to come to South Korea for short periods for work or training.

Accompanying this expansion, cooperation in science and technology took multiple forms, with joint projects being carried out, communication facilities being expanded, and agreements achieved relating to water pollution and maritime cooperation. A Korean-Chinese shipping company was established, and discussions have been initiated for a possible undersea tunnel that would connect the Shandong peninsula with South Korea.<sup>6</sup>

As these developments unfolded, interpersonal contacts between South Koreans and Chinese mushroomed. By 1992, over 100,000 persons per year were involved in visits to the other's country, and ROK cultural ties with China's Yanbian Autonomous Region, the locus of its largest ethnic Korean population, were reestablished after a lengthy hiatus.

These occurrences represent the emergence of another Natural Economic Territory (NET), namely, an economic entity crossing political lines that combines resources, manpower, capital, technology and managerial skills.<sup>7</sup> In this case, the territory involved Shandong-Bohai-South Korea, and while not yet comparable in economic level to the Guangdong-Hong Kong-Taiwan NET, it holds great promise for the future.

The dramatic economic advances led to the growing necessity for political ties. The first step came in the spring of 1991, when China accepted the ROK bid for admission to the United

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6 Recent trends in Sino-South Korean economic relations are presented by Duck Woo Nam, "Trend of the Global Economy and Its Implications for Economic Cooperation between South Korea and China," *Northeast Asia Economic Forum Newsletter*, Honolulu, Issue No. 7, Winter, 1993, pp. 2-6.

7 For two earlier analyses of NETs by this author, see "The United States and Asia: Future Prospects," *Foreign Affairs*, Winter 1991/92, pp. 19-40, and "The Emergence of Natural Economic Territories in East Asia," paper for the September, 1994 Korea Economic Institute symposium, Berkeley.



Nations, thereby forcing the DPRK to reverse a long-standing principle, and accept dual admission despite its earlier protestations that such an action amounted to a recognition of two Koreas, thereby delaying reunification. Indeed, Pyongyang had reminded China periodically that this type of action could jeopardize China's position on the Taiwan issue. If there were two Koreas, were there not two Chinas, or one China-one Taiwan? Ultimately, however, this argument did not suffice. Economic and political considerations caused Beijing to live with whatever inconsistency might be involved.

The big step was taken in August, 1992, when the PRC established formal diplomatic relations with the ROK, thereby becoming the last of the DPRK's old allies to take this action. Pyongyang could only observe the event in pain and silence. Nevertheless, China had no intention of abandoning the North. As noted, it did not want to lose the buffer it had maintained at such cost, nor to contribute to the collapse of one of the last states with which it shared a common political heritage. This position was strengthened by the fact that relations with the only other significant Leninist government in Asia, Vietnam, were far from cordial.

Events were of some assistance in supporting China's intent to maintain a close connection with the North. After the collapse of the Soviet Union, the North Korean economy was plunged into dire need. Despite the claim of "self-reliance," the DPRK had always been heavily dependent upon the USSR economically. Some fifty percent of its total trade had been with that nation at its high point, including the dominant share of such vital products as oil, foodstuffs and machinery.

The curtailment of Soviet trade and assistance deepened the problems caused by the continued pursuit of the Stalinist economic strategy. That strategy had resulted in extensive bureaucratization; very limited incentives for innovation or enhanced productivity; and the growing obsolescence of industrial plants under an autarkic system that precluded involvement with the

ongoing scientific-technological revolution. Thus, by the beginning of the 1990s, after a period of declining growth rates, the DPRK economy slipped into the negative column according to South Korean estimates, with GNP decreases of from 3 to 7 percent per annum.<sup>8</sup> By the beginning of 1994, North Korean GNP was probably only one-eighth that of the South.

In this setting, China became critically important to the beleaguered North. In the first half of 1993, PRC-DPRK trade—rapidly increasing—reached \$1.5 billion according to the ROK National Unification Board, and probably accounted for more than fifty percent of all North Korean trade. Moreover, while China like Russia had earlier specified that payments should be in hard currency, it is believed that the PRC still permits two-thirds of the trade to take place on a barter basis.<sup>9</sup> Most crucial is the fact that according to one Western estimate, the North obtained 72% of its food imports, 75% of its oil imports and 88% of its coking coal imports (needed for steel production) from the PRC in 1993.<sup>10</sup> If these figures are approximately correct, they are a clear indication of the indispensable role being played by China in the North Korean economy, a role for which there is no immediate substitute.

Beijing authorities have long labored to persuade DPRK authorities to undertake economic reforms, using Chinese pro-

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8 For one evaluation of the DPRK economy as of early 1993, Sungwoo Kim, "Recent Economic Policies of North Korea—Analysis and Recommendations," *Asian Survey*, Vol. XXXIII, No. 9, September, 1993, pp. 864–878. Bank of Korea (ROK) figures for the North's economic decline are minus 3.7% (1990), 5.2% (1991), 7.6% (1992) and 4.3% (1993). The Bank asserted that the reduced per capita GNP during that period reached \$904 in 1993 compared to \$7,466 for South Korea. It should be reiterated that since the DPRK releases very few economic statistics, these must be considered estimates. For the figures, see *North Korea News*, Seoul, No. 746, 1 August 1994, pp. 6–7.

9 See John Merrill, "North Korea in 1993: In the eye of the Storm," *Asian Survey*, Vol. XXXIV, No. 1, January 1994, pp. 14–16.

10 See a dispatch from the Chinese city of Dandong on the border with North Korea, dated 14 July 1994, and carried by Hong Kong AFP in English on that date, published in FBIS-CHI-94-135, 14 July 1994, pp. 7–8.

grams as a model. With time and patience, these efforts have contributed to DPRK policy innovations. In recent years, a series of measures have been taken in an effort to revitalize the economy: special economic zones have been set up; legislation to encourage foreign investment has been expanded; and joint ventures, especially with overseas (and South) Koreans have been promoted. Thus far, to be sure, the results have been meager. The overhanging debts of the past, the archaic economic structure, and above all, the continuing political and strategic problems with the major market nations have inhibited almost all entrepreneurs except those with ethnic ties, notably the pro-North Korean elements in Japan. The dilemma confronting DPRK leaders has been sharpened by the fundamental conflict existing between the efforts toward economic change and the minimalist policies pursued with respect to nuclear and political issues, an issue to which we shall return.<sup>11</sup>

China viewing this scene, threads its way carefully through the mine-fields.<sup>12</sup> On the one hand, it does not want a nuclear Korea, and the meager evidence available suggests that Beijing has used its "persuasive" powers to encourage a more flexible approach by Pyongyang on nuclear and related issues. Publicly, PRC authorities insist that they have "limited influence," that the North is fiercely independent, resentful of outside interference (in the same manner as China), and concerned always about being treated as an equal, with dignity. Privately, they realize that their economic role—and their political position as the DPRK's last remaining ally (of sorts)—gives them very considerable leverage if they choose to use it.

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11 For one perspective on this matter, see Yoshikazu Tanaka, "North Korea's Future: Dynamism of Economic Reform and the Nuclear Option," *Institute Reports*, East Asian Institute, Columbia University, July 1994.

12 One recent analysis focusing primarily upon the security aspects of Chinese foreign policy is Ralph A. Cossa, "China's Changing Security Environment: Implications for Northeast Asia Security," *The Korean Journal of Defense Analysis*, Vol. VI, No. 1, Summer 1994, pp. 137-154.

But China does not want to follow the Russians in alienating the North by employing abrupt, abrasive policies. The future of the region is too uncertain, the importance of North Korea to China too great, and in this case, one keeps leverage by using it sparingly—at critical moments. Culture also plays some role in shaping Beijing's tactics.

Privately, China's leaders have never had great respect for North Korea's leaders, including Kim Il Sung, nor for many of the DPRK policies. As one example, they have regarded the effort at dynastic succession as both un-Marxian and hazardous. Having experienced their own cult of personality with near-disastrous results, moreover, they take a dim view of the adulation accorded the "Great Leader," and his heir, the "Dear Leader," now presumably come to power. In addition, there is resentment of the fact that China's sacrifices on behalf of the DPRK in its hour of greatest peril—the Korean war—are rarely mentioned, with Kim Il Sung heralded as the savior of the nation. This rankles.

Yet publicly, while the reference to being as close as "lips and teeth" is less frequently evoked, Chinese leaders invariably speak of their warm friendship with North Korea and the importance of maintaining a close relationship. They indicate that while the mutual security treaty with the DPRK may be modified, it will be continued. Regular exchanges, currently four times a year, are held between key CCP and KWP figures, and dialogues also take place between military leaders. Head of state visits have tapered off, but congratulatory messages are sent on appropriate occasions. The messages from Beijing after Kim Il Sung's death were appropriately eulogistic, and all indications are that PRC officials are prepared to support Kim Jong-il, assuming the succession proceeds smoothly.

At the same time, it must be noted that the relationship is very largely an official one, apart from economic connections. China's major universities and institutes have had remarkably limited contact with their North Korean counterparts, far less in recent

times than with the South Koreans. Only a very few Chinese intellectuals profess to know what is happening in the North. Even the ex-diplomats who occupy institute positions claim limited knowledge or contacts.

If China does not want a nuclear North Korea, neither does it want a collapsed North or a country plunged into a protracted factional struggle. Either of these latter scenerios would cause pain in Beijing. A unified Korea under Seoul's aegis would probably seek friendly relations with the PRC for its own purposes, yet the trauma of unification under those conditions would bear heavily upon the South's capacity to advance its external economic reach, thereby affecting China. It might also result in very considerable instability. Further, if successfully consummated, it could arouse nationalist sentiments among the Yanbian Koreans, as implied earlier.

A protracted power struggle in the North might cause various factions to turn outward for support, with an appeal to China being most likely. This would pose an enormous problem with China's interests in retaining a "friendly" North juxtaposed against its desire for positive relations with its other neighbors, including South Korea.

Thus, China would like to see a North that undertakes Chinese-model economic reforms, retains Leninism minus some of the Korean traditionalist features, and interacts with the South in such a fashion as preserve peace and forward development. It does not want to see a situation where the issue of the DPRK nuclear program is brought to the United Nations with a proposal for sanctions. For China, that is a no-win situation. To support sanctions would undermine its relationship with the North. To veto sanctions would stain the PRC's image globally and severely damage its relations with other Northeast Asian nations. To abstain, while most logical, would raise the issue of enforcement after the UN vote. Consequently, China would like to see the mid-1994 negotiations between the U.S. and the DPRK reach a positive conclusion, followed by improved North-South

relations and the reopening of official contacts between Japan and the DPRK. Such developments, together with the steady growth of PRC-ROK economic and cultural ties would make China's two-Koreas policy a resounding success.<sup>13</sup>

Turning to Russian policies regarding the Korean peninsula, one is confronted with a recent history marked by extraordinary shifts, in some degree, paralleling Russia's domestic revolution. The extensive role of the USSR in the rise of Kim Il Sung to power and the creation of the DPRK is well documented and needs no elaboration here.<sup>14</sup> Suffice it to say that while Kim was not Moscow's initial choice as the North's leader, after Cho Man-Sik, the Christian nationalist, was ousted for refusal to accept the trusteeship proposal, the young Russian protege was given full backing, and the Soviets expended a great deal of effort to build a viable Communist government and society in the North, naturally using their system as a model.

Russian influence remained paramount until the Korean War, but as recently released Soviet documents indicate, confirming Khrushchev's earlier account, Stalin's fear of getting involved with the United States in that conflict resulted in a shift of the primary burden to China. Kim and his associates were not to forget that fact. Very shortly after the war, as noted earlier, the Sino-Soviet split caused Pyongyang to gravitate toward Beijing

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13 A Chinese perspective is given by Tao Bingwei and Wu Jingjing, "Kim Young Sam as the ROK's New President and the Situation on the Korean Peninsula," *CIIS Paper*, China Institute of International Studies, p. 22. Translated from *International Studies*, No. 2, 1993.

14 For various studies on the background of Soviet involvement in the Korean peninsula and more recent developments, see Robert A. Scalapino and Chong-Sik Lee, *Communism in Korea*, Vol. 2, Suh Dae-Sook, *The Korean Communist Movement: 1918-1948*; Kim Il Sung: *the North Korean leader*; Erik van Ree, *Socialism in One Zone: Stalin's Policy in Korea, 1945-1947*; *Khrushchev Remembers*, translated and edited by Strobe Talbott; Ilpyong J. Kim, "The Soviet Union/Russia and Korea: Dynamics of 'New Thinking'," in Young Whan Kihl, *Korea and the World—Beyond the Cold War*, pp. 83-95; Kim Yu-Nam, ed., *Korea, America and the Soviet Union in the 1990s*; and Robert A. Scalapino and Hongkoo Lee, eds., *North Korea in a Regional and Global Context*.

along with most other Asian Communists, but soon, events made a more independent posture balancing the two giants off against each other, both possible and advantageous.

While Soviet influence never regained the type of dominance characteristic of the earlier years, the decade of the 1970s saw improvements in USSR-DPRK relations, partly because China's opening to the United States and Japan deeply concerned Pyongyang despite constant reassurances that the DPRK would never be forsaken. At least equally important was the fact that the Soviet Union remained vital to the DPRK in both military and economic terms. Overwhelmingly, North Korean military equipment came from the Soviet Union, and that was also the source of the North's greatest trade, with such crucial commodities as oil, foodstuffs and machinery coming from the Soviets, totalling at least 30% of all North Korean trade in these years.<sup>15</sup>

Improvements in Moscow's relations with the North continued in the early 1980s although Pyongyang authorities were periodically angered by various contacts between Russians, including officials, and South Koreans; vigorous private protests were issued.

Yet this was a period when Soviet relations with the United States were in relapse, and the downing of the Korean Air Lines Flight 007 over Sakhalin by a Russian pilot in 1983 produced an instant cooling of relations with the South. Hence, Moscow was content to support the North's foreign line in public pronouncements and overlook doubts about the Kim regime's structure and domestic policies.<sup>16</sup> Relations seemed sufficiently promising to enable Kim Il Sung to make a visit to the Soviet Union in May 1984, his first trip to that nation in many years.

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15 See Eugene and Natasha Bazhanov, "Soviet Views on North Korea: the Domestic Scene and Foreign Policy," *Asian Survey*, Vol. XXXI, No. 12, December 1991, pp. 1123-1138.

16 See Natalia Bazhanova, "North Korea and Seoul-Moscow Relations," in Il Yung Chung, *Korea and Russia—Toward the 21st Century*, pp. 315-352.

The opening of the Gorbachev era which commenced in 1985 did not see any immediate deterioration. Indeed, Kim made another visit to Moscow the following year, and hailed the new Soviet leader as "a great Marxist," a phrase he was not to utter again with respect to this individual. Kim had reason to be pleased. During this period, Gorbachev indicated that "great power chauvinism" on the part of the Kremlin had played a role in the past deterioration of Soviet-North Korean relations, and he vigorously attacked U.S. and ROK policies. CPSU officials also assaulted the Chinese for underhandedly edging toward Seoul while they publicly supported DPRK positions.<sup>17</sup> Moreover, the share of Soviet trade in North Korea's total trade actually increased during this period, as previously noted, reaching some 50%.<sup>18</sup>

Yet the true picture was already more complex. As early as July, 1986, when Mikhail Gorbachev delivered his famous Vladivostok speech, it became clear that Russia would attempt to make fundamental alterations in its East Asian policies, policies that had been an abysmal failure in recent years. The implications were clear: political rapprochement and greater economic intercourse would be sought not only with China and Japan, but also with the dynamic NIEs, including South Korea.<sup>19</sup>

Soon, these policies began to be implemented. Consequently, from 1988 onward, a series of issues steadily built up tension in relations between Russia and North Korea. Soviet participation in the Seoul Olympics in the summer of 1988 was followed by Gorbachev's Krasnoyarsk speech on September 16, in which he explicitly indicated that the USSR wanted to develop economic

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17 *Ibid.*, p. 327.

18 See Eunsook Chung, "Russia in Transition: Implications for South Korea's Foreign Policy," in Chung, *op. cit.*, p. 305, citing Marina Trigubenko, "The USSR and the Friendly Countries of Asia," *Far Eastern Affairs*, No. 1 (1991), p. 129.

19 A Russian perspective pertaining to this period is Mikhail L. Titarenko, "Asian and Korean Security and Stability," *Korea and World Affairs*, Vol. XIII, No. 2, Summer 1989, pp. 278-290.



relations with South Korea. The fact that he reiterated Moscow's commitment to have diplomatic relations only with the DPRK and praised many of the North's proposals for unification did not assuage Pyongyang.

Another blow came in May-June, 1989, when Gorbachev, despite fervent North Korean efforts, declined to visit Pyongyang in the course of a trip to Beijing. In that same period, Kim Young Sam, leader of the South's principal opposition party, visited the USSR and received a cordial reception. From the DPRK perspective, moreover, the improvements in Soviet-Chinese relations currently taking place had negative connotations since both major powers were becoming less concerned about each other's relations with the North.

The situation worsened for the North in the course of the following year, culminating in the Gorbachev-Roh Tae-Woo meeting in San Francisco in June and the stormy discussions in Pyongyang in early September, when Foreign Minister Eduard Shevardnadze was excoriated for telling the North Korean leaders that the Soviet Union intended to extend diplomatic recognition to the Republic of Korea immediately.<sup>20</sup>

Having been assured less than two years earlier that Moscow would not establish diplomatic relations with the ROK, Pyongyang had reason to feel betrayed when such relations were formalized on 30 September, 1990, followed in December by a visit to Moscow of President Roh.<sup>21</sup> Moreover, it was in this period that a drastic curtailment of trade and military assistance

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20 The Shevardnadze visit took place on 2-3 September, and immediately thereafter, the Foreign Minister and his entourage came to Vladivostok where an international conference was taking place. When this author asked Shevardnadze in jest whether he had persuaded the North Koreans to smile at us (the U.S.), he responded, "No—I was too busy trying to get them to smile at me." Later, one of the individuals who was present at the Pyongyang meetings, when asked to describe them, responded with a simple phrase, "A disaster." For some documentary evidence and other materials, see *ibid.*, pp. 339-341.

21 For key events of this period, see Gennady Chufrin, "The USSR and Asia Pacific in 1990," *Asian Survey*, Vol. XXXI, No. 1, January 1991, pp. 14-20.

took place, in part a result of the political upheaval within the Soviet Union and the progressive collapse of the Russian economy; in part, of the inability of the North Koreans to pay past debts to the USSR that reportedly totalled over \$3 billion, or to meet the new demands for hard currency payments.

Moscow's dramatic shift in its Korea policies evoked some internal opposition, notably from key elements in the military. Ranking figures like Generals V.Lobov, M. Moiseev, and S. Akhromeev warned of the dangers of weakening ties with the DPRK, given what they saw as the continuing threat of the U.S. and the ROK.<sup>22</sup> Gorbachev, however, was determined to chart a new course, and against the advice of some aides, he decided to stop at Cheju island in the spring of 1991 prior to his April Tokyo visit. While the economic arrangements discussed there, including a \$3 billion grant for the USSR, were subsequently diluted, Gorbachev was initially pleased, as was not the case regarding his Tokyo meetings. Subsequently, it was joked that Gorbachev had stopped over in Tokyo on his way to Cheju. By 1991, South Korea-Soviet Union trade had reached \$1.2 billion although subsequent difficulties were encountered due to the faltering Russian economy.<sup>23</sup>

Beginning in mid-1991, however, domestic crises assumed massive proportions in the USSR, obscuring all except the most critical foreign policies. In a very short period of time, the Russian government and people faced a series of trauma: the August 1991 coup resulting in the resignation of Gorbachev and the accession of Boris Yeltsin to the presidency; the collapse of the Soviet Union, with its parts divided into sovereign nations, each encountering complex problems relating to their economic,

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22 For details, see Eugene Bazhanov, "Soviet Policy toward South Korea Under Gorbachev," in Chung, *op. cit.*, pp. 101-102.

23 See Chang Jae Lee, "The Economic Aspect of Russo-South Korean Rapprochement," in *ibid.*, p. 204.

strategic and political relationships; and the catastrophic decline in the Russian economy.

It was natural that Russian foreign policies would be deeply affected by these developments. First, new priorities had to be established. To the extent that foreign policy could receive attention in the midst of domestic turmoil, relations with the newly independent parts of the old Soviet Union—now known as Russia's "near beyond"—received first attention. In an effort to cope with the multitude of problems, a Commonwealth of Independent States (CIS) comprising most of these states was created, but with its authority and effectiveness uncertain. Beyond this, Russia felt compelled to turn to the major nations, primarily those in the West, for economic assistance and support. The "look West" mood emerged out of both economic and strategic needs, but it had to compete with the Slavophilism deeply implanted in Russian society, and the desires of many in Siberia to look East for economic reasons. Meanwhile, the effort to participate in major regional and international bodies as an equal betokened the deeply wounded pride of a government and people who had once been accorded major power status. Russia did not want to be ignored or relegated to the background as a minor party despite its internal difficulties. Its reiteration of the proposal for a six-nation conference on the Korean issue, first proposed by Gorbachev, was but one indication of the desire to be involved.

With respect to East Asia, the primary efforts have recently been devoted to improving relations with China, and here, some progress has been made. Economic relations, centering partly upon border trade, have improved. Political and military contacts have increased, and the old military confrontation has been greatly mitigated. The Sino-Russian relationship remains modest, but elements of hostility and threat are largely absent, at least for the present.

In contrast, no genuine progress has been made in Russo-Japanese relations, with the Northern territories issue still a

primary obstacle, but with the Russian economic situation also constituting a barrier to greater involvement on the part of the Japanese private sector. Prodded by the U.S. and others, the Japanese government has provided some assistance to Moscow, but with reluctance. Incidents over territorial transgressions by fishing trawlers erupt periodically. But in its broadest dimensions, the central problem in Russo-Japanese relations lies in the fact that two weak governments are not able to initiate bold, new policies. Until Moscow and Tokyo achieve greater domestic stability in political terms, improvements in their bilateral relationship are likely to be minimal.

Russia's current policies with respect to the Korean peninsula must be seen in this context. Like other neighboring states, Russia wants a nuclear-free Korea, and has made its position on that matter very clear. Its experts have doubts that the DPRK has actually constructed nuclear weapons,<sup>24</sup> but in any case, Moscow wants North Korea's compliance with the NPT and IAEA inspections, and has given every indication of being prepared to vote for sanctions in the UN if diplomatic efforts fail.

According to President Kim Young Sam, Russian leader Boris Yelstin is ready to go further with respect to military matters, and not provide modern Russian weaponry to the North, but that is not stated in the joint communique that was issued at the conclusion of Kim's visit to Moscow, 3 June 1994. More certain is the fact that Russia no longer considers the mutual security treaty with the DPRK, or at least Article I providing for Russian assistance in the event of war, valid. There can be little doubt that

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24 For example, see the statement of V. N. Mikhaylov, the director of the Soviet nuclear weapons program and current head of the Russian Ministry of Atomic Energy, who recently reiterated his opinion that while the North Koreans possibly once had plans to develop their own nuclear weapons, after encountering major difficulties, probably decided to rely upon a missile program and establish a modern airforce based on Soviet MiG-29s. Mikhaylov's statement is contained in Mikhail Mrozov, "Sensation?...It Has Not Yet Been Possible to Find a Nuclear Bomb in the Dark Dungeon," Moscow *Komsomolskaya Pravda*, 13 July 1994, p. 3, translated and published in FBIS-SOV-94-150, 4 August, pp. 10-12.

the strategic alliance with North Korea is over and that Russia like others wants a tranquil Korean peninsula, with the threat of nuclear weapons removed.

At the same time, a considerable number of Russian officials—and not all of them in military ranks—would like to see sufficient improvement in Russia-DPRK relations to enable their country to have a genuine two-Korea policy similar to that of China. There is a feeling that past policies were flawed in that Moscow could have achieved precisely the same results with respect to its Korea policies without evoking the bitterness toward Russia that now exists in Pyongyang. It is revealing that in Kim Il Sung's conversations with Jimmy Carter, when asked about DPRK relations with China, the DPRK President said, "They are very good, " but when asked about relations with Russia, he responded, "they are poor."

Undoubtedly, the steep imbalance in relations with the two Koreas will be difficult to correct, especially since current Russian leaders have no intention of catering to North Korean desires unless they match with those of Moscow. Russian policy makers will watch post-Kim Il Sung developments with a wary eye. Privately, they have taken a jaundiced view of DPRK politics for some time, as indicated earlier, and have had grave doubts about Kim Jong-il's qualities as leader. If he survives, most Russian authorities believe, it will be because a military-technocratic coalition is able to effect major changes in economic policies. And on this front, Russia can be of only modest assistance, given its own economic difficulties. Moreover, for their part, key DPRK officials will not soon overcome the deep feeling that in deserting the socialist cause, Russia caused irreparable harm to its former allies including North Korea, and that leaders like Gorbachev and Yelstin should be considered traitors.

The Russian tilt toward the Republic of Korea will continue both for economic and for political-security reasons.<sup>25</sup> Greater

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25 A recent informative survey of ROK economic growth during the Roh years,

South Korean involvement in economic developments in Siberia is eminently logical, both in bilateral and multilateral form. The economic relationship, however, will not be without its problems: Russia now has a \$1.47 billion debt with the ROK, and with scant means of repayment. A recent report suggests that South Korea will accept a small quantity of high-tech arms (some \$100 million) against that debt, giving it the opportunity to study the military capabilities of the North which is almost wholly equipped with Russian hardware.<sup>26</sup> A truly fruitful economic relationship, however, awaits improvement in the Russian economy, although some South Korean investment and assistance are taking place.

Politically, the new Russian-South Korean compatibility makes possible a wider range of official and non-official contacts, and these are certain to expand and become more regularized. In the strategic realm, Seoul is unlikely to be happy with any arrangement whereby Russia would furnish the North with a light water reactors for its nuclear program, much preferring that this undertaking be in ROK hands. But at this point, that thorny issue is far from being resolved.

On balance, Russia is likely to play a modestly constructive role with respect to the Korean peninsula, at least for the coming decade.<sup>27</sup> It will cooperate in seeking to reduce tension, supporting a nuclear-free Korea and participating in any Northeast Asian security dialogue that may be established as well as in other regional and sub-regional bodies to which it is invited. It will seek to improve its relations with the DPRK, and the economic aspects of that relationship can take a more positive

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with a final chapter on its implications for South Korean foreign policy is Robert E. Bedeski, *The Transformation of South Korea*, 1994.

26 "Payment With Arms," *Nezavisimaya Gazeta*, Moscow, 5 August 1994, p. 4, translated and published in *ibid.*, 5 August 1994, p. 13.

27 A thoughtful article of recent vintage is that by Hyon-Sik Yon, "The Russian Security Interests in Northeast Asia," *The Korean Journal of Defense Analysis*, Vol. VI, No. 1, Summer 1994, pp. 155-174.

turn if Pyongyang proceeds with economic reform, with some emphasis upon subregional interaction, including the Tumen river delta (although there are strong competitive aspects to regional developmental plans for this area). But its primary focus will be upon strengthening its relations with South Korea, and depending upon domestic political and economic developments, Russian-South Korean relations should expand, thereby assisting the ROK in forwarding its "quadrilateral diplomacy."

The third large power in the near vicinity of the Korean peninsula is Japan. It is not necessary to detail here the troubled relationship between Korea and Japan throughout the 20th century. Suffice it to say that the legacy of that relationship still hangs heavily over the two governments and peoples, with ethnic prejudices deeply implanted on both sides. Given the domestic political risks, quite possibly only an authoritarian South Korean government could have normalized relations with Japan in 1965, as the Pak Chong-Hi government did. Even that government faced heated political protests.

In recent years, Japan's ties with the Korean peninsula have been overwhelmingly with the South, and steadily expanding. By 1993, two-way trade totalled \$31 billion, and some 2.6 million Japanese and South Koreans travelled to each other's countries for pleasure or business.<sup>28</sup> Further, official visits at many levels have taken place; to note the most recent, President Kim visited Tokyo in March, 1994, and the new Socialist Prime Minister, Tomiichi Murayama, came to Seoul in July.<sup>29</sup> Contacts at the

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28 See excerpts from President Kim Young Sam's press conference as reported in *Korea-update*, Vol. 5, No. 6, 4 April 1994, p. 5. See also China and North Asia Section, JETRO, "Trends in Japan Sea-Rim Trade," *China Newsletter*, No. 107, Nov.-Dec. 1993, p. 21.

29 On President Kim's recent visits in Northeast Asia, see Ahn Byungjoon, "National Interests Reflected in President's Visits to China, Japan," *Korea Focus on Current Topics*, Vol. 2, No. 3, May-June 1994, pp. 130-132, from *Dong-A Ilbo*, April 2, 1994.

military as well as civilian level are ongoing, and on most political-security issues, there is basic agreement.

In many respects, the South Korean-Japan relationship is stronger and more constructive than at any point in the 20th century.<sup>30</sup> Yet problems persist. In the economic realm, a persistent trade imbalance exists; some 90% of the ROK trade deficit is with Japan, and like others, Seoul voices the complaint that in relations with Japan, the economic playing field is not level.

However, it is in the emotional or psychological realm that relations are most delicate. Whether the issue be "comfort women"—Korean women recruited for prostitution during World War II—or statements by Japanese officials relating to that war, the old suspicions of an unreconstructed Japan remain alive. Thus, ROK officials and scholars as well as the ordinary citizen retain reservations. One Seoul National University scholar, for example, recently asserted that no rosy ideas about future Korean-Japanese relations should be held because "Japan is again seeking hegemony in Asia."<sup>31</sup>

Negative feelings are also extensively held among Japanese toward Koreans. Some seven hundred thousand Koreans live in Japan, many coming there as laborers in the pre-war and wartime period. Only a few have been completely assimilated despite taking Japanese names and fluency in the Japanese language in most cases. The issue of citizenship has been a thorny one, and feeling alienated from the society in which they find themselves, many Japanese Koreans have formed political connections with either North or South Korea, thereby constitut-

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30 On economic aspects of the relationship, see Oh Kab-Won, "The Implications of the Korea-Japan Summit Meeting and the Prospects for Bilateral Cooperation," *Republic of Korea Economic Bulletin*, April 1994, pp. 2-8. Oh indicates that bilateral trade reached \$31.6 billion in 1993, placing Japan second to the U.S. But South Korea's trade deficit that year was \$8.5 billion. p. 2.

31 Professor Shin Yong-ha, as quoted by Kang Sung-chul, "Japan's Big Plans Always Go Awry," *Korea Newsreview*, 14 May 1994, p. 5. Kang's article was partly based on the remarks of former Justice Minister Shigeto Nagano that Japan had acted in the wartime era to liberate Asia from Western imperialism.



ing foreign “interest groups” within Japan. The North in particular has found this extremely useful, with schools—including a university—operating with its financial support; a formidable group, the *General Federation of Koreans in Japan*, created to support DPRK policies; and remittances variously estimated at \$500 million to much larger sums, flowing to North Korea from members of this group. Some 70% of all current foreign investment in the DPRK is estimated to come from Japanese-Koreans.

Thus, the issue of Korea is a matter of domestic as well as foreign policy for Japan. Up to date, Japan’s policies toward the Korean peninsula have been almost exclusively with the ROK, as indicated. The efforts to open political relations with the DPRK, which got underway with the Liberal Democratic Party mission to Pyongyang led by Shin Kanemaru in September 1990, have floundered despite eight bilateral dialogues.<sup>32</sup> The key issues were compensation by Japan for wartime actions damaging to Korea, including the practice of using “comfort women”; North Korea’s adherence to the NPT and IAEA inspections; and a lesser, but highly emotional controversy, the Japanese request for information concerning Li Un-Hye, reportedly a Japanese woman who gave language instruction to the young North Korean involved in the sabotage of the KAL plane blown up over the Southeast Asian skies. It was the latter issue that triggered the North Korean walkout from the meeting being held in Beijing on 5 November 1992, ending bilateral dialogues up to date.

In reality, North Korean interest in reaching an agreement with Japan waned as the central target became the United States. Pyongyang believed that if an agreement could be reached advancing DPRK-U.S. relations, it could then negotiate from much greater strength with both the ROK and Japan. Thus, attacks on Japan from North Korean sources have remained at a

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32 The issues raised in these meetings are discussed in detail by Hong Nack Kim, “Japan and North Korea: Normalization Talks Between Pyongyang and Tokyo,” in Young Whan Kihl, ed., *Korea and the World—Beyond the Cold War*, pp. 111–129.

high decibel level in recent times, with charges of renewed Japanese militarist desires, Japanese acquisition of plutonium for future use in constructing nuclear weapons, and assorted other "crimes." Ironically, despite the positive words of ROK leaders about Korean-Japanese relations at present, North and South Korea come closer together in their mutual distrust of Japan than on virtually any other issue. At the same time, a growing number of South Koreans, especially among the elite, recognize the importance of improving the Korean-Japanese relationship, and in time, the same view will probably gain ground in the North.<sup>33</sup>

Japan's objectives in its policies toward the Korean peninsula at this point are rather easily discerned. First, like the other major powers, it desires a non-nuclear Korea, and a reduction in tension in North-South relations. The concern in Tokyo over a North Korea that might possess nuclear weapons has been intensified because of the knowledge that the DPRK has a fairly advanced missile program. The testing of the Rodong-1 missile recently was a vivid reminder, if one were needed, that Japan can be reached by weapons of mass destruction from the Korean peninsula. Indeed, in a few Japanese quarters, it stimulated the view that Japan should not give up any alternative, including the nuclear one, in considering what was necessary for its own defense.

It is often asserted that the Japanese government does not truly desire a unified Korea, preferring the status-quo. Undoubtedly, this is true as far as some Japanese officials are concerned, but the intensity of feeling on this matter varies. Many Koreans believe that in actuality, none of the major powers want Korean unification, yet this is too sweeping and too simple a view. Much depends upon the questions of unification by whom, under what

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33 A balanced, comprehensive view is presented by Young-Sun Song, "The Architecture of Multilateral Security Cooperation in Northeast Asia: ROK's Perspectives," a paper presented at the 1st Northeast Asia Defense Forum, KIDA, Seoul, 3-5 November, 1993.

means, and with what immediate consequences. For example, there is no evidence that the U.S. would find problems with a unified Korea, democratic in its political structure, committed to non-nuclear policies, and advancing its "quadrilateral diplomacy," thereby reducing the singular security responsibilities of the United States. It is true, however, that many Japanese and Chinese officials may be content to deal with two Koreas rather than one, given the nationalist potential that a unified Korea would possess in dealing with others.

In any case, under current circumstances, Japan hopes to move toward a two Korea policy at some point, joining company with others. This is most likely to occur if and when DPRK-U.S. relations improve, and under conditions that do not create strong opposition from the ROK. Japan could play a major role in the economic rehabilitation of the North, and given the appropriate conditions, it would be prepared to do so. Like most other East Asian nations, Japan favors the effort to induce change in the DPRK by involving that country increasingly in the affairs of the region, rather than subjecting it to isolation.

While Japan has been prepared to support UN sanctions should the minimalist position on nuclear issues prevail in the North, it has not relished such a course. First, while some controls over remittances have been tightened, Japan fears that a full-scale effort to halt funds flowing to the DPRK would create domestic problems, and in any case, would be very difficult to enforce. Until recently, moreover, the Japan Socialist Party, tilting toward the North, would have adamantly opposed such action.

Under the Socialist-LDP coalition now prevailing, Socialist policies have undergone numerous changes, including the move toward a more balanced two-Korea position, but given the fluid nature of Japanese politics at present, it is difficult to predict either the future policies or the strength of the Japanese Left. The current trends are toward a more realistic posture on the part of the main-stream Socialists, and the reduction in strength of the Left wing, and that may produce greater unity with respect to

the issue of Korea along with many other issues. Nonetheless, Japan is likely to hope that a diplomatic rather than a confrontational course is pursued toward the DPRK despite the harsh rhetoric employed against Japan by Pyongyang. And when the time seems ripe, Japan will take steps to reopen the dialogue with the North while still maintaining its primary ties with the South.

There is no evidence, however, to suggest that Japan is interested in a security relationship with the ROK other than that implicit in the two bilateral security treaties committing the U.S. to the defense of both the ROK and Japan. It is understood that in the event of a DPRK attack on the South, Japan would permit the use of U.S. bases in that country as well as its ports in answering the attack.

It remains to explore the policies of the United States, the sole if somewhat reluctant global superpower, and a nation deeply involved in all aspects of the Pacific Asian region. As is well known, the extensive American involvement in the Korean peninsula was a product of World War II although American ties with Korea through missionaries and others go back to the nineteenth century. It is fascinating to note that the Korean monarchy repeatedly sought official American guidance and support in its desperate effort to maintain its independence in the final period of the 19th century, sensing the utility of enlisting the aid of a distant nation to ward off predatory neighbors—largely in vain.<sup>34</sup>

In the aftermath of the world's most devastating war in history, however, the United States undertook to strengthen the weak peripheries of the Eurasian continent against a relatively strong Eurasian core, centering upon the USSR, shortly thereafter, fortified by the Soviet-Chinese alliance. In stages, the United States underwrote the recovery of West Europe and at the same time, created an island "cordon sanitaire" off the Asian mainland

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34 See Youngnok Koo and Dae-Sook Suh, eds., *Korea and the United States—A Century of Cooperation*, 1984, pp. 6-7.

to stop Communist expansion. In this situation, South Korea along with portions of continental Southeast Asia, presented a problem. Should any portion of the Asian continent be included in the U.S. defense perimeter? Uncertainty and mixed signals from Washington regarding this matter misled the Communists, first in Korea, later in Vietnam, at great cost to all involved. Yet the Korean War sealed the American commitment to the ROK. Having expended so much in lives and funds, the United States was determined to remain faithful to its ally irrespective of the political and economic differences that subsequently ensued.

As the 20th century moves toward its end, that commitment continues. The U.S.-ROK mutual security treaty is one of the least controversial matters in American foreign policy at present, with almost unanimous support from both major political parties. To be sure, the dramatic economic development of the ROK in the past three decades has given rise to a number of problems. U.S. sentiment is widespread that South Korea should give up the mercantilist policies that admittedly assisted its upward course, and accept less regulated, more open policies toward others, especially the United States which is its leading trading partner. Indeed, the plethora of restrictions on foreign operations and other forms of protectionism together with the rising costs of production in the ROK have lessened the interest of American firms in investment in recent times. But when all of the negative factors on the economic front have been outlined, the U.S.-ROK economic relationship remains one of vital importance to both societies, and recent actions of the Kim Young Sam government have helped to alleviate some (not all) of the troubles.<sup>35</sup>

Perhaps the more significant issues at present lie in the political-strategic realm, and more precisely, in the critical issue

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35 See "Part II: Korea and the United States," in *Korea's Economy—1994*, Korea Economic Institute of America, 1994, which includes articles by Robert G. Rich, Jr., Ki-Ho Chang, Olyu Kwon, and Edward M. Graham. Also consult Kwon Olyu, "Recent Economic Relations Between Korea and the U.S." *Economic Bulletin*, July 1994, pp. 2-7.

of relations with North Korea.<sup>36</sup> The major actions taken by the United States in 1991, singly and in consultation with South Korea, were key factors in the train of events that unfolded at the close of that year. The decision to withdraw ground-based nuclear weapons from foreign bases, including the ROK, was followed by the U.S.-ROK agreement to suspend the annual "Team Spirit" military exercises, and the American willingness to enter into talks with the North Koreans in New York. In the course of these developments and prompted by them, the ROK and the DPRK reached a 25-Point Agreement covering all aspects of their relationship and providing for the establishment of sub-committees to negotiate the details in December, and at the very end of that month, the two governments achieved an additional agreement on a non-nuclear Korea, with a similar negotiating committee to be created.

Subsequent events were to offer recurrent hope and disappointment.<sup>37</sup> As 1992 opened, the prospects for progress seemed promising. On 7 January the North signed the Nuclear Safeguards Agreement, later reaching an accord with IAEA on inspections which was formally ratified in early April. Six inspections followed, yet within months, an impasse was reached, the greatest point of contention being the IAEA demand that two installations in the Yongbyon complex designated by DPRK officials as "purely military," be inspected. By the end of the year, South-North talks had also resulted in deadlock, and discussions with Japan looking toward normalization, as noted, came to a stormy end in November. It was now clear that the key target for the North was the United States, not others. And many

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36 An incisive, well researched paper is that by Peter Hayes, "Non-Proliferation in Korea: The U.S. and Japanese Role," Nautilus Institute, 1994.

37 The data that follows is drawn from official sources: U.S. State Department; Embassy of the Republic of Korea, and DPRK Permanent Mission to the United Nations.

in Seoul suspected that Pyongyang would make every effort to separate the ROK and the U.S.

In early 1993, as is well known, the situation worsened. When evidence of discrepancies between IAEA data and DPRK reports regarding Yongbyon activities was brought forth, including pictures available from U.S. satellite surveillance, the DPRK announced that it would withdraw from the NPT. In response, the U.S. and the ROK stated that they would resume Team Spirit exercises. Yet the American concern about the sanctity of the NPT and the prevention of nuclear proliferation soon brought the American negotiators to the bargaining table with the North. After Pyongyang offered some flexibility, two "high level" U.S.-DPRK meetings were held in 1993, the first 2–11 June the second on 14–19 July.

U.S. strategy was now to proffer a dual structure of incentives and deterrents, making these clear to the DPRK and altering them as developments warranted. Thus, the United States pledged the non-use of force against the DPRK unless an attack took place, respect for DPRK sovereignty, support for peaceful reunification, and "as a part of a final resolution of the nuclear issue," assistance in introducing light water-moderated reactors in place of graphite reactors for the North's nuclear program. Further, the promise of continued suspension of "Team Spirit" was held out. Yet the deterrents were clear, if implicit: continued military vigilance, including an absolute guarantee of military support for the ROK; tight economic controls unless and until agreements on the nuclear issue were achieved; and the possibility of sanctions, either through the UN or other channels if the stalemate continued.

Throughout this period, the U.S. engaged in close consultation with the ROK and Japan, and periodic discussions with China and Russia, in an effort to fashion and maintain a coordinated policy with respect to North Korea. Hope rose that there was light at the end of the tunnel. By using its nuclear card adroitly, the DPRK had brought the U.S. to the table, and at that table

made the minimal concessions necessary to keep a dialogue in process. But would the fragile, partial agreements be followed by concrete actions, or was this merely another exercise by the North in brinkmanship, with no fundamental concessions on the nuclear matter contemplated? On this issue, there were basic differences of opinion, both in the United States and in South Korea, complicating the matter of reaching a coordinated set of policies toward the North.

By the fall of 1993, moreover, another impasse had been reached, as is well known. The IAEA inspection team was allowed to go to Yongbyon on 1 September to check on the monitoring instruments installed there, but its other activities were restricted, and thus it reported to the IAEA board that it could not certify that the inspections were satisfactory. After a stormy IAEA meeting in late September, the DPRK cancelled its agreement to engage in further discussions with that agency. The "high-level" U.S.-DPRK meetings were indefinitely postponed and the North-South dialogue remained stymied.

Yet at the end of the year, the pendulum swung in a more positive direction, with DPRK authorities announcing that they would permit IAEA inspections of the declared sites, but adamantly refusing to allow the suspected nuclear waste sites to be surveyed. The IAEA team went to North Korea at the beginning of March, 1994, but once again, the inspections were not judged fully satisfactory, with the DPRK declaring that it had a special status because it had only suspended its NPT withdrawal, and therefore would agree only to those inspections that would guarantee the continuity of safeguards. Both the IAEA Board of Governors and the UN Security Council (through the president) responded with requests that IAEA inspectors be allowed to complete their task as a step in the DPRK fulfillment of its obligations under the Safeguards Agreement. No one was prepared to accept the North's proclaimed "special status."

The IAEA team returned in May, at a time when the spent fuel rods were already being unloaded, and while they were able to



verify that no fuel currently being unloaded was being diverted, they were not permitted to select specific fuel rods for inspection. Hence, Hans Blix, IAEA Director-General, reported to the UN Security Council on 2 June that because of North Korea's actions, the IAEA could not measure accurately the nuclear fuel discharged, and its ability to verify the amount of plutonium previously produced had been "seriously eroded," although it was reported that if the DPRK cooperated fully in the future, satisfactory inspections would still be possible. Another round in brinkmanship had been completed.

The United States responded to these events by cancelling plans for a third round of high level talks, and announcing that it would seek further action in the UN Security Council, pointing toward a plan of graduated sanctions. Intensive consultations with all concerned parties were undertaken, and a relatively moderate step by step approach was agreed upon in order to obtain maximum support. Only the position of China, long opposed to sanctions, remained unclear. Top U.S. officials including President Clinton and Secretary of State Warren Christopher repeatedly asserted that the U.S. would continue to push for some type of sanctions unless the DPRK accepted satisfactory Safeguard inspections. It was also indicated, however, that the U.S. remained willing to talk if the proper signals came from Pyongyang.

The DPRK initially responded with a series of high decibel attacks. Foreign Minister Kim Young-Nam reiterated that sanctions would be regarded as a declaration of war, and that a conflict would result in the devastation of South Korea and the "punishment" of Japan. Yet other signals came from Pyongyang. On 3 June the anniversary of the DPRK-U.S. Joint Statement that had followed the first high-level meeting, Vice Foreign Minister Kang Sok-Ju issued a statement asserting that the DPRK was prepared to accept a package solution involving the resumption of routine and ad hoc IAEA inspections pursuant to the Safeguards Agreement, return fully to the NPT, and agree to the

replacement of the graphit-moderated reactor with a light water reactor in exchange for "the removal of the hostile relations between us and the United States." This latter demand clearly pointed toward eventual diplomatic relations.

The subsequent trip of President Carter to Korea in mid-June enabled the DPRK to reiterate this position, and advance an additional proposal directed toward the South. President Kim Il Sung conveyed through Carter the offer to hold a summit meeting with President Kim Young Sam. Such a proposal had been advanced at various earlier times, both by the North and by the South, only to bog down in procedural negotiations.

The path was now open to the resumption of the third "high level" U.S.-DPRK talks, and those negotiations took place in Geneva, 5-12 August 1994, after Kim's unexpected death. A mutually agreed statement was issued on the final day, outlining four steps that should be a part of a final resolution of the nuclear issue: 1) The DPRK is prepared to replace its graphite-moderated reactors with light water reactor power plants, with the U.S. agreeing to make arrangements for these, and for interim energy alternatives. When those provisions have been made, the DPRK will freeze construction of the reactors under construction, forego reprocessing and seal the Radiochemical Laboratory, to be monitored by the IAEA. 2) The U.S. and the DPRK are prepared to establish "diplomatic representation" in each other's capitals and reduce barriers to trade and investment, as a move toward full normalization of political and economic relations. 3) The U.S. will provide the DPRK with assurances against the threat or use of nuclear weapons by it, and the DPRK remains prepared to implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula. 4) The DPRK is prepared to remain a party to the Treaty on the Non-Proliferation of Nuclear Weapons and to allow implementation of its safeguards agreement under the Treaty.

If these conditions are actually implemented, a major change will take place not only in U.S.-DPRK relations, but in the relationship of North Korea to the ROK and its other neighbors.

It was acknowledged by the two chief negotiators, Robert Gallucci and Kang Sok-Ju, that key issues remained to be resolved, among them the disposal of the spent fuel, a concrete program for transferring light water reactors to the DPRK and provisions for an interim energy supply, details regarding the establishment of liaison offices in the two countries, and the troublesome issue of inspection of the undeclared sites. Some of these issues are to be taken up by experts from both sides as the next step.

Given the many advances and retreats with respect to these matters, it might be wise to avoid predictions on future. The DPRK proposals clearly suggest that North Korea wants to involve the U.S. over a protracted period of time; the implementation of light water reactors requires from six to ten years. Whatever transpires in the near term, the future of U.S.-DPRK relations is likely to be complex, especially given the uncertainties within the DPRK itself in the aftermath of Kim Il Sung's death. President Jimmy Carter has been told that Kim Jong-il pledges to follow his father's last proposals, but as a favorite American saying goes, the devil is in the details.

Yet if logic prevails, the North's quest for economic reform should go forward. Since Kim Jong-il cannot depend upon charisma, he must ultimately achieve support from the North Korean people by bettering their living conditions. This, together with being able to maintain the loyalty of the elites, and most particularly, the military elite, will be a key to his—and the country's—future. As is totally clear, moreover, the only way out of the current economic crisis in the DPRK involves accelerated economic reform, including a turning out to the market economies. With or without Kim Jong-il, this course is necessary if collapse is to be avoided. An additional complication lies in the attitude—and policies—of South Korea. Understandably, many

ROK observers, including certain officials, are apprehensive about the U.S.-DPRK relationship. They are certain that one primary North Korean objective, as noted earlier, is to drive a wedge between the South and the U.S., and to push the ROK to one side while advancing on the American front. The divisions within South Korea over the proper policies to be pursued have been at least as great as those within the United States.<sup>38</sup> Consequently, Washington has been periodically puzzled—and even irked—by seeing the ROK first on one side of it, then on the other. On one occasion, Seoul questions whether U.S. policies are too rigid or tough with respect to the North, on another occasion, whether they are too accommodating. A number of South Koreans thought that sanctions were a dubious policy, variously because they would not work, would divide key nations, especially China, or would revitalize the “Left” and “Right” in ROK politics. Yet the August Communique has raised apprehensions in certain South Korean quarters that the U.S.-North Korean rapprochement may unfold too quickly, leaving the South in its wake. One negative scenerio advanced by certain South Koreans is U.S. normalization of relations with the DPRK, coupled with a relatively rapid American strategic withdrawal from the area, prior to any genuine ROK-DPRK settlement. As has also been made clear, the ROK wants very much to be involved in furnishing the North with light water reactors rather than have the Russians assume that role. As might have been expected, however, the initial DPRK response to the ROK offer was negative, citing “the conditions attached.” This likely to be a hard sell, making for further complications.

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38 Two thoughtful presentations are those of Ahn Byungjoon, “Korea and the U.S. in Asia and the Pacific: Beyond the Cold War,” a paper presented at the “World Order in the Next Century Conference,” Seoul, 17–18 December 1993, and Cha Young-Koo and Choi Kang, “Land-Based Confidence-Building Measures in Northeast Asia: A South Korean Perspective,” a paper delivered at the conference on “Northeast Asian Cooperation Dialogue, Tokyo, 16–17 May 1994.

In the current setting, what are the principal U.S. policies and attitudes toward the Korean peninsula? First, despite certain apprehensions in the South, the United States is firmly committed to its alliance with the Republic of Korea. It is cognizant of a certain increase in anti-Americanism in the South, a product of the new nationalism that is sweeping all of Asia, involving the growth of self-assertion and the demand for equality or "partnership." Yet as long as a strong majority of South Koreans want a continuance of U.S. security commitments, and the presence of a small contingent of American forces to underwrite those commitments, the security contract will be maintained.

To be sure, given the radically changing nature of military technology, the U.S. will place an ever higher premium upon mobile defenses, lift capacity and joint exercises, with bases kept in readiness by allied forces rather than necessarily occupied by U.S. troops. But as the Gulf War indicated, this should not mean any reduction in the American commitment to the ROK or its credibility to those contemplating military assaults.

In connection with the nuclear issue, the U.S. concern has been more global, less strictly regional than that of the ROK and Japan. The United States has been determined to preserve the integrity of the NPT while recognizing that that treaty has certain deficiencies. The NPT is scheduled to be reviewed for renewal in 1995, and certain adjustments may be made, but current U.S. policy is to uphold the treaty in its present or revised form as strongly as possible.

Toward North Korea, the United States has been increasingly inclined to accept the proposition that change in that society can be best encouraged through processes whereby it is brought into contact of various types with the external world, and particularly, the market economies. This course rather than an effort at isolation is increasingly the chosen American policy *providing* a satisfactory resolution of the nuclear issue is achieved. At the same time, Washington recognizes that Seoul may be very nervous over this course of action, and it will seek continuous

consultations in an effort to establish a common course. The risk of separate views or complex problems of timing, however, does exist.

In the broadest sense, for the United States, the Korean peninsula represents one more challenge in the effort to move from unilateralism to multilateralism. As in other settings, the U.S. has sought to build a coalition composed of those nations whose national interests dictate involvement in the issue. Such a coalition can only be constructed and maintained if consultation is routinized and consensus—often based on compromise—is achieved.

This is a wearisome, frequently frustrating experience, especially for an impatient people like Americans. The media adds to the problem, featuring the most sensational events of the moment and the awesome things that might happen if rapid action does not take place. Yet it is the only plausible policy for a nation that wants to keep its obligations in line with its priorities and capacities.

In the global setting, Korea represents another instance where in the absence of any regional or sub-regional security institution or effective mechanism for dialogue, a series of concentric arcs have been formed, built out of the immediate interests of various parties in the problem. The appropriate term is “arcs” not “circles,” since they must be open-ended, permitting ample contact among them.

The arc that is ultimately most crucial to any permanent resolution is that of South and North Korea. The solution or reduction of the problems relating to the Korean peninsula hinges upon the capacity of the two Koreas to move toward constructive cooperation on the fullest range of issues, hopefully consummated in an unification that is peaceful in nature and involves minimal costs to both parties.

Above this arc and constantly interacting with it has been a second arc, that of the four major powers. Their actions and inactions of recent years have been and will continue to be critical

to the outcome. Hence, consultation and cooperation among them, and between them and the two Koreas will continue to be vitally important. They have variously served as stimuli, deterrents, and middlemen.

Finally, there are the international agencies—from the economic entities like the World Bank, the Asian Development Bank, and APEC to the political agencies, namely, the UN and its auxiliaries as well as the newly formed ASEAN Regional Forum. In the not distant future, one can hope that a Northeast Asian Security Dialogue will be institutionalized. In any case, at various times, the existing institutions have been and will continue to be utilized as the situation permits.

The use of concentric arcs to deal with issue-specific situations does not guarantee success, as the continuing Cambodian problem so dolefully reveals. Yet it is the most realistic route if unilateral action is ruled out. And only in instances where national interests are perceived to be critically involved is unilateral action likely to be taken, even by the most powerful nations, a fact that, on balance, is fortunate. The current approach demands leadership from some quarter, but a leader willing to listen to others and having the patience to seek consensus. To be sure, it requires adjusting to complexity and living with problems that are not fully resolved.

In this, there is no great psychic satisfaction, none of the exhilaration that comes from slaying the dragon, ending the threat in one bold stroke. That may occasionally be possible, but far more often, we shall make progress by removing obstacles, large or small, one by one, with occasional disheartening impasses or retreats. Yet given the priorities accorded domestic reforms by most nations, including all of the major powers, and the opportunities that the current phase of the scientific-technological revolution offers for rapid advances, there is ample room for cautious optimism.

빈 면



## Issues and Prospects for Cross-Recognition: A Korean Perspective

Young-Ho Park

**O**n 8 July 1994 Kim Il Sung died to no one's anticipation, and the first inter-Korean summit scheduled for 25 July was put off. His sudden death came at an inopportune time for North and South Korea as well as for the neighboring four big powers. For North Korea the passing of Kim Il Sung marked the end of an era. It also opened the reign of Kim Jong Il, designated heir, which may be riddled with uncertainty and possible instability. For South Korea, Kim's death was welcome news but it also meant a significant challenge to ROK policy toward North Korea. For the big powers with their great concern for peace and stability on the Korean peninsula, the death of elder Kim might pose a threat to their vested interests in Northeast Asia.<sup>1</sup>

North Korea under Kim Jong Il faces no easy choice: preserve the so-called Korean-style socialism based upon isolationist "self-reliance" or depart from seclusion to economic opening and possibly economic reform. Even if his grip on power turns out to be solid, Kim Jong Il is confronted with enormous challenges. North Korea's economy shrank by more than 20 percent over the

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1 For a brief analysis on the possible implications of the death of Kim Il Sung for US policy, see Rinn S. Shinn and Robert G. Sutter, *North Korea After Kim Il Sung*, CRS Report for Congress, 20 July 1994.

past four years.<sup>2</sup> Severe food shortages have forced people down to two meals a day in much of the country, and it could lead directly to a regime crisis. Economic opening, on the other hand, potentially will erode the North Korean system by allowing an inflow of "the wind of liberalization." It could bring about the sudden collapse of North Korea. Neither is a prescription for the stability that every country in the region is seeking.

Indeed, the neighboring four big powers, not to mention South Korea, seem determined to avoid chaos in North Korea, which is manufacturing weapons-grade plutonium. A possible answer to this task is to help stabilize the new regime in Pyongyang while discouraging it from acquiring a nuclear-armed status. The fulfillment of cross-recognition of the two Koreas by the four big powers could be an important means to achieve such a goal. Although the North Korean nuclear issue remains a main obstacle to improved relations between North Korea and the US and Japan as well as South Korea, it will be resolved in one way or another. North Korea and the United States have just agreed on the exchange of diplomatic representation, as a move toward full normalization of their relations, in their third round talks to resolve the North Korean nuclear dispute.

This paper examines the issue of cross-recognition. The discussion begins with an overview of the basic positions taken by both Koreas on the issue.

### **Positions of the Two Koreas on Cross-recognition: A Historical Overview**

While South Korea upholds a policy supporting cross-recognition, North Korea sustains stubborn adherence to an implausible one-Korea policy. Since the 1980s neither of the two Koreas any longer conducted policies for achieving wider recog-

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2 Bank of Korea, *An Estimate of North Korea's GNP in 1993* (in Korean) (June 1993), p. 2.

dition of their legitimacy, but they have never ceased their intense rivalry to gain greater international support for their respective positions on inter-Korean affairs and ways of unification.

Until the early 1970s the ideological confrontation between the North and South was so intense that it precluded initiatives by South Korea to seek relations with China or the Soviet Union or by North Korea to seek relations with the United States or Japan. South Korea had rigorous anticommunist laws prohibiting its citizens from any intercourse with Communist states. It viewed the USSR and China as enemies who backed North Korea in its plan to communize the South.<sup>3</sup> It saw itself and the United States as staunch bulwarks against Communist expansion in East Asia.

Pyongyang likewise saw the United States as the imperialist enemy blocking Northern-terms reunification or even as harboring designs to back a South Korean military attack on the North. The capture of the *Pueblo* and the shooting down of an American EC-121 demonstrated the intensity of the hostility felt by North Korea toward the United States. Japan was also viewed as none other than a sympathizer of "US imperialism."

Changes in strategic circumstances of Northeast Asia, however, as seen in the Sino-US rapprochement and US-Soviet detente in the 1970s, shot holes in the certainties upon which Seoul and Pyongyang had based their policies. A reappraisal was called for, if not of strategy, at least of tactics. They opened talks with each other and began to reconsider their policies toward each other's allies.

South Korea moved first, announcing in 1971 its willingness to open diplomatic relations with the Soviet Union and China if they ceased "hostile activities," recognized the sovereignty of the ROK, and stopped aid to North Korea. On 23 June 1973 the South

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3 Some documents recently delivered to South Korea by Russia confirm once again that the Korean War was initiated by North Korea with support from the Soviet Union and China to communize the whole Korean peninsula.

Korean government proclaimed that it would open its doors to all countries on the basis of the principles of coexistence, and urged "countries whose ideologies and social institutions are different from ours to open their doors likewise to us."<sup>4</sup> In 1974 the DPRK Supreme People's Assembly sent a letter to the US Congress proposing the negotiation of a peace treaty between Pyongyang and Washington to replace the Armistice Agreement. The United States did not respond to the initiative, but declared its support for the admission of both Koreas to the United Nations and expressed a willingness to improve relations with North Korea if its allies would take similar action toward Seoul.

Japan's relations with the two Koreas have differed somewhat from those of the other big powers. History, Japanese domestic politics, and the presence of a large Korean minority in Japan caused the government to permit more unofficial intercourse with North Korea than the USSR and PRC had with South Korea, or the US had with North Korea. Japanese policy toward official relations, though, closely followed that of the US, supporting the dual entry of the Koreas into the UN and rejecting diplomatic relations with North Korea until the Soviet Union and China would take similar action toward South Korea.

Since the early 1980s the United States has carried out a seemingly passive policy toward Pyongyang of deregulation. Central to the new American initiative was the notion of cross-contact. Increased American contacts with North Korea would also increase Japanese, and they in turn would stimulate the Soviets and the Chinese to establish contacts with Seoul. Such cross-contacts are expected in the end to lead to cross-recognition.<sup>5</sup> Japan lost no time in following the US lead toward

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4 "President Park Chung Hee's Special Foreign Policy Statement Regarding Peace and Unification" in *A White Paper on South-North Dialogue in Korea* (Seoul: National Unification Board, 1986), pp. 450-54.

5 Hakjoon Kim, "South-North Korean Relations in the 1980s—An Overview" Research Center for Peace and Unification of Korea, *Korean Unification: Source Materials with an Introduction*, Vol. B (1986), p. 54.

Pyongyang. By the early 1980s Seoul had also begun to make unexpected contacts with the Soviet Union and China.<sup>6</sup> At last it seemed that the international environment had become riper for cross-contacts between the two Koreas and the four big powers.

Against this backdrop, it was no surprise that South Korea began its efforts upon nordpolitik or northern policy, a policy to widen contacts with its estranged northern neighbors, the Soviet Union and China.<sup>7</sup> The South Korean government made several significant overtures for better relations with the North, notably the Special Declaration of 7 July 1988, promising to refrain from engaging in a wasteful diplomatic competition with North Korea and urging greater American and Japanese contacts with Pyongyang. Accordingly, Seoul has sought cross-recognition of North and South Korea by the four big powers: Pyongyang's recognition by the United States and Japan, and Seoul by the Soviet Union and China. Seoul had also sought simultaneous entry into the UN by the two Koreas.

However, Pyongyang objected the idea of simultaneous entry, arguing that its aim was "to justify 'two Koreas' in the name of the UN and thus perpetuate national division."<sup>8</sup> Even after the separate entry of the two Koreas in September 1991, North Korea has continued to accuse Seoul of harboring a "conspiracy to perpetuate two Koreas." Since at least the beginning of the 1990s,

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6 The Soviet Union had three high officials, of Tass and the Ministry of Culture, abruptly visit Seoul in October 1982, which could be interpreted as playing a "South Korean card" against North Korea in the Sino-Soviet competition over Pyongyang. But this gave a good opportunity for Seoul to start its contacts, albeit informal and unofficial, with Moscow. The forced landing in Seoul of a hijacked Chinese passenger aircraft in early May 1983 provided South Korea with an excellent opportunity to have direct talks with Chinese authorities.

7 South Korean Foreign Minister Yi Pum-suk gave a public lecture on 29 June 1983 indicating the international atmosphere favoring coexistence between two Koreas. He stressed that "we have to admit the reality of the existence of two states on the Korean peninsula." Most countries in the world were inclined to agree.

8 Statement by North Korean Foreign Ministry on Korean Entry into UN as a "Single State," October 3, 1985, *Pyongyang Times*, 12 October 1985, p. 6.

the North's position has been that a "confederation system" with the existing political systems and ideologies in both Koreas intact would be the only alternative to national division. Pyongyang has also repeatedly condemned cross-recognition as a plot to perpetuate the division of Korea.

### **Issues of Cross-recognition: An Assessment**

The best conceivable way to defuse the situation on the Korean peninsula is to try to wean Pyongyang away from its existing policies and to involve it in the international community. The rigidity of the confrontation between the two Koreas, however, and the complexity of the big power involvement rule out any simple, short term solution to the Korean question. The DPRK nuclear issue is a case in point. While the United States has tried for the past one and a half years to find a solution by orchestrating a sort of international mechanism, progress has been disappointing.

If cross-recognition could be a means to dismantle the existing distrust and animosity between North and South Korea, it would also pave the way toward stabilizing their emerging policies of amity—that is, to make it possible for an initially fragile detente to survive the stresses and strains that are bound to occur. What then are we to expect from the fulfillment of cross-recognition?

### **Tension Reduction and Confidence Building**

The basic objectives of ROK policy are to diminish the saliency of the military confrontation and bring about tension reduction and confidence building on the peninsula. When North Korea accepted UN membership in September 1991 for whatever reasons and agreed to conclude the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North in December the same year South Korea thought it possible to crack the door somewhat, to a phase of exchanges and cooperation between the two Koreas, which its

three-stage unification formula envisages as the first one. But the North Korea response was not conducive to an improvement in relations. The nuclear controversy has been so overwhelming that any other issues have not been able to be discussed. And the firmly established national practice of viewing each other primarily as military threats remains intact.

Cross-recognition can indirectly help to counter the tendency to overemphasize military confrontation by establishing a kind of mutually constraining mechanism among the big powers toward the two Koreas. Since South Korea already has full diplomatic relations with Russia and China, North Korean relations with the US and Japan would help materialize such a framework to ease tensions on the peninsula through complex structures of checks and balances among the surrounding four powers. A multilateral security network could emerge. This would in turn provide both Koreas with an external environment favorable to develop mutual confidence.

#### **Peaceful Coexistence that May Lead to Unification by Consensus**

The ultimate goal of South Korea's policy toward Pyongyang is to manifest its commitment to unification by peaceful means in conformity with the free will of the Korean people. Under all circumstances the road to unification must be democratic and should intersect with the road of national prosperity. North Korea has also continued to contend that unification is its goal, but that American interference in Korean affairs has prevented it.

South Korea holds that the easing of tension between the two Koreas and the attainment of a stable state of peaceful coexistence is an essential prerequisite to serious negotiations on unification, and the international trend toward cross-recognition favors this view.<sup>9</sup> Pyongyang's contention that the DPRK is the

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9 Ralph N. Clough, *Embattled Korea: The Rivalry for International Support* (Boulder, CO: Westview Press, 1987), p. 382.

only legitimate government on the Korean peninsula, whereas the ROK is illegitimate and unworthy of international recognition, has already lost ground. Instead now, North Korea argues that it is preferable to achieve a unified Korea through neither "prevailing over communism" nor "communization."<sup>10</sup> This implies that in practice North Korea does want coexistence.

Cross-recognition would offer a realistic framework to facilitate the evolution of a state of peaceful coexistence between the two Koreas. Some have advocated that the United States, as the only big power with military forces in Korea, should accept the North Korean proposal for official dialogue. The nuclear issue gave an opportunity for Washington and Pyongyang to start official talks in June 1993, and some small progress was made: they agreed on 12 August 1994 to establish diplomatic representation in each other's capitals.

The opening of official talks between the US and the DPRK, together with Seoul's ever-expanding relations with Russia and China, would foster an environment contributing to the realization of peaceful coexistence between Seoul and Pyongyang. Moreover, cross-recognition by the big powers would lead to their recognition by almost all states. The near-universal acceptance of the legitimacy of the two Koreas would weaken the inclination of each to question the legitimacy of the other, creating a sounder basis for dialogue and interaction. Should Washington and Tokyo normalize their relations with Pyongyang, a peace system could be set up.

### **Emergence of a New Order in Northeast Asia**

The fulfillment of cross-recognition of the two Koreas can help to build a regional security structure that would be a locus of peace and stability in Northeast Asia. The Korean peninsula

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10 Speech made by North Korea's former Premier Yon Hyong Muk at the 46th Session of the UN General Assembly on 2 October 1991. *Pyongyang Times*, 5 October 1991, p. 2.



would cease to be a cause for dread of more fighting, which has been the case since the end of the Korean War. Cross-recognition would also promote understanding between the big powers and the two Koreas, thus creating a more stable environment for the peninsula.<sup>11</sup> Diplomatic missions of all four big powers in Seoul and in Pyongyang would enable direct, frequent contacts and communications between them and the two Koreas, improving the understanding of attitudes and policies and reducing the scope of misperceptions.

For North Korea, the establishment of diplomatic relations with the US and Japan would open the way to increase its trade and to induce foreign investment, and to gain confidence to expand economic cooperation with its neighbors. A political relationship based on reciprocity and equality could evolve. It would in turn open up North Korea, giving its leadership and bureaucracy a more realistic understanding of the outside world.<sup>12</sup>

All this would provide an unparalleled opportunity to mold a new international order in the Northeast Asian region as we have witnessed in post-Cold War Europe. It is expected that current uncertainties in the region would gradually take concrete forms towards regional cooperation in the economy and in security.

### **Prospects and Policy Implications**

Although the international environment is favorable to peaceful unification in the sense that no country among the four powers wants to see a conflict recur on the peninsula, for the sake of the status quo and their own national interests the gradual but steady drift toward a balance of dynamics in Northeast Asia would act for the consolidation of the division of Korea. The four seem to believe that unification will come one day, but they hope

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11 Ralph N. Clough, pp. 375–76.

12 Ibid.

not too suddenly; a stable, divided Korea would serve their interests as well as if not better than would a unified nation. It is a primary concern of the South Korean government that cross-recognition might help intensify such a drift.

North Korea, on the other hand, has stubbornly opposed cross-recognition. Even when the UN approved its membership, the DPRK did not fail to emphasize that "no attempts should be allowed to misuse UN membership for the purpose of perpetuating the country's division into 'two Koreas'."<sup>13</sup> The North Koreans have been insisting that cross-recognition would freeze the division of Korea, preventing unification, and from their viewpoint the argument does have validity. They do not abandon the hope that the present ROK government will be replaced by one more receptive to a withdrawal of US forces and unification on North Korean terms.

Pyongyang, however, has lost any power to prevent cross-recognition. Before Kim Il Sung's death, North Korea showed signs of a willingness to shift its policy stance on the issue. For example, when he met former U.S. President Carter on 15 June 1994, North Korean Vice Premier and Foreign Minister Kim Yong Nam expressed Pyongyang's wish to establish normal relations with the US, emphasizing that "the United States [should] respect the sovereignty of the DPRK and treat it as an equal partner."<sup>14</sup> Indeed, in the prolonged negotiations with the United States since March 1993, an overriding concern has been to have the US guarantee the North Korean system in return for concessions on the nuclear issue.

Furthermore, there are at least three reasons compelling Pyongyang to give up its claim to a one-Korea policy. First, Seoul normalized relations with Moscow and Beijing. For Russia and

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13 A Statement published on 18 September 1991 by the Foreign Ministry of North Korea on the occasion of its entry into the United Nations, *Pyongyang Times*, 21 September 1991. p. 2.

14 *Pyongyang Times*, 25 June 1994, p. 1.

China, South Korea is a very important partner in economic cooperation; Seoul's share in their trade is much higher than Pyongyang's.<sup>15</sup> Second, there is no doubt that since the mid-1980s Seoul has overwhelmed Pyongyang in prestige and influence in the world, and with the collapse of socialist regimes in East Europe and the dissolution of the Soviet Union, North Korea's position became worse than ever. Third, North Korea could not but seek to improve relations with the United States and Japan. This means that North Korea has in practice changed its stance on cross-recognition.

It seems that North Korea has realized that it has as much to gain from cross-recognition as does Seoul, perhaps more. In fact, one of the primary goals pursued by Pyongyang in the US–North Korea talks over the North's suspected nuclear weapons program has been to establish diplomatic relations with Washington, and it has finally achieved successful results. On 13 August 1994, the DPRK and the US issued a four-point joint statement on agreed steps aimed at settling their standoff over Pyongyang's disputed nuclear program. One element deals with diplomatic representation: they agreed that they were prepared to establish diplomatic representation in each other's capitals and to reduce barriers to trade and investment "as a move toward full normalization of political and economic relations."<sup>16</sup>

Whenever North Korea revises its policy, it can usually be interpreted as tactics to avoid impending hardships temporarily or to disguise its real intentions. DPRK outward behavior in the 1990s, however, has shown that Pyongyang believes it is in its interests to coexist with South Korea—the entry into the UN is a good example. In the face of changing international environ-

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15 In 1992, South Korea's trade with China and Russia was US\$6,379 million and US\$957 million, respectively, whereas North Korea's trade was US\$696 million and US\$292 million, respectively. *North Korea's Trade* (KOTRA, 1993); *South Korea's Trade* (KOTRA, 1993)

16 *Korea Herald*, 14 August 1994, p. 1.

ment, North Korea, albeit not voluntarily, has slowly modified its archaic policy toward the South.

Therefore, should the nuclear issue find its way toward successful resolution it will not take very long for North Korea to have full diplomatic relationships with the United States and Japan. Now the ball is in South Korea's court.

Up until the mid-1980s the ROK government in reality tenaciously maintained a policy against any contacts between the United States and North Korea. The South Koreans feared that if the Northerners could establish a beachhead in the United States through unofficial contacts, they would be in a position to increase pressure on the US government for official dialogue. They accepted in principle the view that a balanced increase in contacts by all the big powers with the two Koreas was desirable, but were quick to point out any aspect in which the US seemed to be getting ahead of the Chinese and the Soviets. In fact, until the late 1980s, the ROK government continued to constrain the US not to move too fast in permitting any expansion of contacts. The same was true of Japan. At the same time, however, it ignored those aspects, such as PRC trade with South Korea, in which the United States lagged far behind.

The agreement between the United States and North Korea to establish diplomatic representation signals root changes in the international situation surrounding Northeast Asia as well as the Korean peninsula. An eventual normalization of relations between Pyongyang and Washington will help shape a new order in the region as it would pave the way for Japan and other Western countries to follow suit in recognizing North Korea.

It will, however, pose a serious challenge to Seoul's policy towards the North. The establishment of formal DPRK-US and Pyongyang-Tokyo relations would signify the cross-recognition of both Koreas by all the big powers in the region. In January 1991 North Korea and Japan initiated normalization talks and held eight sessions until negotiations were suspended in Novem-

ber 1992, mainly due to the nuclear issue. It is expected that Japan will soon resume the dialogue.

As discussed above, the recognition of North Korea by the United States and Japan will help reduce tensions on the peninsula by encouraging it to join positively with the international community. This will, in the longer term, lead it towards a pluralistic society. It would also help Kim Jong Il to consolidate his power base.

South Korea welcomed the US-DPRK agreement, but emphasized that it is still only an initial step toward a final resolution of the nuclear problem. The ROK government reaffirms that it is willing to assist the Pyongyang's efforts to gain a formal recognition by Washington if it gives up its nuclear weapons ambition. In this regard, both Washington and Tokyo have pledged that they would respect the position of Seoul before making any important decision on their relations with North Korea.

### **Conclusion**

Both Seoul and Pyongyang have been extremely sensitive to the slightest move by one of their allies that could be interpreted as a step toward diplomatic recognition. They would prefer that no contact whatsoever take place between a big-power ally and the rival Korean state. Recognizing the impossibility of preventing such contact totally, however, they have done their best to keep it to a minimum. Each has also striven to develop contacts with its rival's allies.

Changes in the international environment since the late 1980s may favor the possibility of cross-recognition. Greater self-confidence engendered by its expanding economy and rising international stature, together with changing international environment, has prompted South Korea to conduct a more flexible and bolder foreign policy.<sup>17</sup> By promulgating the Special Decla-

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17 Young-Ho Park, "The Future of South Korea's Policy Toward North Korea,"

ration of 7 July 1988, Seoul urged greater American and Japanese contacts with Pyongyang. For its part, the ROK established full diplomatic relationships with the Soviet Union and all the East European countries, as well as with China.

Seoul's policy has kindled Pyongyang to change its policy toward the outside world as well as towards the South; it was obliged to adapt itself to external circumstances. North Korea, losing its very close Soviet and Chinese support, has tried to establish diplomatic relations with Japan and the United States, along with trying to improve inter-Korean relations. Now that Pyongyang and Washington agreed to exchange diplomatic representation as a move toward full normalization it will not be long before the DPRK and Japan come up with some concrete results in their normalization talks.

In recent days we have often heard that a new world order is emerging. This is intended to imply unprecedented changes in the post-1945 world order. It is by now a truism to note that in many ways the world is no longer what it was during the nearly fifty years after the end of World War II. Because North and South Korea are still captives of Cold-War politics, however, such a new order is yet to emerge in Northeast Asia. The events of 1994 concerning the Korean peninsula, particularly the improvement of the US-DPRK relations and the expected North Korean-Japanese rapprochement, may signify that a new order could be emerging in this area. Facing such a trend toward fundamental structural changes in the region, South Korea should be prepared to lead in the process of building a new East Asian order. In so doing, the first task is to seize the lead in inter-Korean relations. It is Seoul's hope and goal that North Korea will strive for reconciliation and coexistence.

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Dalchoong Kim, et al. (eds.), *The New World Order and Korea: Challenges and Prospects Towards the Year 2000* (Seoul: The Korean Association of International Studies, 1993), pp. 189-90.

## Clinton and Korea: From Cross-Recognition to Trilateral Package

Robert A. Manning

The now half-completed matter of cross-recognition (the US and Japan recognizing the DPRK; China and the Soviet Union [now Russia] recognizing the ROK) has changed dramatically since it became part of then Secretary of State Henry Kissinger's foreign policy agenda in the early 1970s. While the concept of quid pro quo cross-recognition as such is no longer operative as a separate aspect of US policy towards the Korean peninsula, it is alive but inextricably bound up in the more prominent North Korean nuclear issue.

This complex web of interlocked issues is illuminated in the joint statement issued by the US and North Korea at the end of their Third Round of talks in Geneva on 12 August 1994: the U.S. stated it is prepared to establish diplomatic relations with North Korea and assure construction of light water reactors if Pyongyang forgoes reprocessing, permanently freezes its current nuclear program, 'seals' its reprocessing facility, and "allows implementation" of its 1992 inspection agreement with the IAEA. President Kim Young Sam's offer to supply the reactors completely connects the political dots.<sup>1</sup>

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1 See R. Jeffrey Smith, "N. Korea, U.S. Pledge Closer Ties," *Washington Post* p.1, 13 August 1994. See also Andrew Pollack, "Seoul is offering Nuclear Plants to North Korea," *New York Times*, 15 August 1994.

While Pyongyang still has appeared to feel somewhat betrayed by the lack of reciprocity, its economic stagnation, periodic acts of terrorism, and burgeoning political confrontation with the international community over its nuclear activities has overshadowed if not obviated the issue and put it into a very different context. Cross-recognition has been transformed into an element of coordinated US, ROK and Japan trilateral diplomacy. Some have argued for delinking the establishment of diplomatic ties from the nuclear issue. The logic of this argument is that it would be useful to have a US presence on the ground in Pyongyang, and that establishing bilateral relations does not necessarily confer any moral judgment on a government; it merely means two governments have business to do with each other. Whatever the merits of such logic, at this point it is simply politically impossible to disconnect diplomatic recognition from the rest of the US–North Korea agenda.

In contrast to the tiny, incremental steps taken by the US and Japan in the direction of forging ties to North Korea, the full normalization of relations between Seoul and Beijing and Moscow in 1991–92 reflected the culmination of the Cold War and the logic of geo-economics. The Soviets desperately sought economic aid; PRC-ROK trade and investment had been mushrooming since the late 1980s. The US, in a nuanced but not insignificant 1988 policy shift, allowed its diplomats to engage in dialogue with North Korean officials, and subsequently eased visa restrictions, in some instances permitting senior North Korean officials to visit the US in a quasi-official capacity under the auspices of a DPRK think tank.<sup>2</sup> Since 1991, however, virtually all US official contacts with North Korea have been directly related to the nuclear issue. Nonetheless, high-level encounters such as the January 1992 visit by then US Under-

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2 While ostensibly attended unofficial conferences, on a number of occasions ranking DPRK officials had unofficial contact with senior US officials in 1990–91 as they also attended their academic seminars.



Secretary of State for Political Affairs Arnold Kanter, and the now fortuitous June 1994 Kim Il Sung–Jimmy Carter tete-a-tete have assuaged Pyongyang's pique at a perceived denial of respect, if not legitimacy.

But it is the fear of nuclear proliferation that has animated US policy. Indeed, North Korea's quest for nuclear weapons has not only become a fixation of US policy towards the peninsula, but it has taken on a larger significance as a defining challenge of the global nonproliferation system. Advancing the process of US diplomatic relations with North Korea is but one element in what appears to be an emerging multi-phased package deal.

The final outcome of the third round of high-level talks begun on 5 August will take weeks if not months to be realized. North Korea's apparent decision to play its "fuel rod card" and not to reprocess removes much of the time-pressure and widens the window for diplomacy. The denouement will be an important indicator of whether a "soft landing" for North Korea and a process of tension reduction and reconciliation between the US and North Korea and between North and South Korea is possible. If a political bargain can be reached that halts Pyongyang's nuclear program in exchange for a package of security assurances, diplomatic and economic benefits, then it will not only strengthen global nonproliferation norms but open the door to a broader reconciliation effort including conventional arms reduction and a process of gradual steps towards peaceful reunification.

By the same token, failure to resolve the nuclear dispute would mean a burgeoning confrontation between Pyongyang and the international community resulting in either the implosion of the Kim Jong Il regime or a dangerous military confrontation, quite likely before the end of Bill Clinton's term. The US–North Korea talks have finally begun to test North Korea's motivations: Has Pyongyang been merely buying time to further pursue its nuclear ambitions or has it been seeking to bid up the price before it plays its nuclear card?

The role of cross-recognition in its current political context is more a catalyst than goal, more a means than an end. As the senior partner in the US-Japan and US-ROK alliances, for the US to embark on the process of normalized relations would legitimize engagement with North Korea and give a green light to Japan and to others. As discussed below, however, the highly partisan nature of the policy debate in the US is a major factor affecting the pace and scope of American engagement with the DPRK.

For the US, the Korea problem is of an order of magnitude qualitatively different from the series of foreign policy crises and human tragedies we have seen since the Gulf War—Bosnia, Somalia, Haiti, Rwanda. The Korean peninsula involves vital American interests, beginning with the safety of 37,000 troops deployed on the Peninsula, and the global risk of the proliferation and export of nuclear materials and their means of delivery, which would pose an intolerable threat to US interests. In addition, a North Korea with a burgeoning nuclear and missile arsenal triggering a new arms race in Northeast Asia—and no less, the possibility of a second Korean war where weapons of mass destruction might be employed resulting in massive devastation and loss of life—are also grave threats.

US policy concerns regarding North Korea have become part of the global issue of the fate of the entire nonproliferation system, now being played out in the diplomacy surrounding the extension of the Nuclear Nonproliferation Treaty (NPT) to be decided in April 1995, and the prospect of nuclear material and technology as well as ballistic missiles being exported to rogue regimes in the Middle East.

The calculus of the regional dimension of US policy towards North Korea involves: (1) concern of potential destabilization of the Asia-Pacific economic dynamism where the US with \$345 billion in annual two-way trade has a vital interest, and (2) the credibility—and sustainability—of key alliances with South

Korea and Japan, the pillars of the forward-deployed US security posture in Asia;

But US policy involves not merely avoiding the downside risks, but realizing important opportunities to advance American interests. Success in verifying the North Korean nuclear program would restore the International Atomic Energy Agency's (IAEA) credibility eroded by the Iraqi experience, where it declared Iraq in full compliance even as Baghdad had been pursuing a secret weapons program. Conducting a special inspection would mark the first time the IAEA ever used its dormant authority. Moreover, implementation of the December 1991 North-South Korean denuclearization agreement that included forsaking nuclear reprocessing or enrichment activities and creating a bilateral challenge inspection regime—necessary to resolve the nuclear issue—would set new nonproliferation precedents. Beyond the proliferation issue, successful resolution of the nuclear issue could catalyze the North-South reconciliation process, increase the possibility of peaceful reunification, and help bring North Korea into the community of nations. And more broadly, ending the North Korean nuclear threat issue and facilitating a North-South reconciliation process would restore lost US credibility and provide the Clinton administration a much needed foreign policy success.

### **US Political Dynamics: The Toughness Fallacy**

Yet as the nuclear standoff has intensified, Korea has become a major partisan, test-of-the-Presidency Washington mega-issue. Prominent Republicans including Senator John McCain (Republican from Arizona) and former Bush National Security Advisor Brent Skowcroft have proposed pre-emptive strikes against reprocessing facility at Yongbyon if North Korea reprocesses spent reactor fuel. Another senator has sponsored legislation preventing any US aid to North Korea until it permits full IAEA

inspections (including solving the mystery of its past nuclear activities) and dismantles its nuclear program.<sup>3</sup>

In this political hothouse atmosphere, one in which facts—in this case with a disturbingly narrow information base to begin with—are of decreasing relevance, political posturing and in some cases well-intentioned, if misguided, calls grow louder for pre-emptive action against a country with few friends in Washington, along with the urge for an instant *denouement*. This environment will render the management of a highly complex issue—particularly the complex steps of the normalization process—exceedingly difficult. The tortured political process of opening ties to Vietnam is an instructive analogy. North Korea is far more difficult than Vietnam, yet only in the past year has a liaison office been opened in Hanoi and the embargo lifted. The 12 August Joint Statement mentions an exchange of liaison offices and at least implies a lifting of the U.S. trade embargo at the initial stages of a normalization process.<sup>4</sup>

Credible deterrence is the essential foundation of any successful US policy. It must be made clear to Pyongyang that not only if they use nuclear weapons it will “be the end of their country as they know it,” as Clinton stated during his 1993 visit to South Korea, but also if they start an armed conflict, US and South Korean war aims must be reunification by force. But those urging “tougher” action must address the question: Is the US prepared to *initiate* a military conflict to eliminate a *suspected* North Korean nuclear capability? The likelihood that we do not know where the necessary targets are, the high probability that an Osirak-like pre-emptive strike would spew radioactive fallout all over Northeast Asia and in any case trigger a North Korean military response, and the reluctance of South Korea, Japan and China to

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3 See Frank Murskoski, op-ed piece in the *Washington Times*, 10 August 1994.

4 Joint Statement issued by the U.S. Mission in Geneva, 12 August 1994.

pursue such a course, all suggest that the risks of a pre-emptive strike outweigh the benefits at this time.

Deterrence, however, is not a strategy. Nor does the popular notion of "increasing pressure" offer much cause for optimism. The history of North Korean international behavior suggests that when squeezed into a corner it will not make concessions but will lash out. At the same time, the track record (see below) of US-North Korean interaction since 1990 suggests that if there is any hope of a diplomatic solution, its likelihood is increased when Pyongyang's concerns and legitimate interests are taken seriously. Reciprocity, a "trust but verify" process aimed at establishing trust by simultaneous reciprocal steps offers the most hopeful way forward.

### **State of Play**

In regard to the status of its nuclear program, the 8,000 fuel rods it removed from its five-megawatt reactor in late May and early June lie in cooling ponds under IAEA surveillance. After a week of talks in Geneva, Pyongyang agreed to American technical assistance aimed at an alternative disposition of the rods than that of reprocessing. If North Korea does not reprocess the rods, which contain enough plutonium for at least five or six bombs, and does not refuel the reactor, it may widen the window for diplomacy considerably. However, the DPRK's freeze on its program announced during the Carter visit did not pertain to construction of its reprocessing facility, adding a new reprocessing line. And the North has a new 200-mwt reactor under construction and due to come on line in late 1995. If operative, this facility would provide quantities of plutonium sufficient for some nine or ten bombs per year. Any credible agreement reached by Washington and Pyongyang would have to include the dismantling of its reprocessing plant, the decommissioning of its operating reactor, and a halt on the construction of the

200-mwt reactor. Such moves would cap its current known nuclear program.

The current US–North Korea talks appear to have at least de facto established a deferral of the issue of special inspections of the two waste sites, of which Pyongyang has denied the existence to the IAEA, as well as other aspects relating to discrepancies in the history of North Korea’s nuclear program. In the accord reached during the August Geneva talks, North Korea agreed to remain a party to the NPT and to allow implementation of its safeguards agreement with the IAEA. The interpretation of this commitment offered by the chief US negotiator, Asst. Secretary of State Robert Gallucci, is that “as a matter of principle, this agreement commits the DPRK to accept special inspections. What this agreement is silent on,...is exactly the timing of the implementation.”<sup>5</sup>

The spiral of action-reaction that had accelerated the move towards confrontation in the period leading up to the visit of former President Carter saw North Korea ignore US and IAEA admonitions and de-fuel the core of its five-megawatt nuclear reactor—a move that may have been an effort to destroy the history of their nuclear activities and establish themselves as a nuclear threshold state. This may ultimately force a difficult choice between freezing North Korea’s program and rolling it back.

### **A Brief History**

This pattern of defiance goes back to 1986 when North Korea, under pressure from the Soviet Union, joined the NPT. (The normal 18 month period to adopt a safeguards regime was doubled, as the IAEA sent the wrong forms to Pyongyang!<sup>6</sup>) It

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5 Gallucci comments at 13 August 1994 press conference, transcript provided by the US Mission in Geneva.

6 This was confirmed to the author both by a former IAEA official and by US government sources.

took six years before Pyongyang began to fulfill its obligations by signing a safeguards agreement and allowing the IAEA to monitor its nuclear facilities. A second phase of defiance began in the fall of 1992 when the IAEA essentially caught Pyongyang in a lie about its past reprocessing activity. The IAEA began requesting access to two suspected waste sites upon which the North built alleged "military facilities." It was after the IAEA formally demanded a special inspection in February 1993 that on 12 March of that year North Korea threatened to become the first state ever to withdraw from the 157-member Nuclear Nonproliferation Treaty (NPT). North Korea suspended its withdrawal one day before the 90-day period after which it would have taken effect. Consequently Pyongyang has claimed a special "twilight zone" status neither in nor out of the NPT. As a legal matter, neither the US nor the IAEA accept such North Korean interpretation of its status.

Between these two phases of defiance was an important interlude of cooperation, however limited. In September 1991, President Bush announced the withdrawal of ground-launched short-range nuclear weapons including artillery shells and the removal of nuclear weapons from surface ships worldwide. In November 1991 South Korean President Roh Tae Woo announced that there were no nuclear weapons on South Korean soil. In December 1991 North and South Korea signed unprecedented reconciliation and denuclearization accords. In January 1992, then Undersecretary of State Arnold Kanter held the highest level contact with North Korea in forty years, meeting in New York with Kim Young Sun, a senior official of the Korean Worker's Party. At the same time, North Korea's rubberstamp parliament ratified an IAEA safeguards agreement, and by May of 1992 the IAEA began to conduct inspections of North Korea's seven declared facilities.

A combination of events—the waste sites dispute and elections producing new governments in Seoul and Washington—may have led North Korea to test the incoming Kim and Clinton

administrations. In any case, diplomacy stalled from fall 1992 until the present. US policy has been incremental and focused on tactical issues, persuading North Korea not to withdraw from the NPT, to allow continuity of safeguards and allow inspectors to remain in North Korea. The policy finally broke down over the unobserved removal of the reactor core.

The point of this brief history is to glean lessons useful for the endgame. It is clear that when North Korean concerns were met in regard to security (e.g. removal of tactical nuclear weapons, canceling the Team Spirit military exercise) and legitimacy (top-political level meetings, vague promises of normalized relations and economic engagement) they responded positively. For many years they argued that alleged US nuclear weapons in the South were a threat. When that excuse was removed, they responded, albeit incompletely.

### **Cross-Recognition and the Art of the Package Deal**

In light of the above, how should the administration seek to realize its goal of a denuclearized Korean peninsula? First, we should be clear that the nuclear issue is only the most urgent, and that any deal should be part of a larger process to reduce tensions and enhance the prospects for a soft landing for North Korea and a gradual process of peaceful reconciliation. The question of US and Japanese recognition of the DPRK is part of that process. It must also be recognized that in absolute terms, the nuclear issue is unresolvable: no verification regime can provide one-hundred-percent certainty that there is no covert program; a deal can provide relative confidence. Second, we should recognize that the nuclear card is the only one they have to play. Given the enormous levels of mutual distrust, a step-by-step, reciprocal process aimed at building trust is necessary. Thus, a package deal must be a multi-phased, reciprocal confidence-building framework with an incentive structure that



frontloads concrete benefits, yet leaves Pyongyang with something in its hand after the first phase.

In terms of US strategy, this should be viewed less as an arms control negotiation than a leveraged buy-out. The rationale for “rewarding” cooperative behavior is that we are seeking more than compliance with international norms: The IAEA has never conducted a special inspection; the North-South denuclearization accord goes beyond international norms. It may be recalled that Ukraine and Kazakhstan both received sizeable aid packages for their compliance with the NPT. Thus, there is a hard-nosed rationale for coming to terms with Pyongyang if it does cooperate. It must be added, that as North Korea is the most hermetically sealed state in the world, anything which opens it up cannot be viewed simply as a concession—it advances US interests.

Also, we must transcend the “blame game”. As South Africa was welcomed into the nonproliferation regime fold when it revealed its hitherto secret nuclear arsenal, it should be made clear to North Korea that if it does “come clean” there will be a no-blame policy, not fingerpointing. In addition, making US concerns about North Korea’s internal behavior (i.e. human rights) a condition for progress in the confidence-building process in general, and normalization in particular, would condemn it as well as the cohesion of the coalition to almost certain failure. Such issues must be deferred.

The incentives package must be structured with a recognition that the issues of North Korean Scud-B and Scud-C missile exports, the development of the Rodong-1 (and others under development), CFE-type conventional reductions are in a very different category from the nuclear issue. It is the DPRK’s NPT membership that provides the legal and political basis for addressing the nuclear issue and for imposing UN sanctions. It is the North-South denuclearization accord which provides for more stringent nonproliferation and verification standards than the NPT.

Hence, the sequencing of positive incentives and the threat of negative ones (i.e. escalatory coercive measures) as a measure of progress or retrogression in the negotiating process is a means of synchronizing the expectations of the international community with those of Pyongyang. Continuity of safeguards, no refueling of the 5-mwt reactor and no reprocessing is the admission ticket, the minimum good faith required of North Korea to open the door to normalization and economic blandishments as part of a comprehensive solution. Any meaningful package must include South Korean and Japanese incentives in a coordinated fashion. In particular, the US must synchronize its policies with Seoul to prevent Pyongyang from using North-South summitry as a pressure tactic against US diplomacy. It is almost a certainty that while any Japanese initiation of movement towards normalization with North Korea will be coordinated with Washington, its implementation will likely occur in a much shorter time frame.

The phases of a comprehensive resolution of the nuclear issue should unfold along the lines outlined below.

**PHASE 1—Goal:** Pyongyang would: (1) take clear actions to place its nuclear program under IAEA routine inspections, (2) suspend construction of its reprocessing facility and 200-mwt reactor, (3) allow special inspections of the waste sites, (4) cooperate fully with whatever techniques the IAEA requires to determine past nuclear activities, and (5) renew its dialogue with the South to implement the 1991 agreements. Should the North seek to continue hiding its past activities then steps 3 and 4 may require deferral until a later stage, but they should not be taken off the table.

**Response:** the US would: (1) send the Secretary of State to Pyongyang, (2) lift the economic embargo, (3) exchange liaison offices, (4) offer technical business assistance, perhaps mobilizing Korean-Americans, (5) provide CNN downlinks, cultural exchanges, (6) offer PL480 food aid, and (7) devise, in conjunction with the ROK, Japan, and perhaps Russia, a multilateral

consortium for decommissioning North Korean graphite reactors and constructing and financing light water reactors and other alternative energy sources. The creation of a multilateral energy fund should be explored. South Korea would offer a first tranche of trade and investment, light industry assembly, for example, Japan would normalize relations (thus moving forward with cross-recognition) and offer a first tranche of economic aid, all of which should be project-designated. The US would also support initial discussions leading to North Korean participation in the World Bank and Asian Development Bank. It may be preferable to place the bulk of Japan's aid or reparations into a Korean Reconstruction Fund under World Bank auspices. It would be prudent to begin actively exploring the establishment of such a mechanism as part of the package deal.

PHASE 2: (1) Devise and implement a North-South challenge, on-site inspection regime, (2) North Korea adhere to Missile Technology Control Regime (MTCR) guidelines, (3) sign, ratify and implement the Chemical Weapons Convention (CWC) and biological weapons treaty, and (4) adhere to the Nuclear Suppliers Group standards. Cooperation on reconstructing North Korea's past nuclear activities should not be deferred past this stage.

*Response:* (1) Full normalization of diplomatic relations with the US and Japan by this stage. (2) Begin development projects for the Tumen area. This should be done in conjunction with North Korean membership in multilateral lending agencies, World Bank and Asian Development Bank. (3) US assistance in destroying chemical weapons.

PHASE 3: (1) North Korea would verifiably adhere to the MTCR over a defined period and abandon any new long-range missiles and (2) adhere to the CWC and biological weapons treaty, and (3) there would be initial progress in North-South conventional arms reduction within the framework of the joint military commission created in the 1991 reconciliation accord.

*Response:* (1) Large-scale economic projects could be undertaken such as hydropower, industrial complexes, major tourist projects for example at Mt. Diamond, and (2) the second South Korean tranche of investment and aid and a full Japanese aid or reparations economic package. Also would be (3) an offer to cancel Team Spirit permanently and put US ground troops on the table in the context of major reductions in North-South force levels at some stage in a North-South conventional reduction process as envisioned in the Military Commission created in the 1991 accords.

### **Future vs. Past**

It is possible that the choice will be neither full cooperation nor confrontation. The fact that Pyongyang deliberately removed the fuel rods from its 5-mwt reactor suggests that it may be pursuing a strategy to force a choice between capping its nuclear program and rolling it back. Under this scenario, by destroying its past it would become a nuclear threshold state like India, Pakistan and Israel, which would pose a devil's alternative choice for the US. If North Korea took steps that fully met concerns about the future of its nuclear program but hedged on the past, the Northeast Asian actors in this drama would be greatly reluctant to pursue a confrontational course likely to lead to armed conflict. Yet such a course would jeopardize the NPT. But given the stakes of armed conflict in light of the realities of massive forward-deployed military forces along the DMZ, the larger danger of unchecked North Korean nuclear activities, and the likelihood of a short future for a pariah regime, capping the program now and working to resolve the ambiguity later may be the least-bad choice. Such an approach, however, would enormously complicate the politics of a comprehensive deal.

## The Political Minefield of Normalization

As discussed above, US engagement with North Korea has become an explosive political issue in Washington. This reality will make it difficult for the Clinton administration to implement any accord with North Korea. Moves are already under way in Congress, for example, to ban the export of light water nuclear reactors to North Korea—the item that appears at the center of US–North Korea dialogue. Even in the best of circumstances the mechanics of normalization of relations, particularly with an adversarial regime, requires some degree of Congressional support and action. In the case of North Korea, Congress has a role to play in removing Pyongyang from the list of nations accused of supporting terrorism and thus banned from US aid or trade privileges.

The acrimonious debate over most-favored-nation (MFN) treatment for China also provides a useful illustration of how the interests-versus-values debate can paralyze US policy. It is instructive to note that, while the administration could conceivably open a liaison office in Pyongyang with minimal Congressional opposition, establishing full diplomatic relations is a more complex question. The range of economic engagement—a trade treaty that would lead to MFN for North Korea, an investment treaty to provide national treatment for US investment, a tax treaty to protect American investors from double taxation—all must also occur in the context of full diplomatic relations. Similarly MFN, as well as EXIM bank loans and Overseas Private Investment Corporation insurance, must occur after or concurrent with normalization. In this regard, the administration's reluctance to move to full normalization with Vietnam (where the principal political obstacle is personnel missing in action from the Vietnam War) has some relevance in assessing the likely prospects for normalization of US–North Korea ties. Vietnam is a case where major US business interests are pressing to move

forward, and where market-oriented economic reform is well underway. Neither of those factors exist for North Korea.

Such considerations underscore the difficulties ahead in actually normalizing US-DPRK ties, even if the notional three-phase plan for a settlement were to gain cooperation from North Korea. Normalization of US-North Korea relations will almost certainly be a protracted process.

Most prominently, regarding the supply of light water reactors—an enterprise whose cost is likely to exceed \$1 billion—the US role, beyond facilitating the coordination of what will almost certainly be a multilateral enterprise, is problematic at best. The project will likely require Japanese financing, South Korean engineering and maintenance, and perhaps Russian reactors. A direct US government economic role in the project is highly doubtful, though there are signs of interest among US private firms such as Westinghouse and Bechtel. For Seoul, engaging the North on the supply of light water reactors could be an important opportunity to advance the reconciliation process by embarking on a joint economic venture of such large proportions.

Political realities confronting US policy reinforce the importance of multilateral cooperation in realizing a comprehensive solution to the North Korean nuclear problem. They also illustrate how deeply enmeshed in the larger process the issue of cross-recognition has become, particularly, the US-North Korea aspect of it, and how it is related to the North-South reconciliation process.

## From Red Star to Two-Headed Eagle: Translating Cross-Recognition from Soviet into Russian

Alexander I. Nikitin

**T**he two-headed eagle has been officially restored as the Russian national emblem. Two heads looking in opposite directions symbolize—as it was postulated at the approved description of the emblem during pre-revolutionary czarist Russia—Russia's equal attribution to Europe and Asia. Russia was always considered in European culture as "too Asiatic" to be fully "invited" into the European family, while for the Asian countries Russia with its capital cities—Moscow and St. Petersburg—shifted geographically and politically deeply to the west always seemed "too European" to be a truly Asian country.

The collapse of the Soviet Union which has given new birth to Russian statehood and revitalized new debates around the correlation of Russia's Asian and European national interests. Redefinition of Russian foreign policy in comparison and in contrast to the Soviet policy shows a visible differences between the *national interests of long-term traditional geopolitical nature*—which coincide in the new Russian and former Soviet foreign policy paradigms, perhaps with slightly shifted formulations—and the *ideological interests* of the Soviet system rather than the Russian state.

## Scratching out Ideological Glue from the Geopolitical Base

Relations between the two Koreas, the great-powers' attitude towards reunification, and cross-recognition of the DPRK and the Republic of Korea by major "Cold War" players have proved to be highly ideological issues very much dependent upon the broader geometry of the great powers' balance of power and interests.<sup>1</sup>

Relations of the two Koreas with larger world powers, first of all with the USA and the Soviet Union, later Russia, always were multidimensional and dependent upon several factors. In contrast to the situation in Europe where the outcome of World War II provided the Soviet Union with a whole bunch of created allies—communist regimes—and thus with a European geopolitical "center" of the Communist empire, the Soviet Union during decades of its existence constantly lacked reliable meaningful alignments in South and East Asia. The honeymoon of the "Soviet-Chinese eternal friendship" in the 1950s appeared to be historically short, turning to friction and rivalry in the 1960s. Support for ideological proxies in Korea, Vietnam, Syria, Afghanistan in respectively the 1950s, 1960s, 1970s and 1980s was constantly marked by the "color of war," by instability. Such proxies consumed Soviet resources rather than serving as "Asian pillars" of the Soviet-centered empire.

The relatively unsuccessful search for an "Asian foot" remained a constant source of trouble for Moscow especially in view of the Soviet-Chinese rivalry and Beijing's pretensions to defeat Moscow as a more "regional" and more involved leader than European-minded Moscow for Asian communist-oriented regimes and public movements.

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1 As well-known American scholar of US-Korean relations Edward A. Olsen frankly postulated once in his study "U.S. Policy and the Two Koreas," "The U.S. is in Korea militarily for the same reasons it has always had: to protect the U.S. and its regional interests against Soviet encroachment" E.A. Olsen, *U.S. Policy and the Two Koreas* (Boulder, Co: Westview Press, Colorado), 1988, p. 63.



The supposedly monolithic nature of the Communist bloc never was a reality. Levels of policy coordination and domination by Moscow were high enough although Moscow *de facto* constantly had to tolerate different kinds of dissent and “-isms”—Tito in Yugoslavia, selfish Ceausescu in Romania, independent and pretentious Mao in China, and—it must be mentioned within the same row of “challenges” rather than “easy proxies”—Kim Il Sung. The North Korean leader embodied many of precisely those features of a Stalinist-type totalitarian regime that were openly criticized during Khrushchev’s campaign of “de-Stalinization” in the late 50s and 60s. The ideological atmosphere and public and elite moods in Soviet society after Khrushchev and until 90s were in fact already quite incompatible with sincere public support for the North Korean political system, ideology and leadership. Economic matters never were the real substance of Soviet-North Korean relations. Of course, as with many Communist countries, mutual trade was subsidized but it was, firstly, of modest importance in the scale of the Soviet economy (and incomparable to the economic interaction between the South Korea and the USA where bilateral trade totaled in 1992, for example, on the level of 40 billion dollars). Secondly, the development of Soviet economic relations and trade with the DPRK was rather a consequence of ideological and geopolitical alignment between Moscow and Pyongyang than a source for it.

For a proper understanding of Moscow’s policy one must also realize the difference between the comparatively high influence of Korean ethnic communities in the USA and the low influence of such a community in the Soviet Union (and Russia).

While in the US with its very developed culture of political lobbying the Korean community is involved to a certain degree in the elaboration of national policy towards the Korean region, in the Soviet Union and now Russia the Korean population *de facto* does not act as a unified community, is quite dispersed mainly in the Far East of the country with no real access to the

Moscow political elite or governmental structures. Mechanisms of public and ethnic communities' involvement into the development and maintenance of Russia's foreign policy are not elaborated in appropriate scale. The perception of Korean problems as regional, rather "flank" than "mainstream" issues within the context of the Russian foreign policy, concentrates all the major decisions in this area mainly within the executive "ministerial" branch of power, with not much parliamentary or public control or influence on these matters.

The above mentioned factors lead to relatively "untied hands" for the Soviet leaders formerly and Russian leaders now in reshaping Russia's policy towards the Koreas during recent years. Soviet recognition of the Republic of Korea and further quick expansion of economic, cultural, humanitarian relations between the Russia and the ROK as well as the coincidental cooling of Moscow-Pyongyang relations were adopted by Soviet, and then Russian, public opinion without very critical debates. These changes of policy were a logical projection of the domestic political turn in the Soviet Union. It is important to understand that recognition of the ROK in the late perestroika years was mainly the result of a change in the ideological orientation and social system in the Soviet Union itself and depended on a much lesser scale upon developments in the Northeast Asian region.

### **Changing Meaning of Cross-Recognition**

The level of international involvement in the inter-Korean settlement traditionally has been and continues to be quite high. For decades the situation of cross-*non*-recognition of the Koreas was reproduced by generations of political elites of the great powers. And if in the beginning of the Cold War inter-Korean relations were hostage to and a projection of American-Soviet rivalry, over the years the situation has reversed. Russian relations with Seoul have become a "hostage" of Moscow's relations

with Pyongyang while American policy towards the DPRK has become clearly subordinate to the formulas elaborated under the influence of Seoul. Interdependence within the geometry of Seoul-Washington-Moscow-Pyongyang relations appeared to be very deep and in some cases created obstacles to the strategy or tactics of the sides.

In fact, cross-recognition was necessary to provide prerequisites for partly disengaging the great powers from inter-Korean settlements. This is how many policymakers in Moscow have interpreted the new mainstream of Roh Tae Woo's "Northern diplomacy" when the issue of cross-recognition was high on the regional political agenda in connection with the change of Russia's approach to the Koreans.

A definite "Koreanization" of inter-Korean relations has already been accomplished to a certain degree between 1989-1994.<sup>2</sup> One of the important features of such Koreanization was a clear refusal of the late Gorbachev's Soviet Union to subordinate steps in policy towards Seoul with consultations with Pyongyang. Such disengagement occurred in stages between 1988 and 1990.

Cross-recognition on that early stage was understood in the Soviet "political vocabulary" as an appeal for international recognition and affirmation of the political regimes and social systems existing in the two Koreas. It was considered as an ideological rather than geopolitical issue.

The new Russian political vocabulary already interprets cross-recognition in a more flexible way: as guarantees by the world powers, firstly, of the ability of the two Koreas themselves to proceed as leading rather than led actors of inter-Korean settlement and, secondly, in the case of progress towards Korean

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2 It should be mentioned that some analysts consider direct involvement of great powers as more promising than "Koreanization" of the settlement. "Pyongyang expects to gain more from its talks with the US than from Seoul", concluded for example some participants of the RINU Tenth Conference Prospects for the North Korean Nuclear Issue and North-South Korean Relations *RINU Newsletter*, Vol.3, No.1, 1994, p. 6.

unification, a kind of world-powers guarantee of the preservation of limited but substantial sovereignty of the Northern and Southern parts of a confederative or any other mutually agreed unified structure.

That translation of the notion of cross-recognition "from Soviet into Russian" means a dramatic increase of flexibility for the great powers. If the previous "patronage" of the great powers meant an insistence on certain geopolitical and ideological conditions and prerequisites for any moves of the sides towards unification or settlement, Russia currently defines the limits to the great powers involvement as, mainly, provision of effective mutual guarantees of non-interference and multilateral measures towards the decrease of regional tensions.

The fundamental assumption about the most probable and acceptable way of Korean settlement, as it is discussed in the Russian political and research community, is still an understanding that *Korean settlement* and *Korean unification* do not necessarily coincide. Settlement in the sense of stabilization, decrease of tensions, improvement of the economic and human rights situation in both Koreas, conversion of the Korean states into sufficiently stable components of the general multilateral security system in the Pacific can be seen and achieved under a most realistic scenario of preservation by both Korean states for quite reasonable period of their specificity, sovereignty and differences in social structure and economic system. That understanding in turn revitalizes the necessity of cross-recognition of both Koreas on some stage by all major powers.

While mutual diplomatic recognition of any legal entities in the international arena and dialogue rather than forceful sanctions and pressure are certainly the most preferable way of regulating international relations, cross-recognition in the Korean issue is still not a self-valued goal. Cross-recognition is instrumental. By itself it does not provide neither final solution nor settlement. What recognition of both Korean states by major world powers can provide is the means for stabilizing the

situation and ensuring predictability, stability and international security in the area.

Currently the most destabilizing factor in the Northeast Asian region is the danger of a nuclearization race in connection with the North Korean refusal to allow IAEA inspections of nuclear objects and suspicions about Pyongyang's intentions to gain access to nuclear weaponry. These accusations are reperculated by the DPRK leaders with demands to inspect the US military bases in the South and a raising of the more general issue of the existence of foreign military bases on Korean soil.

On issues of both nuclear weapons and military bases important changes can be observed that provide possibilities for less tense and more cooperatively oriented interaction between Russia and the West, mainly the USA, in the way towards predictable stability in Northeast Asia. These changes need to be examined and analyzed as far as they clearly influence the issue of DPRK recognition by Western powers and Japan as well as Russian-Western relations in connection with the Koreans.

#### **Cross-recognition: "explosion" of the nuclear factor**

One of the major obstacles on the way to normalization of American, Japanese and other powers' relations with the DPRK is North Korea's dubious policy in the issue of non-proliferation of nuclear weapons and means of mass destruction. Starting from 1990-91 not only has the "nuclearization" factor been intensively and negatively influencing relations between the two Korean states, but it has also become a world-scale issue attention, spoiling the whole process of reconciliation in Northeast Asia and dramatically complicating the cross-relations of the two Koreas with the great powers. In 1993 with Pyongyang's loud "secession" from the NPT regime the nuclearization factor has exploded with a crisis in inter-Korean relations.

It is important to qualify to what degree the threat of nuclearization of the Korean peninsula is the true reason for US and

Japanese refusal to recognize the DPRK and what are the parameters of Russia's policy towards the threat of nuclearization on the peninsula.

Matters of the NPT and nuclear policy have been brought into special focus of political attention in Moscow for several reasons:

1. The collapse of the Soviet Union has created a Gordian knot of problems of legal and factual division of the nuclear heritage between Russia, Ukraine, Belarus and Kazakhstan.
2. Russian leadership have rejected the policy of searching for global nuclear parity with the US or combined Western nuclear forces (the objective of maintaining parity has been substituted in Russia's new military doctrine by the objective of deterrence through a minimal necessary arsenal). That same rejection resulted in the rising importance of regional balances, including a revitalization of the reliance upon tactical nuclear weaponry.
3. Russia has withdrawn in its new military doctrine "no-first use of nuclear weapons" policy introduced by the Soviet Union at the Second Special UN session on disarmament in 1982.
4. Ukraine undoubtedly and Kazakhstan on a lesser scale expressed their willingness to find new formulas within the NPT regime to accommodate their atypical status ("states that did not invent, nor purchase, nor voluntarily invite nuclear weaponry but historically inherited it").<sup>3</sup>

Debates around the current unclear dividing line between the nuclear and non-nuclear states have visibly diminished the ability and willingness of all new independent states to concentrate on the North Korean nuclear case. In 1995 in view of the coming renewal of the NPT conference Russia has its own urgent agenda of nailing down a clear non-nuclear status for other

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3 See D. Vydrin, *Ukraine on the Nuclear Swingles* (Kiev: IFR, 1994).

former Soviet republics. This whole “domestic” task diminishes Moscow’s attention to other nuclear knots including the Korean one. At the same time it makes Moscow on the eve of 1995 a strong supporter of any steps towards a more rigid and appropriately applied NPT regime for non-members of the classical nuclear club.<sup>4</sup>

Clearly under the current transitory relations in the Moscow-Pyongyang-Seoul triangle Russian policy makers cannot consider and are not considering any possible North Korean access to nuclear weaponry as a planned and manageable part of or even addendum to the Russian-controlled deterrence arsenal. While not being controllable by Moscow a potential North Korean nuclear—arsenal even before coming into being—is already used as a reason and excuse for bringing American nuclear weaponry into South Korea. The only Russian reply for that might be a reconsideration of Russia’s own abilities as force balancer in the region which in combination with mentioned doctrinal emphasis on the regional balance and revitalization of reliance upon tactical nuclear weapons might lead to new splash of indirect Russian-American rivalry in the area.

It means that though the worse Korean challenge lies within the NPT dimension, the US and Russian reaction to it to a certain degree manifests itself in the broader framework of the regional and traditional correlation of forces. Within the stream of changes in Russian-American relations in the European NATO-centered context Pacific naval components of the US and Russian military machines remain relatively more “conservative” and stable in change of configuration, mission and mode of interaction (military-to-military cooperation, cross-visits of exercises etc.). The repercussion of the North Korean search for nuclear status might be a rising concentration of Russian and American

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4 For more detailed analysis of Russia’s changing approach to the renewal of the NPT in connection with division of Soviet nuclear “heritage” see Yu. Fedorov, *Nuclear Policy in the Commonwealth of the Independent States* (Moscow: CPIS, 1993).

forces in the region and an unusual attention to the regional balance of forces.

The real problem is that US-South Korean interaction on the matter of bringing American nuclear forces onto the peninsula as a protection measure is considered by Moscow as an over-reaction at the current stage, a step that definitely—if implemented—would add fuel to the fire. Analysts in both the US and Russia are seriously afraid of a failure appropriately to prolong the NPT regime in 1995 and a “domino chain” of nuclearization in East and South Asia.

Linkage between the need for North Korea to recognize NPT rules and the possibility of DPRK recognition by the USA and its allies remains almost “natural” before 1995 from the point of view of Western diplomacy. From the Russian side it would be unrealistic to call for any application of pure “reciprocity” in return for Russia’s normalization of relations with Seoul. Adoption of both Koreas to the United Nations seems to have been the limit of political cross-recognition, which had to be done and was done in a “synchronic” regime. At the same time, 1995 may seriously change all rules of the game in nuclear proliferation matters. Quite soon Pyongyang might become not a striking violator of NPT but rather a clear and conscious refusnik of non-nuclear obligations—one among many in a shattered and weakened residua of the former NPT regime. That would make it useless and ineffective for the US to avoid formally direct diplomatic relations with one of the nuclear-club juniors.

While nuclear issues are generally considered to be ‘great powers-related issues, that does not necessarily mean that the US and Russia would constantly find themselves to be opposing balancing sides in nuclear-related disputes. Some Russian analysts would agree on these matters with RINU scholar Seong W. Cheon who concludes his study of the Korean nuclear matters: “In the same way the Cuban missile crisis in 1962, which drove



the US and the Soviet Union to the brink of nuclear war, unexpectedly facilitated East-West detente, North Korea's nuclear problem could turn out to be an opportunity to change misfortune into a blessing for peace on the Korean peninsula".<sup>5</sup>

In other words the goal of prevention of nuclear spillover onto Korean soil might under certain circumstances become a subject for precedental cooperation between the United States, Russia and other great powers as far as currently Moscow has much more reason to join international community efforts to prevent Pyongyang from becoming a nuclear power than to oppose such efforts.

### **New Russian Approaches to Advances Military Basing and Confidence Building in the Military Sphere**

The existence of US military bases in South Korea always was considered in the DPRK and in the Soviet Union as a source of threat and disturbance. The very concept of protection or projection of certain countries' (United States) interests through the establishment of long-standing military installations far overseas was constantly criticized as "pure imperialism" in the former Soviet ideology and propaganda. Recognition of the "comparability" between the US advanced-basing concept and Soviet agreements on military cooperation with allies in Africa and Asia appeared in the Soviet and Russian media only on the eve of the 90s—exactly the same time the Soviet Union started to lose one proxy or ally after another.

Starting in early 1994 quite a new precedent was set by Russia itself when a package of agreements signed by President Yeltsin with the authorities of Georgia in February 1994 for the first time officially established regulations on providing several former Soviet and now Russian military installations and garrisons on

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5 Seong W. Cheon, "North Korea's Nuclear Problem: Current State and Future Prospects," in *The Korean Journal for National Unification*, Vol.2, 1993, p. 104.

Georgian territory a mutually agreed status of "Russian military bases in the Republic of Georgia." No payment for the use of land or no "leasing payment" was demanded by the Georgian side. In return Russia provides further structural development of the bases and training of Georgian military personnel aimed at transfer—at a yet undefined moment in the future—of the bases to Georgian property. Such agreements are clearly becoming a possible model for advancing the legal status of the Russian troops in certain other former Soviet republics who are now independent states to the chain of different-size and -designation Russian military bases on foreign territory. The Russian-Georgian agreements evoked quite an intensive domestic discussion including "special opinions" expressed by certain parliamentary committees. Still, a precedent was set.

Does that mean that Russian attitudes towards US advanced basing including that in Korea have become more tolerant? Not so simple for advanced military basing certainly starts to be perceived as quite an applicable means for protecting national security interests. And this recognition is quite a new phenomenon. At the same time, overseas American bases located far from national borders are perceived in Moscow as much less "natural" than advanced basing in border areas, especially when Russian troops are not being "moved" into those areas but rather have remained there since it was united Soviet territory.

Russia would certainly consider any possible decrease of scale and activity of American military presence in South Korea as an important and stabilizing step towards the same "Koreanization" of the inter-Korean settlement that progressed after the Soviet-Russian change of mode of relations with the DPRK. At the same time if that is not a current US policy then other additional confidence-building measures can be recommended.

European practice shows that Russian-American military-to-military cooperation, observers' missions, visiting exercises, improved information on the actions, plans and moves undertaken by the sides as well as a series of cooperative measures

under the "Partnership for Peace" NATO-originated framework can dramatically decrease local and regional tensions. Russia is quite willing to implement or expand a comparable set of measures in the Far Eastern and Northeast Asian areas.

That would be very important for the sake of regional stabilization in Northeast Asia to overcome the approach of the residual constant balancing between the Russian Far Eastern Military District and the Pacific Fleet forces and US advanced-based forces, and to proceed with cooperative confidence building in the area and measures (some of them initiated already) comparable to mil-to-mil cooperation measures in the European theater.

### **Motivations for Soviet Recognition of the ROK Are Twice as Valid for Russia**

The very concept of cross-recognition was to an essential degree based on the need to adapt to the end of the Cold War and to benefit regionally from the decreased level of global superpower confrontation. And while the former Soviet policy towards Northeast Asia was ideologically dominated, the new Russian political elite proceeds from quite pragmatic presumptions that Russia is interested in proportionally well-developed relations with both North and South Korea.

Recognition of the ROK was undertaken by the Soviet Union in the last stage of its existence in the status of superpower. Thus it is important to examine whether reasons and motivations for active development of relations with Seoul are of the same validity for new Russia as they were for the Soviet Union.

Russian interests towards the Korean settlement might be defined along the following lines:

- 1) General importance of the Northern Asian region for Russia is growing and shifting from the geo-strategic to the economic field, taking especially into account the transition to market

economy in Russia and a shift of emphasis from the centralized to the regional and local economic ties.

One-third of Russia's foreign trade is now concentrated upon Asian countries, and the Far Eastern areas of Russia are among the most dynamically developing regions.

2) New Russia does not consider any countries of the North East Asian region as enemies or adversaries. None of them critically threaten Russia's vital interests. The potential for major military conflicts in the area is now probably at the lowest level since World War II times. At the same time there is a heavy "conflict heritage" that prevents tensions in the region from quick self-regulation. Russia does not feel herself in a position to pretend for the role of security guarantor in the region but does consider it obligatory to participate as actively as appropriate in multilateral efforts for regional stabilization.

3) The role of international integrative structures is growing in the Pacific-Asian area as well as in the other parts of the world. Russia is underrepresented in the Asian integrative patterns and is definitely interested in participating in security, economic, and political regional multilateral mechanisms. The bilateral balance of forces has been substituted now by the multilateral and multipolar correlation of interests, and Russia is ready for a more modest role in the system where more poles and forces are involved.

4) After important domestic changes in the former Soviet society the new Russian state is paying more attention to human rights protection and the level of democratization in its neighboring states as important criteria for selecting international allies and defining its own policy towards other countries.

5) Russia is interested in a kind of strategic partnership with the United States in assuring Asian-Pacific stability and security. Moscow seeks for its own specific role in a regional settlement. This role might be naturally embodied, for example, in exploiting Moscow's residual influence on Pyongyang. But not only is Russia ready for mediatory functions, but also for joint initiatives

with the US aimed at decreasing the level of military saturation of the region.

6) Russia's own security would be considered seriously undermined in case of nuclearization of the Korean peninsula from either the North or the South. This brings Russia into the circle of supporters of the preservation of the NPT regime, though preferably by compromise rather than by sanctions.

7) The issue considered the most important by the Soviet Union in the context of debates around Korean unification, namely the issue of the nature of social-economic and ideological system resulting from unification steps, is currently considered by new Russia as something that might be left for consideration and decision between the two Koreas themselves.

That last point needs further explanation because Russia's attitudes towards the prospects of Korean unification are dominated by the same logic that led Moscow to recognize the ROK.

### **Moscow Changes Criteria for Considering Korean Unification Scenarios**

Russia, no more feels, in contrast to the old Soviet Union, any responsibility to prevent the "absorption" of one Korea by the other or to secure any Moscow-pointed ideological orientation of the future Korean regime.

Rather we might name certain parameters of the Korean state (in case of a staged movement towards unification of the Koreas under any possible scenario) that would mostly coincide with the interests of modern Russian foreign policy. Russia would welcome, first of all, a stable and predictable social and political system on Korean soil or combination of systems chosen and established by Koreans themselves with no violence or "political earthquakes" within the transitory period. Such system should be democratic and should respect international human rights standards. Independent and non-aggressive foreign policy of such a Korean state could be combined with reasonable defen-

sive potential of the country contributing to regional stability and tied with a strong regional multilateral political and security integrative system instead of reliance upon unilateral alignments with any single superpower.

But it is not less important that on the current stage Russia is equally ready for a continuation of the parallel existence of the two Korean states, presuming that any potential for conflict between them would be neutralized through staged improvement, stabilization and international legalization of inter-Korean relations.

No doubt, in the final analysis the nature of the regimes in the North and the South are deeply interdependent with prospects for stability and security in the region. At the same time it is starting to be realized in Russia that regional stability, peace, economic and humanitarian progress are of paramount priority irrespective of the concrete configuration of the political system able to provide that progress. Still, the means should appropriately correspond with the goals. Attempts to use non-recognition tactics, sanctions, blockade, or external pressure aimed at the earliest change of the domestic regime in the DPRK are by nature too violent, adding seeds of the same destabilization that needs to be overcome.

Korean settlement would benefit if the world community would finally refuse the asymmetrical and selective approach to the Korean states and recognize South and North Korea as equal and plenipotentiary international entities. It is time to break the linkage between the issue of diplomatic recognition and the attitude towards the North Korean regime, which anyway will inevitably change its nature under the pressure of domestic factors. The process of cross-recognition, if finalized, will provide more favorable conditions for regional stabilization. If recognition of the ROK by Russia and China were to be complemented by the recognition of the DPRK by the USA and Japan, this would bring the great powers to the brink of a post-Cold

War partnership in creating a multilateral security pattern for the entire Asian Pacific area.

Modern Russia clearly stays for expanding economic, humanitarian, scientific, technical and other types of cooperation between the two Koreas. This process is to be led by the Koreas themselves under favorable conditions for staged inter-Korean dialogue to be provided and secured jointly by the historically involved great powers. A new pattern of post-Cold War international policy combined with the dramatic change of Russia's approach to the Korean issues provides unique and historic conditions for such a staged stabilization and decrease of tensions in the region.

빈 면



## Issues and Prospects for Cross-Recognition: A Chinese Perspective

James T. Myers<sup>\*</sup>

**O**n 24 August 1992 the People's Republic of China and the Republic of Korea concluded an agreement to establish formal diplomatic relations. It was the hope of some at the time that this would lead to a process of cross-recognition whereby Japan and the US would recognize North Korea while China and the USSR exchanged full diplomatic recognition with the ROK. As events developed, this was not to come to pass. This article attempts to assess the Chinese view of the diplomatic situation with reference to the two Koreas following the exchange of ambassadors between Beijing and Seoul.

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## Background

### China and The Koreas

At both the 1943 Cairo Conference and the 1945 Yalta Conference, the subject of Korea was considered. On 8 August 1945, as agreed at Yalta, the USSR declared war on Japan. Within a matter of days, on August 15, Japan announced its unconditional surrender ending the war in the Pacific. The line of demarcation for accepting the surrender of the Japanese forces and for the ensuing occupation of Korea was set at the 38th parallel. There appears to have been no compelling reason to have chosen this particular line of demarcation other than the fact that it divided the country approximately in half and left Seoul in the American zone of occupation.

Failure of the occupying US and Soviet authorities—and later of the United Nations—to reach agreement about procedures for unifying Korea eventually led to a continuing division of the country. The Republic of Korea was established in July 1948 under the leadership of President Syngman Rhee; in September of the same year The Democratic People's Republic of Korea (DPRK) was established under the leadership of Kim Il Sung. The regime in the North, created under Soviet occupation and dominated by a Communist majority in the ruling Korean Workers' Party, formed a natural ally for the new Communist government of the People's Republic of China (PRC) which was proclaimed on 1 October 1949. Indeed, a little more than a year after the creation of the PRC, on 25 November 1950 the Chinese sent 150,000 troops of Lin Biao's Fourth Field Army over the border into North Korea to intervene on the side of their Communist allies in the Korean War. The Chinese would eventually suffer upwards of one million casualties in the bloody conflict, including the death of Mao Zedong's oldest son, Mao Anying.

Though the DPRK was obligated for its creation and early survival principally to the Soviet Union, in the wake of the Korean War, North Korea developed a patron-client relationship with the PRC as well. The Chinese typically described North Korea as “lips” to China’s “teeth.” China, along with the Soviet Union, became a principal source of economic and military aid for the DPRK. Over time, the Sino–North Korean relationship experienced ups and downs. There were times when the DPRK moved closer to the PRC, such as the intense period of the Sino-Soviet dispute, and other periods such as the years of the Cultural Revolution in China when the DPRK moved closer to the USSR. In general, though, North Korea tried to play a balancing game with its two big Communist neighbors.

The 1970s brought a number of important changes to the established relations of the region. In 1972 President Richard Nixon made his historic journey to the PRC resulting in the signing of the Shanghai Communique. The years that followed were marked by growing contacts and an improving relationship between the United States and China. This trend culminated in the normalization of relations between the two countries in 1979. During the previous year (1978) the PRC had also put a formal end to hostilities with Japan by the signing of the Sino-Japanese Treaty of Peace and Friendship. The 1970s also brought the beginnings of what would continue to be a growing trade relationship between the PRC and the ROK.

North Korea moved closer to the USSR as China expanded contacts with the US and Japan. It was also during this period, perhaps in part as a consequence of the Sino-American rapprochement, that the North and South began a series of dialogues which led to the issuing of the 4 July 1972 South-North Joint Communique on Korean reunification. It was at this time, writes Ilpyong Kim, “that the major powers involved in the Korean Peninsula—China, the Soviet Union, Japan and the United States—proposed the policy of cross-recognition: China and the Soviet Union would recognize the ROK in the south; the

United States and Japan would recognize the DPRK in the north. Cross-recognition would promote peace and stability on the Korean peninsula, a volatile area often called the tinderbox of Asia."

The series of meetings that followed the 1972 joint communique revealed that, while reunification was a common goal, there remained major differences between the approaches of the North and South. Likewise, as indicated above, full, four-way cross-recognition was not to be achieved.

## **China and South Korea**

### **The "Northern Policy"**

South Korea's attempt to expand its diplomatic contacts to include China, the USSR and the states of Eastern Europe dates back to the presidency of Park Chung Hee in the 1970s. For its part as indicated above, China had maintained relations with the DPRK since the time of establishment of the PRC. The ROK had likewise maintained full diplomatic relations with the Republic of China on Taiwan.

With the death of Chinese leader Mao Zedong in 1976 and the ending of the so-called "ten years of disorder" (the years of the Cultural Revolution), Chinese policy toward the outside world began to change. We have already noted that there was an increase in trade and contacts between China and South Korea during the 1970s—principally through third countries. This trend accelerated in the 1980s under the impetus of the new policy of reform and opening to the outside world instituted by the PRC following the political comeback of Deng Xiaoping at the historic Third Plenum of the 11th Communist Party Central Committee in December 1978. China's commitment to economic reform and to a limited marketization of their economy also brought an opening of China to new foreign investment and a search for new trading partners and markets for Chinese goods.

South Korea provided an attractive target of opportunity for the new Chinese effort. During the years of the turmoil of the Cultural Revolution in China, the ROK economy had stabilized and began to soar. The annual South Korean GDP growth rate which measured about 4.8 percent in the years 1955–64 jumped to 8.9 percent over the period 1964–91. *Per capita* GDP in the ROK more than doubled in the eighteen years from 1955–73 (\$502 to \$1126) and then more than tripled again in the next eighteen years from 1973–91 (\$1126 to \$3845).

Though the South Korean policy of seeking contacts with any country regardless of ideology dates back to the 1970s, significant contacts with China only began to grow during the 1980s. China used the opportunity provided by the May 1983 hijacking of a Chinese commercial aircraft to South Korea to open contacts with the Seoul government. This was followed by expanded trade, cultural and athletic contacts over the next several years including Chinese participation in the Asian Games hosted by South Korea in 1986. It is estimated that by 1986 Sino–South Korean indirect trade through Hong Kong had reached US\$1.5 billion

For China, the benefits of the growing relationship with South Korea went beyond trade or economic considerations. China's economic reform also required what the leaders of the PRC called a "peaceful" international environment. High on the list of Chinese priorities was a peaceful and stable situation on the Korean Peninsula. China was eager to avoid hostile entanglements over Korea with the US and Japan, both of which nations assumed major importance in China's economic modernization plans. In addition, the growing relationship provided China with the possibility, at least, to re-establish the historically close relationship that had existed between Imperial China and a tributary Korean State. This relationship would be important to the PRC as it attempted to reassert its influence as a regional power especially as it pertains to its close neighbors and former vassal states. As Professor Scalapino observed, the leaders of the

PRC "perceive their nation as influential or at least worthy of being influential, and they behave accordingly."

For all these reasons, China never retreated from its policy of pursuing better and expanded relations with the ROK. In fact, as Scalapino writes, for some time before the recognition of South Korea by the PRC, China was already following a "*de facto* two-Koreas policy."

In 1988, new ROK President Roh Tae Woo formally launched his "Northern Policy." The principal objective of this policy was to establish diplomatic relations with the PRC and USSR. Already under President Roh's predecessor, Chun Doo Hwan, the ROK had enjoyed success with its diplomatic efforts in Eastern Europe. The Korea Trade Promotion Office (KOTRA) opened a representative office in Hungary at the end of 1987 and Hungary opened an office in Seoul a few months later. South Korea and Yugoslavia exchanged trade offices later in 1988. Also in 1988 Seoul hosted the 24th Summer Olympic Games in which athletes from Eastern Europe, the USSR and the PRC all participated. By the end of 1989, South Korea had established diplomatic relations with all East European countries. In December 1990, following several summit meetings between Roh Tae Woo and Mikhail Gorbachev, relations were normalized with the USSR.

#### **Normalization of Relations with China**

An important ingredient of President Roh's Northern Policy was the idea of cross-recognition. As originally conceived, this policy would seek the recognition of North Korea by the United States and Japan while the USSR and the PRC would recognize South Korea. This would then be followed by the simultaneous entry of both Koreas into the United Nations. Ultimately, it was hoped that such a series of events would lead to the reunification of Korea. In his search for a path to reunification, President Roh appeared to embrace the "two-plus-four formula" which had contributed to the unification of East and West Germany. In the

German case, the "two" were the two Germanies; the "four" were the occupying World War II powers, the United States, Great Britain, France and the USSR. In the Korean case, the "two" would be the two Koreas while the "four" would be the United States, Japan, the PRC and the USSR.

North Korea initially rejected any formula for entry into the United Nations that might imply a permanent division of Korea and likewise rejected the idea of anything like a "two-plus-four" formula on ideological grounds as outside interference in Korean affairs.

At the same time, as indicated above, South Korea continued to pursue its successful Northern Policy including expansion and improvement of its relations with the PRC. The 1989 Asian Development bank meeting in Beijing included an official representative from the ROK. 1989 also saw the opening of several sea routes between South Korea and China for freight and passenger service. Trade volume between the two nations increased rapidly. By 1991 two-way trade had reached US\$ 5.8 billion. By 1992, South Korea had become China's third largest trading partner. From the Chinese point of view, a "strong complementarity" exists between the various sub-regional economies of Northeast Asia in which China plays a unique role. Specifically, with reference to South Korea trade, the Chinese saw the opportunity to provide cheap, good-quality food and textiles to the ROK while benefiting from South Korea's successful "commercialization of scientific and technical achievements."

In the autumn of 1990, KOTRA signed an agreement with the Chinese Chamber of International Commerce (CCOIC) to exchange trade offices. KOTRA opened its office in Beijing in January 1991; several months later, CCOIC opened its office in Seoul. The Beijing KOTRA office was opened by Roh Jae Won, who had been the ROK's Ambassador to Canada and who would become South Korea's first Ambassador to the PRC. Several rounds of talks followed over the next year and a half between

ROK Foreign Minister Yi Sang Ock and Chinese Foreign Minister Qian Qichen.

On 19 August 1992 the Central News Agency of Taiwan announced that the PRC and ROK would establish diplomatic relations; this report was denied by the government of South Korea. The following day, North Korean sources reported that ROK Foreign Minister Yi Sang Ock would travel to Beijing on Sunday 23 August to formalize diplomatic relations between China and South Korea. A Japanese source commenting on the report declared:

Establishing ties with China would finalize South Korea's "northern diplomacy," of setting up relations with the former Soviet Union and East European countries to boost its international standing, and deals a severe blow to Pyongyang, the sources said.

On 22 August the government of the ROK confirmed the reports, indicating that Yi Sang Ock would leave the next day for Beijing, and that the PRC and ROK would establish formal diplomatic relations on Monday 24 August.

The pro-PRC *Ta Kung Pao* in Hong Kong pronounced this a "great accomplishment" for China's diplomacy:

Over the years China has harbored misgivings about opposition from Pyongyang, and now China is making this realistic and necessary step; this shows that China has made a wise decision to comply with the Asian and world situation. Beijing must have worked hard with Pyongyang to avoid disappointment.

In fact, Pyongyang appears to have received very little benefit from the development. Rumors that China might significantly increase its economic assistance to North Korea following normalization with ROK were apparently unfounded.

In the final stages of the negotiations between Beijing and Seoul, events developed rapidly. One theory holds that Deng Xiaoping himself blessed the development and issued instructions that it should be done. Negotiating directly with Chinese



Foreign Minister Qian Qichen who apparently had been given full power by Deng, Ambassador Roh Jae Wan reported that answers from the Chinese side would come back almost hourly and that the entire matter was concluded in about two months. At the end of the negotiations, the Chinese side asked for a month's delay before announcing the normalization so that Qian Qichen could brief the Chinese leaders who had been kept in the dark about the secret negotiations he had been authorized to conduct.

The communique signed by the two sides declared that "the Government of the Republic of Korea recognized the Government of the People's Republic of China as the sole legal government of China, and respects the position of the Chinese side that there is but one China and Taiwan is a part of China." In addition to the other economic benefits that flowed from the diplomatic recognition, the PRC took over control of the Chinese embassy compound in Seoul, one of the most valuable parcels of land in Korea. Chinese Foreign Minister Qian pronounced the normalization of relations with the ROK of "great importance." The exchange of ambassadors, said Qian:

...will produce a positive impact on the relaxation and stability of the situation on the Korean peninsula and on the peace and development of the Asia-Pacific region.

### **Cross-Recognition**

By the time of the normalization of relations between the PRC and ROK, North Korea had been persuaded—perhaps as a result of China's urging—to accept simultaneous entry into the United Nations. When the two Koreas became members of the United Nations in 1991, many expected more responsive North Korean behavior. DPRK UN membership also provided additional, official channels of communication between the US and North Korea. With the establishment of diplomatic relations between the PRC and ROK, therefore, one part of the cross-recognition

plan had been realized; the second part of the cross-recognition system proved considerably more troublesome.

At the August 1992 Beijing meeting between Qian Qichen and Yi Sang Ock, it was reported that Minister Yi asked Qian Qichen for China's cooperation in ensuring resolution of the North Korean nuclear issue. Qian responded by saying that China has continuously asked North Korea to accept the International Atomic Agency's nuclear inspection. He added that China did not want either North or South Korea to have nuclear weapons and made it clear that China hoped for de-nuclearization of the Korean peninsula. Both Japan and the United States, the other pair of the original cross-recognition plan, insisted that North Korea abandon its nuclear program and open its nuclear facilities to international inspection as a condition for improving relations. The nuclear issue has continued to prove troublesome up to the present (summer 1994). As one Korean observer wrote of the suspension of talks between Japan and the DPRK: "Unless the mine of North Korean nuclear doubts is swept away, there is no prospect for the resumption of the talks." Nor has North Korea been entirely forthcoming with a number of "confidence-building measures" awaited by both the United States and Japan.

### **China and the DPRK**

While the normalization with the ROK may have been a triumph of Chinese diplomacy as some observed, it was at least a mixed blessing as far as China's influence with the DPRK was concerned.

By 1992 when the normalization took place, the ROK had already established diplomatic relations with the USSR—now Russia—and with all the countries of Eastern Europe. Because there had not been a similar move by Japan and the United States to recognize North Korea, the idea of reciprocity was already lost. There is no way to know what might have resulted had the USSR and the PRC withheld recognition of the ROK until full,

reciprocal cross-recognition by the four sides had been achieved. For their own reasons, both the USSR and PRC pursued a different course of policy.

Given the way things developed, with first one and then the other of their big socialist allies recognizing South Korea, and with the tremendously rapid growth in PRC-ROK economic relations, it would be easy to understand if the DPRK felt abandoned by its friends. As a consequence, one must question exactly how much influence the PRC has in Pyongyang at the present time; to wonder how great is the Chinese ability to persuade, to reason with or to advise the DPRK on matters of either domestic or foreign policy.

The North Korean nuclear issue has presented the PRC with something of a dilemma. The PRC has all along pledged its friendship to the DPRK. At the time of the normalization of relations with the ROK, the Chinese Foreign Ministry declared, "China will continue to develop the good-neighborly, friendly and cooperative relations with the DPRK on the basis of the five principles of peaceful coexistence." While pledging friendship, however, the PRC has never wavered in what Qian Qichen described as its "definite" position: "no nuclear weapons should appear on the peninsula." On the other hand, Qian indicated his opposition to raising the issue at the United Nations and declared China to be "opposed to sanctions." Asked about the same issue at a later press conference, a Chinese Foreign Ministry spokesman declared, "Dialogue is the only correct way to solve these kinds of problems." And, the spokesman added, "China hopes for stability and a relaxation of tension and stability on the Korean Peninsula, denuclearization in the region and a negotiated settlement to issues related to nuclear inspections there."

One can readily share China's "hopes"; what is not clear is the degree of influence China can bring to bear on the problem to realize these hopes.

## Conclusion: The Chinese Perspective

### Issues

Since the normalization of relations with the ROK in 1992, the PRC has been attempting to implement what one observer has called a "two-faced strategy" toward the Korean peninsula. On the one hand, China has continuously maintained its friendship, socialist solidarity and support for the DPRK. On the other hand, as indicated in the preceding pages, China has pursued a policy of growing contacts across the board with South Korea. By 1993, trade between the PRC and ROK had reached US\$ 10 billion; China's two-way trade with North Korea amounted to less than US\$ 700 million. Moreover, the terms of North Korea's trade with China had become less favorable. The per-ton price of Chinese crude oil sold to North Korea, for example, was raised from \$60 in 1989 to \$137 in 1992, and China was demanding payment in hard currency.

Thus, while China has professed its desire to maintain its socialist solidarity and traditional friendship with North Korea, its real interests in the Korean Peninsula appear to lie in the South.

On the unification issue, China has consistently held that it supports the peaceful reunification of Korea and that the United States and Japan should forge diplomatic ties with North Korea as soon as possible. The Chinese have, however, repeatedly expressed concerns about how unification might take place. They have stressed the importance of the "equality" of the two Koreas and specifically rejected the notion that a solution of the German type, in which South Korea would "absorb" North Korea, would be acceptable to them. As Kim Il Sung is said to have phrased it, "neither of them [should] eat the other, nor be eaten by the other." At a recent meeting between Chinese Ambassador Zhang Tingyan and President Byoung Yong Lee of

the Research Institute For National Unification in Seoul, the same Chinese concerns about “absorption” were expressed.

On the nuclear issue, as suggested above, China has strongly advocated a non-nuclear future for the peninsula while at the same time opposing United Nations sanctions against North Korea. The Chinese, fearing instability on the peninsula, have also urged the outside powers not back North Korea into a corner on the nuclear issue; at the same time, China is thought to have been urging Pyongyang to accede to the demands for full inspection of its nuclear facilities.

### **Prospects**

The recent death of North Korean leader Kim Il Sung adds to the uncertainties regarding Chinese–North Korean relations and particularly the question of China’s influence in Pyongyang. Once senior Chinese leader Deng Xiaoping and a small handful of Party elders pass from the scene—as they inevitably must—both China and the DPRK will be ruled by a new generation of leaders. China has clearly set itself on the “capitalist road” despite the persistence of communist rhetoric. What path toward the future will be chosen by the new leaders of North Korea remains open to question.

On the unification question, the Chinese would seem to prefer a slow negotiated coming together of some sort that would not be seen as “absorption” of the North by the South. Such a development would undoubtedly put unification some years away, which would probably well suit the Chinese interests. It is difficult to imagine that the Chinese would be happy to see a rapid coming together of the two Koreas where the North would become a magnet for South Korean investment and a labor market for South Korean industry which might now find a home in China.

China must have similar ambivalent feelings about the remaining incomplete links of the original cross-recognition idea.

While the PRC has continued to express its support for normalization of North Korea's relations with the United States and Japan in the interests of promoting stability on the Korean peninsula, China's economic interests might be ill-served if the normalization should actually come about. Should Japan and the DPRK establish diplomatic relations, Japan's development assistance might well be diverted from China to North Korea. If North Korea and the United States should eventually exchange recognition, China's remaining influence over Pyongyang would be further weakened.

The nuclear issue remains a serious and complex problem for all concerned. At the moment (July 1994) we are waiting to see what develops in the North following the death of Kim Il Sung. It may be, if North Korea insists on pushing ahead with the development of nuclear weapons, that the PRC might eventually support some plan of United Nations sanctions, though this is far from certain. What is interesting to contemplate is what might be the Chinese attitude toward a unified Korea at some future date with a developed nuclear weapons program.

In the final analysis, one must wonder whether North Korea will remain much longer in the Chinese orbit; given the manner in which China rushed to exchange diplomatic relations with South Korea without extracting any *quid pro quo* for the North, China may have little right to question any path chosen by Pyongyang.

## The Future Developments of US-DPRK Relations: Impact on North–South Korean Relations

Kyu-Ryoon Kim

The United States and the Soviet Union confronted each other during the Cold War years, and this hampered political and economic exchanges between Eastern- and Western-bloc nations. Now the breakdown of East-West confrontation has brought about significant changes in international relations. One, with a few exceptions ideological division between socialist and capitalist camps has been abolished. Two, efforts have been made to suppress arms buildup, especially nuclear weapons which were considered vital to the superpowers. Also, globalization of the world economy makes nations more dependent upon each other.

These world trends of the post–Cold War era have influenced the Northeast Asia region significantly. The Russian Federation is struggling to switch its politico-economic system from socialist to democratic and capitalist. China has also adopted a market economy for its economy even though maintaining a socialist political system. North Korea may be the last communist country resisting world trends, but even North Korea is attempting to open its economy towards the world community, though its endeavors have been limited. South Korea (the ROK) has been able to manage opportunities provided by post–Cold War international environmental changes quite skillfully, and it normal-

ized relations with the old Soviet Union and with China—allies of North Korea. Now the United States and North Korea are about to transform their relations through direct talks. Strangely, these direct talks between the two adversaries were made possible due to North Korean nuclear problems.

North Korean nuclear problems are considered a threatening factor to the post-Cold War security of the Northeast Asian region. The United States is trying to solve them through several means: direct talks with North Korea, cooperative efforts with regional countries (China, Russia and Japan), further cooperation with the International Atomic Energy Agency (IAEA) and the United Nations Security Council, and close collaboration with South Korea.

This paper is an attempt to analyze the impact of future developments of relations between the United States and North Korea (the DPRK). The first section examines American policies on Korea. Analyses follow of the American policies toward North Korea. The third section deals with the future development of relations between the United States and North Korea. Finally, analyses are provided of the possible impact that changes in US-DPRK relations could make upon North-South Korean relations.

## **United States' Korea Policy**

### **US Foreign Policy in the post-Cold War Era**

The United States has become the only military world superpower, and has prepared to meet the challenges posed by various post-Cold War changes in international relations: First, democratic ideals and the market economy have been broadening their areas of influence since the Cold War came to a close. Second, due to strong unification efforts of the European Union and the unremitting gain of Japanese economic power, American economic power has declined relatively. As a result, the US views



the post-Cold War world order as a uni-multipolar system.<sup>1</sup> Third, as national leaders begin to consider economic power more important than military, wars and skirmishes between nations are expected to decrease due to the pacific nature of economic interdependence among nations. Competition among nations to gain economic superiority, however, has intensified.

The United States set up several policy objectives to maintain its power as a supreme world leader: further expansion to the world of democracy and market economy; maintenance of stability in Europe and Asia through balance of power; prevention of the emergence of expansionist national powers.

The US pursues the following policies to achieve these goals. In military-security areas, it tries to reduce the threat of war by preventing proliferation of nuclear and bio-chemical weapons. It maintains a "Win-Win strategy" to be able to conduct two wars at the same time to meet the challenges of multiple regional conflicts. And selectively it would intervene in regional conflicts with international organizations such as the United Nations and NATO.

In economic areas, the United States pursues economic development through strong domestic as well as foreign economic policies. Domestically it is trying to enhance industrial competitiveness. Internationally it is trying to reduce its trade deficit through strong trade policies. At the same time, it is attempting to expand free trade by activating multilateral trade organizations including the World Trade Organization and the Asia-Pacific Economic Cooperation (APEC) forum. Third, the US is

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1 Samuel Huntington's analysis was that the new international order shows three important changes: structural changes in domestic and international politics, changes in power distribution, and changes in relations among the nations. He also noted that Japan, China, Germany, Great Britain, France and Russia with the United States would play key roles under uni-multipolar world. Samuel P. Huntington, "America's Changing Strategic Interests," *Survival*, Vol. XXXIII, No. 1, January/February 1991, pp. 5-9.

trying to improve the human rights situation and democracy in those nations of strategic importance.

These US world strategies and policies provide certain guidance to the following US policies toward Northeast Asia.

### **United States Policy towards Northeast Asia**

Northeast Asia had been noted as one of the most troublesome areas during the Cold War due to ideological disparities among the nations of the region. This legacy remains as China and North Korea maintain their socialist political systems. However, the end of Cold War brought about significant changes in the international relations of the Northeast Asia.

The US security role during Cold War times in Northeast Asia was to prevent expansion of the Soviet Union and China. The US also furnished security assurances to Japan and South Korea by providing a nuclear umbrella and by stationing its troops in both countries. Due to its own defense budget cuts, however, as well as to the new regional environment, the American role is expected to change. The United States is now trying to maintain its sphere of influence at a low cost by being a balancer or mediator in the region, but this policy change has seized up temporarily due to the North Korean nuclear problems.

On the other hand, the US also acknowledges the importance of the Northeast Asian economic dynamism. Thus it wants to maintain close economic relations with the nations in this region. Currently it is making strong efforts to reduce its trade deficit with Japan, and every year the extension of most-favored-nation trade status to China receives serious attention from American policymakers.

US President Bill Clinton presented his New Pacific Community concept when he visited Japan and South Korea in July 1993.<sup>2</sup> It provides his vision of the future of the Asia-Pacific

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2 Clinton's Address to the ROK National Assembly, 10 July 1993.

region and guides American policies toward Northeast Asia. He noted that the United States should stay actively engaged in the region to maintain peace and security. He also mentioned four priorities for the security of the New Pacific Community: a continued American military commitment to the region, stronger efforts to combat the proliferation of weapons of mass destruction, new regional dialogues on the full range of common security challenges, and support for democracy and more open societies throughout the region.

To achieve these goals, Clinton added that the US would have to preserve what had proved to be reliable. First, it will maintain its bilateral security agreements with South Korea, with Japan, with Australia, with the Philippines and with Thailand. Second, he stressed the importance of nonproliferation of weapons of mass destruction and their delivery. He noted that North Korea appeared to be committing indiscriminate sales of Scud missiles and that the United States supported a nonnuclear Korean peninsula. Third, about new multilateral security arrangements, he noted that it would be necessary to develop multiple new arrangements to meet multiple threats and opportunities. Fourth, he refuted an argument that democracy and human rights would not be suitable for certain parts of Asia. He emphasized that not only were democracies more likely to meet the needs and respect the rights of their people, they also made better neighbors. From the above analyses, we could summarize that the US pursues the following long-term policies toward Northeast Asia: spread democracy, continue military engagement, and expand the market economy.

#### *United States' Korea Policy*

The US regards the Korean peninsula as strategically important due to (1) its geopolitical importance in the center of Northeast Asia, (2) the economic dynamism of South Korea, and (3) suspicion about North Korean nuclear development. It con-

siders Pyongyang's nuclear program and intractable socialist system as one of the most destabilizing factors because North Korean nuclear development could well stimulate the neighboring countries to build up their military power.

The US set up policies after the Korean War that are still valid today.<sup>3</sup> First, it supports the ROK militarily to counter possible communist attacks and maintains troops in South Korea for that purpose. Second, the US acknowledges the armistice and the division of Korea along the Demilitarized Zone (DMZ) until the two Koreas are unified by peaceful means. Third, it will act swiftly if the communists incur war against Seoul. Fourth, it will support an increase of South Korean defense capability under mutual defense treaty between the US and the ROK.

These policies have not changed much even though they were set up during the Cold War era. However, recent American policies toward the Korean peninsula tend to be affected by economic considerations and the influence of mass media.<sup>4</sup>

America's Korean policies could be summarized as follows: acknowledgement of a divided Korea, prevention of war, support for peaceful unification and maintenance of the US-ROK alliance.

### **United States' Policy toward North Korea**

The US and North Korea have kept adversarial relationships against each other since the Korean War. And the United States had numerous distasteful experiences whenever it encountered

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3 *Foreign Relations of the United States: 1952-1954*. Volume 15, Part 2 (Washington: U.S. Government Printing Office, 1984), pp. 1620-24.

4 William J. Taylor, Jr. "U.S.-ROK Security Relations: An American View," A Paper Presented at the Institute for Foreign Affairs and National Security-Sejong Institute-Center for Strategic and International Studies Conference on "America and Korea in a Changing Northeast Asia Order," Seoul, Korea, 13-14 October 1993, pp. 1-3.

North Korea. Thus the US views this nation as one of the most dictatorial, militant, and distrustful in the world.

These American perceptions have recently aggravated due to the DPRK nuclear development program. Top priority of American policy toward Pyongyang is thus to solve these nuclear problems. On the other hand, the US is trying to induce North Korea to become part of the international community in order to mitigate its militancy. For example, the US is moderating its position and allowing American diplomats to meet North Koreans in third countries, and has permitted unofficial visits by North Koreans.<sup>5</sup>

The American policies toward Pyongyang could be summarized as follows: ensure the security of the Korean peninsula and Northeast Asia through a complete solution of North Korean nuclear problems; encourage North Korea to improve its relations with Seoul; persuade North Korea to behave more responsibly in the international community.

### **North Korean Nuclear Problems**

#### *US Strategy*

North Korean nuclear problems are intricately linked with other issues in international relations: the coming Nonproliferation Treaty (NPT) extension meeting in 1995, Japan's role in Northeast Asia, US-China relations, and Northeast Asian multi-lateral security cooperation.

First, the United States worries that the North Korean nuclear issue could adversely affect extension negotiations of NPT. Second, it also worries about the possibility that Pyongyang's nuclear development program may provoke Japan to develop

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5 The US also alleviated measures against export to North Korea by amending Foreign Assets Control Regulations. Amended regulation allows America's export to North Korea if it is considered to be humanitarian needs. Daniel Russel, "U.S.-North Korean Relations," in *Current Issues in Korean-U.S. Relations: Korean-American Dialogue* (Seoul: The Institute for Far Eastern Studies, 1993), p. 49.

nuclear weapons. Third, the issue could aggravate US-China relations since the United States and China already show different attitudes toward North Korean nuclear problems. Fourth, the United States is promoting multilateral security talks in North-east Asia, but these nuclear problems delay any formation of a multilateral security framework in the region.

Towards North Korea the US follows strategic policy guidelines, having agreed with South Korea that it would stick to a "thorough and broad" approach,<sup>6</sup> which means pursuing thorough and complete solutions and utilizing any possible means to solve the North Korean nuclear problem. Contrastingly Pyongyang is demanding a "package deal," that is, the nuclear issue and improvement of US-DPRK relations should be dealt with at the same time. The US is making use of a carrot and stick approach. The ultimate carrot would be the normalization of US-DPRK relations, and there are various sticks such as international diplomatic pressure and economic or military sanctions or both.

#### *US-DPRK Negotiations*

The United States and North Korea held their first round of high-level meetings on 2 June 1993 when the effectual date of North Korea's withdrawal from NPT was imminent. The two parties agreed that they supported denuclearization of Korean peninsula, and Pyongyang announced that it had unilaterally suspended the effectuation of its withdrawal from NPT.

The second round was held in Geneva on 14 July. According to the press release, they agreed that it would be desirable for the US to assist in changing North Korean nuclear facilities from graphite- to light-water-moderated reactors as part of ultimate solution to the North Korean nuclear problems. They also agreed

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6 This point was agreed at the summit meeting between Presidents Bill Clinton and Kim Young Sam in November 1993.

that the third round of high-level meetings be held within two months, but it was postponed because International Atomic Energy Agency (IAEA) inspections were not executed.

As United Nations Security Council was preparing sanctions against North Korea, North Korea notified the IAEA on 15 February 1994 that it would permit IAEA inspections on seven declared nuclear sites.

Subsequently the United States and North Korea resumed working-level meetings in New York and on 25 February announced the following. First, the US agreed with the decision made by South Korea to suspend the 1994 Team Spirit exercise. Second, IAEA inspections would resume to maintain continuity of IAEA safeguards. Third, South and North Korea would hold working-level meetings to discuss the exchange of emissaries. Fourth, the United States and North Korea would hold the third round of high-level meetings on 21 March 1994. However these agreements were not fulfilled because Pyongyang froze the North-South talks and refused to allow further IAEA inspections.

While tensions mounted surrounding this issue, former US President Jimmy Carter visited North Korea on 15 June 1994 for an informal meeting with North Korean leader Kim Il Sung. Mr. Carter came back with Kim Il Sung's assurance that he would freeze nuclear development and his intention to have a summit meeting with South Korean President Kim Young Sam. ROK President Kim Young Sam accepted Kim Il Sung's proposal and the two Koreas agreed to hold a summit meeting on 25 July 1994 in Pyongyang. The United States and North Korea also agreed to hold their third round of high-level meetings in Geneva on July 8, but the talks were adjourned after one day because of Kim Il Sung's death.

*Future Developments*

The United States has made strenuous efforts to solve North Korean nuclear problems through direct dialogue with Pyongyang. These efforts have two aspects: one is to open the way to solve the problems by peaceful means; the other is to persuade related nations to cooperate with the US.

The US and the DPRK are expected to resume the third round of high-level meetings soon, so now is not the best time to try to predict future of the North Korean nuclear issue. However we can anticipate that the United States will request of Pyongyang: remain in the NPT; freeze reprocessing and reloading of nuclear rods; comply fully with IAEA safeguards; adhere to the denuclearization of Korean peninsula. The US could, however, show a more flexible attitude in the sense that it could deal with the North Korean nuclear issue comprehensively rather than with its "thorough and broad" approach. Such a change of attitude would recognize North Korea's package-deal concept.

It is also expected that if Pyongyang demonstrates more sincerity about insuring nuclear transparency, then the United States will be willing to negotiate an improvement of US-DPRK relations.

**US-DPRK Relations: Prospects for Development**

Since its utmost concern in dealing with North Korea is to solve the nuclear problem, the United States intends to continue to meet so long as North Korea makes sincere efforts towards the nuclear issue.

Recently the Asia Society presented a report about possible areas of cooperation with Pyongyang,<sup>7</sup> in which it is pointed out

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7 The Asia Society questioned eighty-one experts in five countries (the United States, China, Japan, Russia and Australia). Report of an Asia Society Research Project for the Rockefeller Foundation, *Possible Areas of Cooperation with the Democratic People's Republic of Korea*, December 1993.



that improvement of US-DPRK relations could be expected if the following measures were taken toward North Korea.

- Suspension or cancellation of the Team Spirit and some other joint military exercises
- Resumption of the third round of US-DPRK talks
- Further US assurances that it will not attack or use nuclear weapons against North Korea
- Continuation of US-DPRK discussions at higher levels
- Signing of a three-way peace treaty between Pyongyang, Seoul, and Washington
- Promotion of force reductions by North and South Korea
- Relaxation and elimination of the Trading with the Enemy Act
- Cooperation to replace North Korean graphite reactors with light-water reactors under IAEA safeguards
- Relaxation and removal of COCOM restrictions on export of certain technologies to the DPRK
- Support for North Korea to enter APEC
- Encouragement of American private sector economic cooperation with North Korea in key industrial sectors
- US support for DPRK entry into international financial institutions, including the ADB, IMF, and World Bank
- Establishment of liaison offices in Washington and Pyongyang
- Reduction and eventual withdrawal of US forces on the Korean peninsula
- Normalization through the establishment of full diplomatic relations

In the meantime, the United States has already suggested to Pyongyang the following points to be solved if it wants to normalize relations with the United States: enhancement of North-South Korean relations; full compliance with IAEA safeguards; execution of North-South Korean mutual inspection; suspension of missile export; cessation of terrorist activity.

The prospects for improvement of US-DPRK relations depend greatly upon how the nuclear problems are solved. Thus we could expect that political negotiations over improving relations between the two parties could start if North Korea keeps its promise to freeze nuclear development and comply with IAEA safeguards. In turn the United States could give reassurance

about the non-use of nuclear weapons against North Korea, or even—since the US worries about the possible adverse impact on the NPT extension meeting scheduled for April 1995—could promise to establish liaison offices in each other's capitals this year.

However, actual diplomatic normalization between the US and the DPRK would take longer due to the complexity of American domestic procedures and legislative and administration regulations. For example, the US applies the Trading with the Enemy Act against North Korea as well as restrictions on the sales of arms or technologically sophisticated equipment. The United States also applies restrictive regulations against North Korea: restrictions due to the North Korea's classification as a terrorist state, restrictions on countries with unacceptable human rights records, restrictions on trade with communist or formerly communist countries.<sup>8</sup>

### **Impact on North–South Korean Relations**

Improvement of US-DPRK relations would affect North-South relations significantly because many issues between Washington and Pyongyang are directly linked with South Korea. Even though direct contact between the United States and North Korea became possible in the course of solving North Korean nuclear problems, both parties would be expected to discuss current issues other than nuclear problems during their talks about improvement of relations.

#### **Direct Impact**

Among the measures the United States is expected to take toward North Korea, some are linked with South Korea and would affect North–South Korean relations directly.

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8 Asia Society, *ibid.*, Appendix D.

*Team Spirit and US force reductions:* since the Team Spirit exercise concerns both the US and the ROK, and Pyongyang demands its permanent suspension, any American decision would affect North–South Korean relations. The United States prepared a plan to reduce its forces stationed in South Korea even though its execution has been postponed due to North Korean nuclear problems. The plan could be carried out if US-DPRK relations were to improve, which would affect North–South Korean relations in a way that could stimulate North-South security talks.

*South and North Korean arms reduction:* South Korean arms reduction issues are deeply linked with the reduction of the US troops stationed in South Korea and the reduction of North Korean arms. Currently most of the DPRK forces are deployed along the DMZ, so arms reduction of South Korea need to be dealt with carefully. In the meantime, improvement of US-DPRK relations would provide the United States with an opportunity to persuade North Korea to reduce its armed forces.

*Peace treaty with North Korea:* Pyongyang has expressed many times that it wants a peace treaty with the United States, but the US has made it clear that it will not consider any treaty that excludes the ROK. This problem could be solved by considering a three-way peace treaty among the United States, South Korea and North Korea, or a peace treaty between Seoul and Pyongyang under a US and Chinese guarantee.

*Cooperation to replace North Korean graphite reactors with light water reactors:* The United States already proclaimed that it would cooperate with North Korea on this matter and is consulting with South Korea and Japan about their means of support. It would be desirable if South Korean light water reactors were to be exported to North Korea with international financial assistance.

*Relaxation and removal of restrictions on export to North Korea:* This would not only help North Korea to rebuild its economy but also boost North–South Korean economic relations.

### Indirect Impact

North Korean nuclear issues are related to complex international problems. Thus it is necessary to draw cooperation from related nations to solve them. The four powers surrounding the peninsula, however, hold different positions about North Korean nuclear problem, differences of attitude that could emerge along with improvement of US-DPRK relations. An improvement of US-DPRK relations could have various effects.

*Relations between North Korea and China, Japan, and Russia:* Japan is expected to make an effort to improve its relations with North Korea when US-DPRK relations improve. China, on the other hand, does not welcome any growing US influence on North Korea. These factors impact upon the three powers' approach towards Pyongyang and would also affect North-South Korean relations.

*It could provide the United States with an opportunity to vitalize its role in Northeast Asia.* Subsequently a multilateral forum among South and North Korea, the United States, Japan, China and Russia could be formed—but if it were to deal with Korean problems, it would make a deep impact upon North-South Korean relations.

*The future of multilateral economic cooperation such as the Tumen River Area Development Program (TRADP):* South and North Korea, China, Russia and Mongolia participate in the TRADP as full members, Japan as an observer. However the TRADP has made very slow progress due to the North Korean nuclear problem. Better US-DPRK relations could thus provide an opportunity to invigorate the TRADP, influencing the North Korean economy to the degree that North Korean leaders perceive the importance of economic opening and affecting North-South Korean economic relations positively.

In conclusion, an improvement of US-DPRK relations would certainly help stabilize relations between Seoul and Pyongyang. However it should also be noted that there exist possible adverse

effects. On one hand, if North Korea were to exploit the improvement relations with the United States as a means to prop up its dictatorship and to build its military capabilities, this would heighten tension on the Korean peninsula. On the other hand, once foreign economic cooperation begins Pyongyang might be tempted to disregard the importance of economic cooperation with South Korea.

To guard against such possible adverse effects South Korea should be prepared. First, it is necessary for the ROK to request the United States to maintain its troops in South Korea until North Korea abandons its policy of communizing the Korean peninsula. Also, Seoul must take the lead in the establishment of a multilateral security framework to deal with Northeast Asian security matters. It can thus be expected to mitigate North Korean militancy. Finally South Korea should consult with regional nations to solve North Korean nuclear problems completely.

빈 면

## South Korea and the United States: Confronting the North Korean Nuclear Issue

Hakjoon Kim\*

Today, relations between South and North Korea have become quite intractable. To read the statements from the authorities involved in the South-North negotiation process as reported in the media alone, one would think the Korean peninsula is in crisis, just a step away from war.

The North Korean delegation, for example, at the eighth round of South-North contacts between the working-level negotiators for the exchange of special envoys which opened at Panmunjom on 19 March 1994 made the extreme comment: "The South Korean side has been bursting the beehive of war. Since that was so, neither will we refuse war. First, if war does come, Seoul will become a sea of fire." In response, voices are now being raised within the Republic of Korea asserting that rather than a "policy of appeasement" toward North Korea, a "policy of strong force" must be adopted. This is evident by the lead article on 21 March 1994 in the *Kookmin Ilbo*, a Christian evening newspaper, which has called for "strong and firm measures," and on 22 March an article in the *Chosun Ilbo*, a conservative morning newspaper,

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\* This paper is an update, as of 24 March 1994, to the content of the paper presented at the Woodrow Wilson International Center for Scholars on 28 January 1994.

demanded "strong action" while sharply criticizing the ROK government policy toward North Korea. Aware of such criticism, the ROK Minister of Defense stated that "In the event of a North Korean assault, we will strongly retaliate either as a united joint Korea-United States force or even independently, with the ROK Army to inflict punishment" and went one step farther to explain:

If North Korea were to invade the South, the joint forces of South Korea and the United States would advance all the way to the Chongchun River in North Korea to bring about the fall of Pyongyang, annihilate the North Korean regime, and unify the peninsula under the leadership of the Republic of Korea.<sup>1</sup>

Certainly, relations between South and North Korea are becoming tense. Since the fall of the Berlin Wall in 1989 the world entered the new post-Cold War era, but the Korea peninsula remains an exception to the international trend. The wall of ideology, as it did before, still stands between the South and North and military confrontation is intensifying. As the bitter winter winds continue to blow, the spring thaw has not yet come to the Korean peninsula. Why is it, then, that it remains in a state of Cold War? What is it that is pushing South-North Korea relations into a state of crisis?

To answer, we must delve into the North Korean nuclear development policy, an unrelenting effort to make nuclear weapons and become a nuclear power. It has seriously disturbed the Republic of Korea, which has no nuclear weapons at all. In particular, rather than taking measures to assuage apprehensions in the Republic of Korea, North Korea further shocked the South by declaring on 12 March 1993 that it would withdraw from the Nuclear Nonproliferation Treaty (NPT).

The announcement also alarmed the United States, the leader of the NPT regime. From then on, direct political negotiations

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1 On this point see *Korea Times*, 20 and 24 March 1994.



between North Korea and the United States became a routine process. Meanwhile, in hopes of solving the North Korean nuclear issue, the Republic of Korea entrusted the first session of negotiations to those between North Korea and the US, and attempted to carry out separate negotiations with Pyongyang but could not even move toward achieving any fundamental, meaningful nor favorable results. The ROK had but one alternative—acquiesce to and follow the United States.

A year has already passed since North Korea announced its withdrawal from the NPT. However, the situation on the Korean peninsula has not improved and has even come to the point where there is widespread talk of a crisis of war.

Now this paper focuses on South–North Korea relations within the context of Korea-US relations. More specifically, it intends to analyze how the Republic of Korea and the United States has handled the North Korean nuclear issue.

### **The Appearance of the North Korean Nuclear Issue**

First, how the West observes North Korea nuclear issue will be examined in reference to an article written by Professor Paul Bracken of Yale University.<sup>2</sup> The concern of the international community for North Korea's nuclear development program was alleviated somewhat when North Korea initialed the NPT in 1985, placing its gas-cooled 30-megawatt research reactor located at Yongbyon, north of Pyongyang, under the international inspection process. In 1989, however, the situation changed when United States surveillance satellite photographs revealed that North Korea was constructing a plutonium-reprocessing plant at the same location.

It was then verified that the output of the nuclear research reactor at Yongbyon contained plutonium that could be chemi-

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2 The content that follows is primarily reliant upon Paul Bracken, "Nuclear Weapons and State Survival in North Korea," *Survival*, Vol. 35, No. 3 (Autumn 1993), pp. 138–48.

cally extracted. Plutonium can be used to make an atomic weapon, so the US determined that North Korea was step by step adopting the necessary measures that coincide with a plan to make a nuclear weapon. Pyongyang acknowledged that it had extracted plutonium, but that it had no more than a small-lab reprocessing capability and claimed it was used to separate only "test quantities" of the element.

That did not relieve US suspicions. The reasoning went like this:

The Yongbyon reactor's fuel comes from natural uranium mined and milled in North Korea. The nuclear cycle relied on indigenous natural uranium and graphite and eschewed more advanced approaches (such as laser isotope separation) that would have increased North Korea's dependency on outside suppliers and experts. Kim Il Sung's *juche* philosophy of extreme self-reliance clearly argued for making a nuclear weapon in this manner. With internal uranium graphite and a meager technological base, this was the politically correct nuclear fuel cycle for North Korea to develop.

This was the general conclusion made by experts in the United States, and other countries in the West agreed.

How then have they come to the point of tangibly making nuclear weapons? When thinking of the worst scenario regarding intentions, North Korea will be able to produce approximately fifteen pounds of plutonium per year from its 30-megawatt (Mw) reactor at Yongbyon. From that, enough material can be extracted to produce one 15–20 kiloton bomb per year. That is the approximate scale of the bomb dropped on Hiroshima in August 1945.

The problem is, as argued by Western specialists, that it does not stop there. The nuclear development plan is not being blocked by the international community and North Korea is going forward with its original plan. As an example, specialists reason that the operation of a new and larger reactor (estimated to be as big as 200 Mw) in tandem with a large plutonium-

reprocessing facility now under construction (estimated to be operational in 1993 or 1994) could boost the production of Hiroshima-size weapons to several per year. Such production potential prompted US Director of Central Intelligence Agency Robert Gates pessimistically to forecast to the House of Representatives on 25 February 1992 that North Korea could acquire a bomb in "a few months to a few years."

An opposite hypothesis can also be presented, of course. Again referring to Professor Bracken's article, the basis of refuting the above hypothesis is the question of the efficiency of science and industry in North Korea. For example, North Korea initiated a massive program to grow food on mountain terraces during the 1970s. However, measures to prevent soil erosion were ignored and rock and soil slippage ruined the agriculture, resulting in a calamitous decline in food production from which the country even today have not been able to recover. It has not only adversely affected food production; the resulting run-off from erosion has clogged transportation by blocking rivers and streams of North Korean waterways, and even the capability to generate electricity at hydroelectric facilities has deteriorated.

Other cases of such ineptness can be cited. Electric machinery has frequently been damaged by fluctuations from power generating plants. This damage results from excessive fluctuation in the electricity due to impurities, mainly peat, that are left in the coal burned to produce power as persons responsible act to meet their production goals. In the end, North Koreans who rely on electricity to run machines are unable to fulfill their production orders. Such ineptness could well take place in the nuclear development plan, as well, hindering administration and technological progress.

On the other hand, as Professor Bracken points out, since the nuclear development plan is of such great importance in North Korea, those in charge may be exerting maximum effort in all necessary areas and proceeding as planned. Furthermore, if the North has been successful in concealing many of the significant

parts of the nuclear facilities, the US may have grossly underestimated its capability to produce a nuclear weapon.

In the past, intelligence agencies in the West—especially in the United States—were not so successful in uncovering the truth about the nuclear weapons development plans of Iraq and South Africa. In the case of these two countries, there were massive programs involving thousands of people, and these in countries far more open to intelligence penetration than North Korea.

North Korea is also now developing a missile capable of delivering a nuclear warhead to a target. This missile, which is a modified version of the Soviet Scud missile, has been dubbed the Rodong-1 and was test fired on 29 May 1993. Its range is estimated at 1,000 kilometers, which takes in all of South Korea and part of western Japan. Directly thereafter, they successfully test fired the Rodong-2 and recently is purported to be developing a second type of new missile with a range of 3,500 kilometers.<sup>3</sup>

In this vein, North Korea has recently been making a desperate effort to hide its nuclear development program.<sup>4</sup> By the mid-1990s, North Korea will actually have become a nuclear power in some way or another by establishing a number of nuclear warhead bases and the means to deliver the warheads on target. It also appears that North Korea will pose the ordeal of proliferating a foreign policy of nuclear threat not only to the Republic of Korea but to the surrounding nations as well.

Of course, North Korea has totally denied the criticism of the West that the large reprocessing plant is for manufacturing nuclear weapons. Sometime afterwards, North Korea declared that it was willing to abide by the NPT nuclear safeguard measures and announced in January 1992 that it would accept

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3 *Korea Times*, 10 March 1994, citing the fact published in *Jane's Defense Weekly*, 9 March 1994.

4 Bracken especially emphasizes this point. "Nuclear Weapons and State Survival in North Korea," p. 140.

the International Atomic Energy Agency's (IAEA) inspection plan. In April of that year, permission was given for the IAEA to make five inspections of nuclear facilities located in the Yongbyon region that posed problems, and the IAEA discovered some important new facts. Reporter R. Jeffrey Smith of the Washington Post wrote on 27 April 1992 that the samples collected revealed inconceivable discrepancies in the plutonium isotope proportions.

North Korea retorted that it was only a small amount of plutonium that had been reprocessed in 1990 for "experimental purposes." However, the different isotopes in the samples clearly indicated that at least two batches of plutonium had been separated, not one. Furthermore, samples recovered from the same refuse containers contained americium in various states of radioactive decay, evidence that plutonium had been produced each year during the period from 1989 to 1992.

US satellites took new photographs of North Korea. Another of Smith's articles said that they revealed buried nuclear waste, believed to have come from the illegal reprocessing.

### **Nuclear Development and the Characteristics of North Korea's Domestic System**

Why has North Korea been unable to hide completely what it is doing? Professor Bracken offers two explanations.<sup>5</sup>

First, there is the conjecture that North Korea was unaware of the physics of nuclear half-life detection, and that buried radioactive waste would kill the nearby trees and be seen by satellite. Second, it is likewise assumed that they were incapable of administering a deception program. Bracken believes the latter is more likely.

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5 Ibid., p. 141.

What is the significance of North Korea's failure to conceal its nuclear program? According to Bracken, two important conclusions can be drawn.<sup>6</sup>

First, North Korea has something to hide, but after being exposed it declared it would withdraw from the NPT to buy time. It is the first country to so declare. In compliance with the treaty the withdrawal would have become effective on 12 June, three months after the declaration was made.

Second, during this nearly one-year process it was again demonstrated that the effectiveness of North Korea's system is limited. They attempted to deceive the West and awkwardly failed because they lack the review staff, technical expertise and management needed. In addition, within that considerable ineptness, the futility that characterizes the political system with all of its limitations in that the political decisions of Kim Il Sung and Kim Jong Il are unconditionally carried out without the restraint of competent advice can be a real danger that spills over to the nuclear weapons program.

The authority of Kim Il Sung and Kim Jong Il is all-powerful in North Korea. Their manuscripts just as written are almighty and their authority is valid everywhere in North Korea. No one else regardless of power or association has control. There are times when, in compliance with their words, the dogmatic expressions or impromptu instructions of Kim Il Sung and Kim Jong Il result in on the spot changes to economic measures, basic strategic framework and even the curriculum of the university.

Any country will have objective assessments on the part of the bureaucratic institutions that set policy, examination of issues when matters are not going well and even restraint placed on policy makers of the ruling class. However, as Bracken points out, it is difficult to find this in North Korea.

All the problems now enveloping North Korea—the crisis of collapse brought on from the overall deterioration of the econ-

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6 Ibid., pp. 141–45.

omy due to the agriculture calamity and industrial failure, dogmatic foreign policy, terrorist attacks, and others—stem from the omnipotent authority of Kim Il Sung and his son having gone so completely unchecked by any of the bureaucratic institutions. Paradoxically, this means that their authority actually has significant limitations; despite their theocratic authority, they have not been able to restore agriculture from its state of catastrophe nor to revise industry from its state of failure, and they have failed to break Pyongyang out of its condition of international isolation.

Look also at the military organization upon which Kim Il Sung and his son so heavily rely. Among the overall army strength, which totals some 900,000 troops, some 100,000 are rangers and special forces trained in special operations and sabotage. They come under the direct command of Kim Il Sung and son, outside the military chain of command, and are organized into small units, which are further broken down into separate jurisdictions. Even the remaining 800,000 regular forces are also connected to Kim Il Sung and son as separate units. Assessments indicate, therefore, that it will be difficult to coordinate and command these units when they are in lateral positions during critical periods of combat.

Such national distinctions manifest an even more gloomy aspect of North Korea's nuclear development program. It is difficult to ignore the possibility that when confronting a crisis situation—in light of its doctrine on national authority and organization management, in light of its abnormal and special political system and especially in light of the military leadership of Kim Il Sung and son's development of nuclear weapons, nuclear warheads and the means to deliver them—North Korea would resort to disastrous and irrational measures.<sup>7</sup>

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7 Ibid., pp. 143–45.

## Nuclear Development and the Survival Strategy of North Korea

Too pessimistic an outlook, however, is not entirely called for; the situation described by some Western observers has led to intense speculation over the last few years and the argument that North Korea is on the verge of collapse.

The situation in North Korea today is well summarized by the words "campaign to eat twice a day." As if to reflect this sort of reality, the Western press occasionally reports on the food shortage issue and resulting agitation among the people in certain regions of North Korea.

For example, a *Washington Post* correspondent in Tokyo referred to testimonies of Japanese tourists who returned from visiting North Korea, saying, "Because of disturbances in the spring of 1993 due to insufficient quantities of food as a result of poor crops in North Korea, North Korean authorities stopped the passenger ship *Mankyongbong* from making its periodic ten-day port call two months in advance."<sup>8</sup> Pyongyang quickly denied the report and the ROK Ministry of Unification likewise said, "No such signs could be found." However, four returning travelers from North Korea whom this author met in March 1993 at Beijing insisted that the food situation was really bad, the state of health among the North Korea people was overall everywhere, the number of people stealing food was rapidly increasing, and the overall morale was deteriorating. One Korean businessman holding US citizenship said that when he traveled around North Korea for some two weeks in the spring of 1993, he found many envious of South Korea and there were even people who criticized Kim Il Sung and Kim Jong Il.

Various economic indicators in North Korea certainly point to the inadequacy of the economy. Another *Post* article described the internal situation in North Korea in great detail, saying that

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8 *Washington Post*, 19 September 1993.



analyses by specialists on North Korea within US government agencies conclude, "The output of North Korea's economy fell from about 15% to 30% during the years 1990–1993." The article expressed the view of then Deputy Secretary of Defense William Perry, now Secretary of Defense, that considering the economic difficulties the Pyongyang regime is likely to collapse in the next few years.<sup>9</sup>

At this point discussion needs to start anew. Will the North Korean regime, the system itself, actually collapse in the next few years? What form would such a breakdown take? Would a peaceful unification between South and North follow, or the momentous occasion of war? Jeffrey Smith's article quotes US Defense Department officials: "Within three years the Korean peninsula will be unified or at war." How should such words be assessed? Between the possibilities for nuclear development in North Korea and the collapse of North Korea, what kind of relationship exists? Such questions must be examined to diagnose clearly the future of North Korea's nuclear development and South-North relations.

The first response to this series of related questions is the view that the regime will collapse within four to five years. Professor Bracken goes one step further expressing the view that about the time that the twentieth century ends the nation now known as North Korea, that is all of its government institutions and social structure will no longer be visible from the aspect of national leadership.<sup>10</sup>

Those who subscribe to predictions of collapse worry that it cannot be ruled out that upon facing the collapse of either authority or of the nation itself North Korea might resort to the use of nuclear weapons in a crisis. Secretary of Defense William Perry's statement, mentioned above, makes such concern evi-

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9 Jeffrey Smith, *Washington Post*, 26 September 1993.

10 *Ibid.*, p. 147.

dent. Some South Korean specialists who are extremely skeptical of North Korea assert that North Korea is expediting its nuclear weapon development program as a desperate "I must die, but you must die too" method of duel suicide ranting, while looking forward to the danger of collapse of the Kim Il Sung and son family deity system.

Neither is the argument against the imminent collapse of North Korea at all insignificant. Specialists who adhere to this position hold that the current crisis, rather than being one of overall government institution and social structure in North Korea, is a crisis of authority and, altogether, the Kim Il Sung system will be able to manage the crisis in a way that prevents a sudden surge to the end of the regime. For example, Professor James Cotton of Australian National University, a long-time observer of North Korea who has frequently visited there, shares that point of view. He concludes that so long as Kim Il Sung is alive the possibility is remote that the people will rise up against him. They have been thoroughly brainwashed and have experienced life under adverse conditions for more than forty years.<sup>11</sup>

Chinese specialists on North Korea have a similar view. They assert that the current poverty in North Korea can be endured as before and that there is no unrest among the North Korean populace, whose loyalty to Kim Il Sung is as strong as ever. They say a Romanian type of uprising among the people is not likely to occur, at least as long as Kim Il Sung is alive. They view that there is unity among those around Kim Jong Il under the psychology of "wait and see." After the coming death of Kim Il Sung the consciousness of the people of North Korea will be in a state of crisis, so they expect Kim Jong Il to continue autonomous control for about two years. However, they also view that the Kim Jong Il regime will eventually face difficulties stemming from deterioration later on in the awareness of unity and a

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11 Interview with Dr. James Cotton on 22 November 1993 at the Australian National University, Canberra.

swelling of factional discord and social ills that will lead to a military-led system in North Korea. Whether North Korea does not adapt a rigid dogmatic policy to continue its system and whether it will be able to come to terms with the Republic of Korea and its call for substantial change in North Korea: these are matters that they prefer to address according to the conditions when that time arrives.<sup>12</sup>

Those scholars who view negatively the argument of an imminent collapse of the North hold that in the end, China will play an important role. Those who favor the collapse theory believe that China does not want Korea to unify under the Republic of Korea: there is the assertion that for China, a Korean peninsula under the strong economic capitalist system of South Korea would mean the end of any foundation for China to become the naval power in Asia. China, they believe, will prevent the collapse of North Korea.<sup>13</sup>

An important common point to both of the arguments regarding North Korea's collapse is that Pyongyang is at a minimum developing nuclear weapons as a means of survival. The regime has already witnessed the collapse of the communist systems of the Soviet Union and Eastern Europe as well as the total disappearance of the Soviet Union itself. It already knows its enormous nightmare would be the collapse of communism within North Korea itself, which is close at hand. Furthermore, North Korea is in continuous economic decline and has become totally isolated internationally. In contrast, the Republic of Korea is continuously developing its economy and as its position rises even higher, western observers predict the South will absorb the North within the next ten years at the latest—its worst nightmare. Under these circumstances, Pyongyang has determined to

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12 Conference of Korean Peninsula Specialists of China, 8 October 1993, Center for Korean Studies, China Academy of Social Sciences, Beijing.

13 For example, see summary of a report by Chinese scholars, June 1993, published in *Shin Dong'a*, April 1994, pp. 486–501.

develop nuclear weapons as its latest means to ensure survival and is directing all its energies toward their development.

In addition to the unknown answer of whether North Korea has or will have nuclear weapons so it can overcome the crisis of its imminent collapse, there is yet another matter of contention. Even if they succeed, there are not a few specialists on North Korea who hold the view that in the end, the country will collapse even if it does manage to acquire a nuclear weapons production capability. Whatever, the ruling elite in North Korea equates acquiring nuclear weapons with their survival. From that angle there is a common view among scholars that North Korea will do its utmost to obtain them.

### **Negotiations between the United States and North Korea**

As the above analysis contends, North Korea surprised the world when it declared on 12 March 1993 its intention to withdraw from the NPT, after endless IAEA requests for permission to inspect its nuclear facilities to determine if it was developing nuclear weapons. Looking back, the period North Korea chose was miraculously timed. They made the announcement less than two months after the Clinton administration took office in the US and less than one month after the Kim Young Sam administration took charge in South Korea.

The United States was first to be alarmed over Pyongyang's withdrawal announcement. The US has since the end of World War II presided as the leader of the NPT regime, which is an international element of the world community. Should any measure of perception about its role as leader be broken, the authority of the US as a world leader will be partially damaged. Not only would it be a problem of authority: if North Korea were to have carried out its withdrawal unchecked its nuclear development efforts would eventually become accepted, which would deal a severe blow to the NPT regime. Furthermore, the NPT assessment conference that is scheduled to meet in 1995 would

likely be totally non-productive. Beyond that, the emphasis that the Clinton administration put on protecting the NPT regime and accompanying Missile Technology Control Regime at the outset of taking office would earn him the reputation of paper tiger, and the development of nuclear weapons by nations such as Pakistan, Iraq, and Iran would spread unchecked. It would not end there: Japan would probably develop its own independent plan for nuclear weapons and the ROK too very likely would consider seriously the nuclear option.<sup>14</sup>

Thus the US consented to North Korean demands for bilateral high-level talks to exclude South Korea, and they were held in New York in June 1993. Since 1974, Pyongyang has consistently called for government-to-government dialogue between itself and the US to negotiate the political and military issues of the Korean peninsula and to convert the armistice currently in effect into a peace agreement. Naturally, both the US and the ROK have asserted that the ROK, undoubtedly, needs to participate too. In this light the American response not only provided a foreign policy victory for Pyongyang but also indicated an important change in US policy towards North Korea.

At the end of the first round of talks there was a joint North Korea-US statement said: (1) both sides will neither threaten the use of military force nor use military force, (2) both side respect each other's authority, and (3) both sides assured each other they would not interfere in each other's internal political affairs. While the statement was worded in equal terms, of course such an expression has special meaning for North Korea.<sup>15</sup> By implying the gist that the US would safeguard the existence of the Pyongyang regime, those terms considerably ease the atmo-

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14 Lee Chung Min, "Bukhan Haekchongchaek, idaelonun andwenda [North Korea's Desperate Nuclear Policy]" *Shin Dong'a*, April 1994, pp. 164-65.

15 Park Bong-shik, "Bukhanui haek munchaewa Han-Mikwankyaek [The North Korea Issue and ROK-US Relations]," *Oekyo [Diplomacy]*, No. 26 (September 1993), p. 40.

sphere in North Korea of crisis and of being surrounded, that are a result of the US-ROK relationship.

In a word, the United States dramatically capitulated to North Korea, but for all of its effort has received very little in return. Pyongyang did not promise to return to the NPT, saying only that it would, unilaterally, suspend its decision to withdraw.

Furthermore, the US received no commitment from the North regarding inspection of its nuclear development program, so IAEA efforts to make the program transparent have continued to fail.

The NPT treaty allows a withdrawal to become effective three months after its announcement; North Korea's declaration would have become effective on 12 June 1993. One month after the United States put the issue at rest by receiving assurance that the decision would not take effect before the scheduled declaration's actual withdrawal date and took a breath of relief, the second round of US-North Korea talks commenced in Geneva. That was the beginning of July 1993, when the US agreed to help Pyongyang convert its graphite nuclear reactor to water-cooling and to commence discussion again within two months. Simply put, the US promised to cooperate financially and improve relations with North Korea.

An important point here that needs to be stressed is that the overall US attitude towards North Korea changed markedly. While the US gave assurances that it would not pursue economic exchange or improve relations with North Korea without a solution to the nuclear issue, it appears that there was an attempt at economic exchange and at improving relations even though a solution to the nuclear issue came no closer during the discussions in New York.<sup>16</sup>

In exchange for the concessions made by the United States, Pyongyang promised to allow follow-on IAEA inspections of the nuclear facilities in question, but as of March of 1994 that promise

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16 Ibid., pp. 42-43.

too has not been kept. North Korea has refused to allow the IAEA to inspect certain facilities based on the justification that the conditions are unreasonable with respect to its sovereignty. Although compelled to permit inspection at the beginning of March 1994, Pyongyang rendered no response at all to the IAEA demand and the inspections finished under an incomplete setting.

How was it then that the US on two occasions in talks with North Korea virtually gave in to North Korea? To answer this question, look first at the observation of Professor Park Bongshik: "Just before the talks in New York, the North adapted a policy of intimidation in that if the UN decided to impose any kind of sanctions on the North, it would cause a second Korean War. This is tantamount to the mouse threatening the cat and the result is that the rat's threat caused the cat to eat the mouse."<sup>17</sup> He related the analogy and offers this explanation:

It can be said that the international community today still has not settled upon any form of new international order since the end of the Cold War. A prominent feature of this period is that some of the small countries under dictatorial political systems, those of *Saddam Hussein* in the Middle East, *Milosovich* of Serbia and *Kim Il Sung* in East Asia, brandish the use of force and appear to be leading the international community to this situation. The international community cannot demand the most effective method to counter them, and instead calls for compromise first before punishing them as outlaws. Later, at the stage where it is nearly impossible to recover the honor already lost, it calls marginally for the use of military force. In the process of bringing the use of force to reality, however, as unity of opinion is lost, the situation falls into such a state that it becomes impossible to recover all the sacrifices made.

A fine example of this is Bosnia. Another is when the US mobilized the entire world to attack Iraq and the war ended as if it

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17 Ibid., p. 41.

were a game of a 100-day war while the objective of the war was never achieved. Europe for a long time has not experienced war under dictatorship. Neither can the US muster domestic political support to engage in war and cannot use military power anywhere a decisive victory cannot occur with the minimum sacrifices in the shortest period of time. North Korea is well aware of this.<sup>18</sup>

In brief, it appears that whether or not North Korea actually possesses a nuclear weapon, its intimidation diplomacy has been successful—especially its policy of nuclear threat, which accurately takes into account the international and US domestic situations after the Cold War. Therefore, within the US too there is strong criticism of the Clinton administration's policy towards North Korea. Especially since the "package deal" Pyongyang offered the US in November 1993, the "Washington love song" has been a topic of heated debate over the desired approach to North Korea. The package deal in simple terms was that North Korea would accept complete inspection of its nuclear facilities by the IAEA in return for American diplomatic recognition and while the US would grant economic assistance, it would guarantee that South Korea would not acquire nuclear weapons and that the existence of North Korea would be physically safeguarded.

Various agencies of the US government do not oppose the line of thinking in finalizing negotiations and the positive coupling of the nuclear issue with political, economic and military concessions. For example, the deputy secretary for political and military affairs at the US Department of Defense, Robert Gallucci, who was the chief representative at the US–North Korea high-level talks, shares this view. He expresses the notion that a firm commitment that the US will not position nuclear weapons within South Korea for use can be discussed in negotiations.<sup>19</sup>

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18 Ibid., pp. 39–40, translated by this author.

19 Selig Harrison, "Mikookui Daebukhanchongchaek Kaldungjuchoui naemak



However, for the hard-liners in the Clinton administration, throughout the Department of Defense and the Central Intelligence Agency, the North Korean demand that the US remove the nuclear umbrella over South Korea cannot be entertained. The hard-liners in the US Congress also are of the position that they vehemently oppose any request that would limit the US from freely adapting military action on the Korean peninsula. For example, Senator Richard Lugar, formerly the chairman of the US Senate Foreign Affairs Committee and still very influential in foreign affairs, has consistently called for the immediate redeployment of tactical nuclear weapons to South Korea.<sup>20</sup>

The hard-liners also oppose the thinking that links the nuclear issue to economic concessions. For example, Ashton Carter, defense department deputy secretary for nuclear nonproliferation asserts:

In order to get North Korea to acquiesce, recognition of their system is diplomatically possible. That will not set a dangerous precedence because the US has already done so in the case of other countries embracing nuclear proliferation issues. However, the effect of any plan which systematically gives them guarantees other than that would be very doubtful.

Continuing, he also said:

Should North Korea truly be in a desperate situation and find that their finances are insufficient, it would be possible to negotiate with them on economic support issues; however, if they have other foolish thoughts in mind, economic support will absolutely not be there. Perhaps Iran knows as a precedent what the results are?<sup>21</sup>

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[U.S. Policy towards North Korea: Confusion and Facts],” *Shin Dong’a*, March 1994, p. 198.

20 Ibid., p. 199.

21 Ibid.

Brent Scowcroft, the national security advisor for former US President Bush, also supports the hard line. He has urged that the US needs to seek a strong plan through economic sanctions that will pressure North Korea into accepting nuclear facilities inspection and must prepare for the possibility that North Korea will militarily retaliate. Arnold Kantor, former under secretary of defense for political affairs in the Bush administration, also expressed a similar view. He has called for the United States, Japan and South Korea to demonstrate a strong resolve for military sanctions by conducting a joint naval exercise just off the coast of North Korea.<sup>22</sup>

As Kantor's assertion indicates, the hard-liners attach importance to the necessary inclusion of a naval blockade to the recommendation for economic sanctions measures. Conservatively inclined columnists, as does Charles Krauthammer, warn that if naval blockade measures are not imposed on North Korea, it will be strengthened by naval supply operations from such crude oil suppliers as Iran.<sup>23</sup>

Economic sanctions must also include measures that cut off the transfer of capital to North Korea by pro-North Koreans inside Japan. The total amount of cash they currently send to North Korea is estimated to be from \$.6 to \$1 billion annually. With regard to this problem, Karen E. House, deputy chairman for international affairs of the Dow Jones Corporation, has proposed that the US threaten to revoke the US-Japan Defense Treaty if the government of Japan does not substantially act in concert when the US decides to impose tougher economic sanctions on North Korea, while asserting that it is not acceptable for Japan to grant any further approval for the transfer of funds to North Korea.<sup>24</sup>

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22 Ibid., p. 200.

23 Ibid.

24 Ibid.

Part of the assertions on the part of the hard-liners is the widely spread hypothesis that the current North Korean regime is destined to collapse in the not-too-distant future. The US Defense Intelligence Agency has put forth such a prospective. Therefore, rather than for the US and the Republic of Korea to help North Korea through diplomatic recognition and economic support to sustain the regime there, they are warranting the promotion of North Korea's collapse by weakening and isolating the regime.

The hard-liners avow that even if the US grants diplomatic recognition and economic support to North Korea, they are convinced that the hostility between North Korea and the US cannot be dispelled and North Korea cannot be constrained. At hearings held in the US Senate, CIA Director James Woolsey said, "We have slain the great dragon called the Soviet Union. However, we are now living in a jungle where there are an enormous number of poisonous snakes." He then went on to distinguish North Korea as an enemy of the United States with whom, in the end, no amicable settlement could be reached, saying that Kim Il Sung is the most dangerous of the poisonous snakes in the international jungle.<sup>25</sup> A now retired US ambassador to two important countries and former under secretary of state has proposed that increasing pressure on North Korea should continue, saying that "I do not want to influence North Korea through diplomatic recognition and economic cooperation. I want to destroy North Korea."<sup>26</sup>

Moderates, on the other hand, do not foresee the collapse of North Korea to come about so easily. The US Department of State Intelligence Bureau, pointing out that North Korea is attempting a cautious economic reform program by making the *Rajin-Sonbong* region a free-trade zone, stresses that in the future

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25 Ibid., p. 201.

26 Ibid.

sufficient stability can be maintained if there is favorable progress in the reform process. It holds the view that the US, South Korea and Japan should formulate flexible policy toward North Korea, and if economic cooperation is extended then North Korea will indeed become stable.<sup>27</sup>

### **The Position of the Republic of Korea**

What is the position of the Republic of Korea? Let us consider the positions of the government, the ruling party (Democratic Liberal Party), the opposition party (Democratic Party), the media and academia.

The government position can be summarized as one of fundamental cooperation and moderation towards North Korea. The rationale is that if North Korea is provoked through such actions as economic sanctions, it would be like when a rat, facing a dilemma, attacks the cat. It could risk military confrontation turning the peninsula to the ashes of war, so it is important not to provoke North Korea. This line of thinking is precisely the "carrot approach" to coaxing North Korea. It argues that if given carrots such as US diplomatic recognition, guarantees of economic assistance, and cancellation of the annual joint ROK-US military exercise Team Spirit, North Korea will agree to abandon its nuclear development program.

That being the case, the ROK government has not simply put cooperation first. If North Korea does not exhibit a rational response to the offers, the government position is that Team Spirit must continue and economic sanctions must be imposed. In other words, when the carrot gets no clear cooperation, "the stick" has to be used.

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27 Ibid. Also, see Selig Harrison, "Breaking the Nuclear Impasse: Path to Cooperative Security in Korea," a paper presented at the Conference on Northeast Asian Security, co-sponsored by the Brookings Institution and the Institute of Foreign Affairs and National Security, Ministry of Foreign Affairs, Seoul, 1-2 November 1993, Washington, DC, pp. 1-22.

The basis for the ROK's carrot and stick approach is the homogeneous people, or one-nation, ideal. Since both South and North are of the same nationality, putting the stick first is not desired; furthermore, because Pyongyang could well choose the path to war, such an alternative needs to be avoided since it could lead to suicide of the entire nation.

The foundation of the government's cooperative approach includes other elements that can be used to induce North Korea to become compliant. They include the establishment of diplomatic relations with Japan, the US and other Western nations and the provision of economic support. Should various kinds of cooperation and exchange increase between North Korea and those countries, North Korea will eventually change its adventurist and belligerent practices and adapt to the Western world. Those making this argument stress that if such a transformation does take place, it will be good for the people of North Korea and good for people in the South because a desirable foundation for peaceful unification would be in place.<sup>28</sup>

It is true that within the government there is opposition to this argument. Some of the members of the National Security Planning Agency, long responsible for the South Korea's dialogue with the North, assert that approaching North Korea on a nationality basis is not only naive, it is also dangerous. They

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28 The official position of the Republic of Korea Government is well summarized in the following articles: Hwang Ui-bong, "South-South Talks are more Difficult than South-North Talks," *Shin Dong'a*, January 1994, pp. 211-27; for the position of Foreign Minister Han Soong Joo, see the following: Park Wui-Joong, "Han Soong Joo Waemubu changkwanui uikyona daehaesounun daumul bora [Foreign Minister Han Soong Joo's Optimistic Outlook on the North Korea Nuclear Negotiations]" *Wolgan Joong'ang*, February 1994, pp. 306-13; for criticism of Foreign Minister Han's view, see Kim Yeon-kwak, "Minister Han's low posture toward North Korea," *Wolgan Choson*, April 1994, pp. 132-50; for the differing opinions among policy makers within the government, see *Dong'a Ilbo*, 23 March 1994; *Choson Ilbo*, 24 February 1994. Professor Shin Kyong-hyun offers an assessment of the lack of continuity in the government's North Korea policy; a summary is published in *Kookmin Ilbo*, 21 February 1994; also see discussion offered by Professors Lee Seo-Hwang and Kim Gye-Dong in *Choson Ilbo*, 22 March 1994.

believe that diplomatic recognition of North Korea and economic cooperation between South and North Korea will neither sway nor constrain North Korea because they consider the North Korean regime to be the devil, fond of deception and subterfuge. Veterans of the South-North talks put forth the brinkmanship option. They believe that all means of pressure including military and economic must be summoned, and that it must be so strong that even if there is war, only then will North Korea surrender. According to their view, the US should have resorted to brinkmanship at the New York talks in June and again in July 1993.<sup>29</sup>

The same argument also appeared inside the ranks of the Democratic Liberal Party—the government party. Several members of the party's foreign policy committee, under Chairman Lee Sae-ki, criticize the government policy of emphasizing nationhood and moderation, believing that only when Seoul responds strongly will North Korea comply with any requests from the Republic of Korea.<sup>30</sup>

Both the hard-line and moderate positions are also espoused within the Democratic Party (an opposition party). Formally, the party holds the position that: "North Korea does not have the ability to wage war; therefore, rather than imposing any military or economic sanctions, resolution to the North Korea nuclear issue must be brought about through a policy of compromise that will advance the dialogue as far to the end as possible."<sup>31</sup>

The media likewise divides opinion into hard-line and moderate. However, even though understanding the government's "carrot and stick" policy, it puts the need for a strong response toward North Korea out in front. The morning edition of the

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29 Reference is made to the following article written by former National Security and Planning Agency Special Adviser Lee Dong-Bok, who is a veteran of the South-North Talks, "South-North Dialogue: What is the Problem?," *Wolgan Joong'ang*, February 1994, pp. 254-61.

30 *Hankyore Shinmun*, 22 March 1994; also, *Kookmin Ilbo*, 15 March 1994.

31 *Hankook Ilbo*, 23 March 1994.

Republic of Korea's most powerful newspaper, *Chosun Ilbo*, is quite clear on this point. A paper inclined toward conservatism and founded by an industrialist from North Korea, it has early on strongly promoted the critical view that since the center of the North Korean regime does not comprehend the nationalistic approach, it is a naive policy, and any future approach that is sentimental, hopeful or optimistic without any basis needs to be abandoned.<sup>32</sup> In another powerful leading newspaper, *Dong'a Ilbo*, there is the similar view. Even if the government met with some degree of success in its moderate policy, it repeatedly asserts that it will someday have to confront resolutely even the threat of war with North Korea.<sup>33</sup>

Among political scientists also, the two views are prominent. Young Dr. Lee Sam Sung supports the policy of moderation, asserting that it is desirable to first proceed with measures that will alleviate the crisis mentality and atmosphere of anxiety now enveloping the North Korea.<sup>34</sup> Then there is the view of Professor Lee Ki Tak, a military strategist, who since the early 1970s has warned that North Korea would embark on a nuclear weapons development program and has called for a strong policy response, while openly criticizing the government's policy as "naive nationalistic sentimentalism."<sup>35</sup>

The disparity of opinion within South Korea is subject to no small amount of influence from the ROK-US relationship over the nuclear problem in North Korea. At times, the US pulls one ear calling for moderation, and at other times the other ear, calling for a strong stance. A widely read conservative American

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32 *Chosun Ilbo*, 22 March 1994, 14 and 18 February 1994; and *Choong'ang Ilbo*, 21 March 1994.

33 *Dong'a Ilbo*, 19 March 1994.

34 Dr. Lee's view is addressed in, Hwang UI-bong, "South-South Talks are more Difficult than South-North Talks," p. 219.

35 Dr. Lee's view was published in *Segye Times*, 20 March 1994; Dr. Lee Chung-min also has also severely criticized the government's North Korea policy.

paper even reported that "policy toward North Korea is in trouble by influencing anti-American sentiment inside of South Korea which is critical of the moderate policy of the US and out of step with the response of the Korean government."<sup>36</sup>

Amidst this, the two countries have been able to agree through close coordination on what policy should be adapted for discussions between the US and North Korea in order to solve the North Korea nuclear problem. In particular, a "thorough and broad approach" was agreed upon at the summit meeting held in Washington on 23 November 1993 between Presidents Kim Young Sam and Bill Clinton. In establishing the objective of solving the nuclear problem, it was necessary to be willing to pursue a thorough and complete solution and take all action possible to solve the problem. This approach came in response to North Korea's offer of an "overall compromise process."

As North Korea responded favorably to the US-ROK proposal, actual working level contact between the US and North Korea commenced on 10 December 1993 in New York and continued through several rounds. As a result, the Foreign Ministry of North Korea announced that North Korea had agreed to "nuclear facility inspections by the IAEA and the cancellation of the Team Spirit military exercise."<sup>37</sup> Following that, North Korea went on to negotiate the inspections with the IAEA on 7 January 1994. As a result of those negotiations, IAEA inspections again took place, but ended in a state of non-completion.

## Conclusion

For North Korea, nuclear development is not merely a diplomatic card; it is a strategy of survival. For the US, it is a problem that challenges American authority as leader of the nuclear control regime by threatening support for and even the continu-

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<sup>36</sup> *Wall Street Journal*, 9 March 1994.

<sup>37</sup> *Korea Times*, 31 December 1994.



ance of the NPT. However, for the Republic of Korea, it is directly a problem of security. For the Republic of Korea, North Korea simply cannot be granted permission to develop nuclear weapons. In other words, the Republic of Korea, at all costs, must block North Korea's nuclear weapon development program.

According to specialists who intensely study the North Korean nuclear issue, beginning at the end of 1995, North Korea will certainly enter into a quantity production system of nuclear weapons if its program is not stopped.<sup>38</sup> Even though South Korea intends to avoid this, it is likely to become a reality that cannot be avoided and under such reality, the expression "Regardless, North Koreans are the same brothers" will come to be criticized as irresponsible nationalistic sentimentalism, just as the words plainly indicate, very naive.

The most important thing today is that inside the ROK government a policy response must be formulated and executed that has unity and continuity. The base of support for government policy must also be expanded among the citizenry through furthering the efforts to increase understanding and persuasion among the opposition party and the media. Furthermore, the support for an intimate cooperative relationship with the US must be erected on that basis. From this perspective, the work of solidifying the common object of controlling North Korea's nuclear development program in cooperation with the US is very *painfully needed*.<sup>39</sup>

This means that the US government too must take a firm unvarying stand towards the North Korean nuclear issue. The American government attitude too has wavered at times and has sparked alarm inside the government of the ROK.

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38 Yoon Dok-moon, "Bukhanui Haeknunglyok, Muki chaechosuchoonaewatda [North Korea's Nuclear Capability: Weapons Manufacture Begins], *Shin Dong'a*, April 1994, pp. 172-84.

39 On this point, see Professor Ahn Byung-Joon, *Choong'ang Ilbo*, 21 March 1994 and *Shin Dong'a*, September 1993, pp. 130-39.

Looking back, the Clinton administration has been reactive in its overall foreign policy. Instead of taking the initiative to solve a problem when one surfaces, for the first time, it has adapted a responsive method. Because of that, it has exhibited the tendency to accept problems which have already surfaced as established fact. The Clinton administration's style of response appears to have encouraged North Korea. The government of the Republic of Korea must continuously warn the Clinton administration of the danger that lies in that manner of practice.

Another outbreak of war on the Korean peninsula must absolutely be prevented. That being the case, should the Republic of Korea reveal an image of atrophy, North Korea is likely to take the Republic of Korea hostage and demand that the nuclear inspection issues be detached from direct linkage to US stability, including the withdrawal of US forces from South Korea. Furthermore, it could even demand the disarmament of the Republic of Korea.

The Republic of Korea, therefore, must definitely adapt such a resolute posture that it shows absolutely it will respond militarily to any North Korean war provocation through military sanction in cooperation with the United States. Towards that end, a plan needs to be developed to prepare for managing such a crisis situation should it arise.

The security situation on the Korean peninsula has fallen into a state of disarray. In this disarray, the path to avoiding the onslaught of war is the same as it was in past decisive confrontations with North Korea, in which the solution came through the firm mutual union between the ROK and the USA. North Korea must always be able to remember that the truth is known by action and not just words.

## A Critical Analysis of the ROK-US Coalition Regarding North Korea's Nuclear Issue

Jeong Woo Kil

**N**orth Korea's nuclear problem first drew international attention when the French commercial satellite SPOT picked up the huge-scale North Korean nuclear site at Yongbyon and publicly released the pictures in September 1989. However, the seriousness of the nuclear development program was not well received even by the United States, and South Korea relying mostly upon US intelligence did not pay keen attention.

It has been since March 1993 that South Korea, the US and the international community began discussing the nuclear problem rather seriously as Pyongyang announced its withdrawal from the nuclear Nonproliferation Treaty (NPT) as the International Atomic Energy Agency (IAEA) pushed North Korea to accept the special inspection over its two undeclared facilities, presumably nuclear waste dump sites.

Why over three years could Pyongyang's nuclear program continue without serious international surveillance? The inter-Korean dialogue that started with prime-ministerial meetings in September 1990 had been progressing smoothly, and this contributed to the feeling that South Korea might be relieved of the threat from the North. In addition, North and South Korea signed two historic documents consisting of the Basic Agreement

on Non-aggression, Reconciliation and Cooperation, and the Denuclearization of the Korean peninsula in December 1991. North Korea, furthermore, signed the Safeguards Agreement with the IAEA in January 1992 and ratified it in April, which made possible ad hoc and routine IAEA inspections starting in May the same year. As long as the North Korean nuclear materials and facilities would remain under regular IAEA inspection, suspicion was not mounted over the program and no one was concerned.<sup>1</sup>

The Pyongyang authorities claimed that it was unfair for the IAEA to urge the North to accept the special inspection and argued that the nuclear problem on the peninsula came originally from the US nuclear weapons known to be deployed in South Korea; thus they should be dealt with between the North and the US who are the legitimate parties concerned. As far as the nuclear issue is concerned, Pyongyang's claim is not unwarranted, but the US should not be the sole party for dialogue with Pyongyang on the issue.

The nuclear problem on the peninsula was from the beginning initiated in the context of the "Korean Triangle," formed by the relationship between and among two Koreas and the US; it is being discussed within this context and the clue to resolve the problem will also be found in the same setting. The South Korean government's official line of policy in the process of discussing North Korea's nuclear problem has been to put emphasis on the ROK-US coalition, and major proposals from the North have mostly been linked to ROK-US security relations. And to the strong commitment of the North to keep bilateral contacts with the U.S., the US has even with some reservations to accommodate Pyongyang's request in making agreements between it and

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1 Between May 1992 and January 1993 North Korea cooperated with the IAEA's ad hoc and routine inspections on declared nuclear sites and materials. After six rounds of inspections the IAEA noted major discrepancies between the North's initial report and some of its findings, which led the IAEA Board of Governors to decide to ask for special inspections on two undeclared sites in Yongbyon.

Washington. The Korean Triangle will remain a major framework for three parties to decide the path of their relations with the other two, and the ROK-US coalition also will and should be maintained in this context.

This paper is, first of all, to examine chronologically the fluctuation of ROK-US cooperation regarding North Korea's nuclear issue since Pyongyang's announcement that it would pull out of the NPT in March 1993. Secondly, the paper will highlight the structural causes of limitation in the ROK-US coalition vis-à-vis North Korea. And finally an optimal mechanism of responsibility sharing between Seoul and Washington is to be proposed in the course of their mutual efforts to resolve North Korea's nuclear stalemate.

### **Historical Reexamination of the ROK-US Coalition Regarding North Korea's Nuclear Issue**

#### **First Stage:**

#### **North Korea's Announcement to Withdraw from the NPT**

Since North Korea announced its withdrawal from the NPT, the US has put her emphasis on inducing Pyongyang to come back to the nonproliferation regime, and denuclearization of the Korean peninsula and maintenance of a strong NPT regime remain the major objectives of US policy regarding North Korea's nuclear problem. This focal point of US policy just after the North's declaration that it would pull out of the NPT was put over the full-scope inspection of the IAEA Safeguards Agreement including special inspections on two undeclared sites in Yongbyon.

North Korea has claimed that her decision to withdraw from the NPT was made because IAEA inspections on North Korea's military sites are not acceptable, and because the IAEA's request of special inspections depending on the intelligence provided by

a third country was unfair.<sup>2</sup> Turning down the North's claim, the US pressured Pyongyang by mobilizing the IAEA and the UN Security Council (UNSC), which made possible the IAEA Board of Governors' resolution on 1 April regarding the North's non-compliance with the IAEA Safeguards Agreement, the statement by the UNSC president on 8 April, and the UNSC resolution on 11 May 1993.

On the other hand, the US did not shut down the channel of dialogue with North Korea, and based on the UNSC resolution recommending member states's efforts to resolve the nuclear issue quickly started a series of working level meetings with Pyongyang May 17 through 21 in preparation for high-level talks. As the deadline of June 12 approached for North Korea's announced withdrawal to become effective, the US seemed badly in need of an inducement for Pyongyang to return to the regime and gave credit to its acceptance of IAEA inspectors in May to check and replace some surveillance equipment already placed on at the nuclear facilities.

This nuclear problem astonished the South Korean government, which had been inaugurated only three weeks before the North pulled out of the NPT and had showed its good will towards Pyongyang by allowing former North Korean war correspondent Lee In-mo to return home. The newly launched Kim Young Sam government in Korea tried to launch some rather progressive policies toward the North, which were promoted by Deputy Prime Minister Han Wan-Sang, a former human rights activist and college professor who had often been ousted from campus by the previous authoritarian government.

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2 After a significant failure on the part of the IAEA to discover the nuclear capability in Iraq, the IAEA strengthened its inspection regime—the IAEA can now use information supplied by its member countries, and the IAEA can ask member countries to accept inspections on any nuclear related sites and materials that the IAEA assumes necessary. North Korea was the first case to which was applied this strengthened mechanism.

The Clinton administration showed suspicion towards certain parts of President Kim's inaugural speech, i.e. stress upon the Korean nation ahead the international alliance when unification of divided Korea was mentioned. Such US suspicion remained for a while with mixed appreciation over the first civilian government in Seoul.<sup>3</sup> North Korea's nuclear problem flushed out such potential misunderstanding between Seoul and Washington and created the environment in which the ROK-US security coalition came under stress. In the process of facing the nuclear challenge, the Kim government realized that there was little room for South Korea to maneuver in the nuclear game and that it could only follow the American decisions on the issue. As the high-level talks between Washington and Pyongyang became a *fait accompli*, the South Korean government proposed to the North on 20 May 1993 a meeting between two representatives of the inter-Korean prime-ministerial talks to discuss means to resume dialogue. In response to this, the North proposed on 25 May a special envoy exchange at the level of Deputy Prime Minister to discuss the inter-Korean summit meeting and to resolve several pending issues on the peninsula including the nuclear problem.<sup>4</sup>

The South Korean government was initially reluctant to accept the Northern proposal in the sense that setting a new channel of inter-Korean dialogue would nullify the Basic Agreement signed between Seoul and Pyongyang in December 1991 because it

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3 The Clinton administration had legitimate concerns over the policy direction of the Kim Young Sam government. Some progressives joined the cabinet and the Blue House staff and initial policies projected especially regarding inter-Korean relations raised skepticism in the US. The return of Lee In-mo to the North with no reciprocity, emphasis on the Korean nation in the inaugural speech, and the foreign minister's remarks on a comprehensive deal with the North just after North Korea's NPT withdrawal announcement, etc.

4 There was internal debate in the Kim Young Sam government why the North would have designated Han Wan-Sang as representative for the South. Minister Han represented the progressive camp and confronted much criticism from the conservative circle. Minister Han mentioned that the North's designation was a sort of "kiss of death."

would be a significant reference to define the relations between North and South, and that the special envoys would render the prime-ministerial talks meaningless. The Seoul government concluded that the North's special envoy proposal was intended merely to show to the US Pyongyang's good will to continue dialogue with the South, which would contribute to making a positive climate for the upcoming US-DPRK high-level talks.

However, Seoul's reluctance to receive Pyongyang's proposal was over-turned at the last moment at the request of the Clinton Administration, which was eager to find an excuse for initiating the high-level talks with North Korea while demonstrating a deep interest in the inter-Korean dialogue. Or, the US might have hoped to be relieved from the burden that could come in case the North-South dialogue faced deadlock while the US became eager to develop relations with the North.

At this stage, as some of the progressive cabinet ministers of the Kim government experienced frustration in dealing with the North's tough position on the nuclear issue, the conservative circle in Seoul have been stressing the security coalition with the US.<sup>5</sup> And the US was playing a free hand in its dealing with the North, successfully persuading South Korea to accept the high-level talks between the US and North Korea by emphasizing that it would be urgent for the North's remaining in the NPT regime.

### **Second Stage:**

#### **First and Second Rounds of the US-DPRK High-Level Talks**

High-level talks between the US and DPRK were very historic occasions considering that the two countries have confronted each other as enemy states since the Korean War in the 1950s. There have been US-DPRK bilateral contacts of political counsel-

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5 Quite interestingly the group of people who is favorable to stress the ROK-US alliance relationship is often categorized as conservative. And the circle supportive of an appeasement policy toward the North is named progressive. This grouping is, of course, not appropriate, and each circle wishes simply to be named moderate realists.



lors through Beijing embassies since late 1988 corresponding to South Korea's special declaration in July same year which promulgated Seoul's determination to end confrontation with North Korea in its external relations.<sup>6</sup> In addition, amid constructive discussions on nuclear problems on the Korean peninsula after former US President George Bush's announcement to withdraw all ground-based tactical nuclear weapons which had the implication of pulling out the US nuclear weapons known to be deployed in South Korea, North and South Korea were able to reach an agreement on the Denuclearization of the Korean Peninsula in December 1991. The US and South Korea also pushed North Korea to sign the Safeguards Agreement with the IAEA by providing some inducement of a first-time-ever political-level meeting between Washington and Pyongyang in January 1992. Deputy Secretary of the US State Department Arnold Kanter and Kim Yong Sun, chief of the International Bureau of the North Korean Workers Party met each other in New York.<sup>7</sup>

Quite differently from previous meetings, the two rounds of US-DPRK bilateral talks in June and July 1993 were quite businesslike. In the first round, the US in compensation for Pyongyang's temporary suspension of the effectiveness of its

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6 In support of South Korea's President Roh Tae Woo's unification initiatives the US government, in late 1988, took the following four steps toward North Korea: authorized US diplomats to hold discussions with DPRK officials in neutral settings; decided to encourage unofficial, non-governmental visits from North Korea in academics and other areas; began permitting American citizens to travel to North Korea on a case-by-case basis; and, by amending the Foreign Assets Control Regulations, permitted certain humanitarian exports for meeting human needs. Daniel Russel, "US-North Korean Relations," in *Current Issues in Korean-U.S. Relations: Korean-American Dialogue* (Seoul: The Institute for Far Eastern Studies, 1993), p. 49.

7 The meeting was called by the US to discuss candidly and authoritatively important issues of mutual concern, unquestionably focused on the North's nuclear weapons development program. For an official statement of the US policy toward North Korea, see Arnold Kanter, "North Korea, Nuclear Proliferation, and U.S. Policy: Collective Engagement in a New Era," statement before the US Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, 6 February 1992, p. 16.

decision to withdraw from the NPT proposed to the North that any military threat against the North including nuclear attack would be waived. In addition, the US has clarified that normalization of relations including economic ones between the US and North Korea would be possible commensurate upon the progress made in resolving the nuclear problem. On the other hand, the US made it clear that the bilateral talks would not be possible if the North withdraw definitely from the NPT, went further in reprocessing nuclear materials, or conducted any activities that would harm the continuity of the IAEA Safeguards.

The South Korean government did not oppose the high-level talks between the US and the DPRK because it considered every channel of dialogue should be open to resolve the nuclear problem by peaceful means. But some reservation has been expressed that the bilateral talks should be limited to discussing the nuclear issue and should be undertaken linked to inter-Korean relations. This South Korean decision placed the Kim administration in a more awkward situation as the North withdrew its previous proposal of the inter-Korean exchange of special envoys after the US guaranteed the *raison d'être* of the North Korean regime, no-first-strike against the North, and fixed opening of the next round of bilateral talks.

Special inspection over the undeclared sites was one of the most significant issues to the US when she met with the North, and emphatically raised it at the second round of meeting in Geneva. However, after realizing the North was very firm on the issue the US shifted her emphasis to securing the continuity of the IAEA Safeguards through implementing ad hoc and routine inspections. South Korea positively assessed the outcome of the meeting in the sense that North Korea accepted negotiations with the IAEA and inter-Korean dialogue as preconditions for the further talks between the US and Pyongyang.

In the second stage, the US was successful in getting the North to remain in the NPT, and especially at the second round of meeting the US gave positive response to the North's proposal

of switching their nuclear reactors to the light-water type, which implied that the US was prepared to dialogue with the North on a broad range of issues.<sup>8</sup> The second round of bilateral talks can be understood as an actual starting point of the US application of a comprehensive deal in the course of discussing North Korea's nuclear problem.

**Third Stage:  
US Adopting the Comprehensive Solution**

Since the second round of talks in Geneva, North Korea did not show any conciliatory gestures in its dealing with the IAEA and South Korea. The US also delivered a message from Assistant Secretary Robert Gallucci, a US representative of the bilateral talks with the North on 20 September, to urge a relaunch of negotiations with the IAEA for inspection as well as the North-South talks; the IAEA adopted a resolution about the North Korean nuclear issue on 1 October; and finally the United Nations General Assembly passed a resolution on 1 November to demand that Pyongyang cooperate immediately with the IAEA.

North Korea after figuring out that the US would not come to a meeting conveyed a memorandum on 12 October to Ken Quinones, a US State Department North Korean desk officer who accompanied US Congressman Gary Ackerman, which delivered Pyongyang's idea of a package deal on the nuclear issue. This Northern gesture on a package deal was made public when DPRK Deputy Foreign Minister Kang Suk Ju stated on 12 November that the US should accept the North's package deal.

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8 The LWR issue has political implications in that when the US decides to support North Korea's transformation to the LWR, the US would have to ease domestic regulations in addition to lifting the North from the terrorist list. To complete a project of making a couple of LWRs it would take seven to ten years and cost around four billion dollars. Therefore, in the course of US participation in the project, a broad range of political, legal and economic issues would need to be arranged.

The Clinton administration started seriously to discuss the proposal, and in mid-November tentatively decided to apply such a new methodology to resolve nuclear issue.<sup>9</sup>

South Korea expressed concern over the US shift of her position in that such a package deal would rule out South Korea's room for leverage in the nuclear game on the peninsula. Such worry of the part of the Kim Young Sam administration was made known to President Clinton when the two Presidents met each other in Washington DC on 23 November and the two heads agreed to a new concept, the so-called thorough and broad approach. This approach, however, was interpreted differently by Seoul and Washington. South Korea understood the concept as to try to resolve the problem thoroughly and completely, but in the process of resolution every possible means would be applied; on the other hand the US interpreted the concept as to keep a firm position in objective and principle in resolving the problem, but tactically to take a flexible position, and for a thorough solution of the matter a broad array of issues could be discussed.<sup>10</sup> Regardless of such delicate differences two governments took such an approach as an official position regarding North Korea's nuclear problem.<sup>11</sup>

A significant agreement between the US and North Korea was made after a series of working-level meetings in New York 24 November through 29 December—North Korea's acceptance of

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9 After rounds of debates among high-level officials from several different agencies, the US National Security Council made a decision around mid-November 1993 to shift its previous approach to the problem to a comprehensive solution. *Washington Post*, 17 November 1993.

10 South Korea's interpretation of the concept as applying broad "means" to resolve the nuclear problem and the US reading of broad "array of issues" have different connotations. For the US interpretations of the concept, see the statement of Deputy Secretary of State Lynn Davis before the Senate Foreign Relations Committee, Subcommittee on Asia and Pacific Affairs, 3 March 1994.

11 The suddenness of South Korea's move at the summit meeting astonished US officials, who complained about the ambiguity of the policy and the lack of strategic thinking to see the situation. *New York Times*, 24 November 1993.

the IAEA inspection on seven declared sites, reopening of the discussion on special envoys between North and South, suspension of '94 Team Spirit military exercise, and rescheduling the third round US-DPRK talks. Such agreement was made possible as the US focused on the continuity of the IAEA Safeguards from among a great range of issues, and the special inspection issue came to be struck from the major agenda. Such US change of position implied that focal point of inspections to guarantee transparency of the North nuclear program was moderated from special inspections to one of securing the continuity of safeguards by way of ad hoc and routine inspections.

South Korea which took a rather tough position on the issue a month previous by creating the new concept of a "thorough and broad" approach, accommodated the change of US position by stating that so long as the North allowed full-scope inspections on the seven declared sites including the radiochemical laboratory (actually reprocessing facilities) and showed signs of sincere cooperation in discussing the exchange of special envoys with the South, then the US and South Korea would suspend the '94 Team Spirit military exercise and go ahead with the third round high-level talks between the US and North Korea.

Since that time whether or not the realization of the special envoy exchange would be a precondition for the third round of US-DPRK talks became a potential point of conflict between the US and South Korea. Since the two reached an agreement on the approach of a thorough and broad solution, the US seemed to have no strong commitment to push through with the special envoys between North and South, but rather put her diplomatic efforts to secure continuity of the IAEA Safeguards.

#### **Fourth Stage:**

#### **Four-Point Agreement and Entering the Sanctions Debate, and Finally Back to the Dialogue**

When the US and North Korea showed differences in interpretation of the scope of inspections on seven declared sites, and

negotiations between the IAEA and Pyongyang became delayed, a debate was ignited in the UNSC over sanctions against Pyongyang. North Korea and the US were able to reconfirm a four-point agreement on 25 February 1994, which was the first accomplishment between the two since the US officially took to the comprehensive solution on the nuclear problem around November 1993.

North Korea, however, was not cooperative in the IAEA inspection of the seven declared sites by opposing any pick-up of samples from the radiochemical laboratory and refusing gamma mapping, and furthermore stopped the working-level preparation meeting on 19 March between the North and South for the exchange of special envoys.<sup>12</sup> The US reported to North Korea that the third round talks would not occur and the UNSC set a deadline for the IAEA inspection to press Pyongyang to return to the negotiation table. Instead North Korea proposed to the IAEA on 20 April to witness her scheduled replacement of the 5MW reactor fuel rods, which ultimately reopened the working-level contacts between the US and DPRK.

North Korea in a letter to the US from Deputy Foreign Minister Kang on 19 April made clear her position such as prompt opening of the third round talks between the two, the US lifting its economic embargo against the North, suspension of the Team Spirit military exercise, replacing armistice with a peace treaty, and withdrawal of nuclear weapons deployed around the Korean peninsula. In response to that the US asked to the North on 28 April for immediate implementation of the four-point agreement, suspension of the Team Spirit exercise after serious

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12 After rounds of working level talks between North and South, North Korean representative Park Young-Soo bluntly stated at the meeting that any kind of international sanctions against the North would create a "sea of fire in Seoul." This was very an unusual remark for the negotiation table, but it can be understood that Pyongyang seemed to figure out the US would not meet with the North as planned so the inter-Korean meeting for exchange of special envoys would be meaningless.

progress in the inter-Korean dialogue, and simultaneous resumption of the third round US-DPRK talks and North-South dialogue.

Overall, the US seems to have made a mistake by failing to put the agreement on clear terms that the exchange of special envoys between the two Koreas would be a precondition for the US-DPRK talks, which left room for the North to drive wedges in the ROK-US relations. South Korea finally on 15 April withdrew its previous position regarding the exchange of special envoys in considering that such an unyielding position would hamper serious attempts to resolve the nuclear issue as soon as possible.

In this stage South Korea experienced a sour feeling to see the American mishandling of the North, which inevitably made Seoul reluctant to ease her stance on the inter-Korean dialogue through being persuaded to accept the US logic that the US-DPRK talks would be the meaningful forum to find a breakthrough in the nuclear stalemate. Seoul's uneasiness at the development of the situation was aggravated when the North started to replace spent fuel rods on its 5MW reactor on 13 May against the US warning that no further bilateral talks would be possible unless the North allowed the IAEA inspectors on the site to witness the process.

Meanwhile new South Korean Deputy Prime Minister of Unification Lee Hong-Koo mentioned at the National Assembly on 23 May that if the North were to maintain its reprocessing facilities until the decision on the extension of the NPT April 1995, then the South Korean government would have no choice but to reexamine the Denuclearization Agreement between North and South. His statement raised prompt criticism from the US even though Unification Minister Lee's remarks did not reflect the government's prepared view on the future of the nuclear problem on the peninsula. It might be a balanced observation to interpret Minister Lee's remarks as a reflection of the South Korean government's concern over the potential dismissal of Seoul in the course of bilateral talks between Washington and Pyongyang without making a case out of

Pyongyang's violation of the inter-Korean agreement which does not allow possession of reprocessing facilities.<sup>13</sup>

While negotiation with the US and the IAEA went on, North Korea unexpectedly announced that the replacement of spent fuel rod had been completed early June. And as the debate on international sanctions against the North resumed, Pyongyang announced on 13 June that it would withdraw from the IAEA. Such a bold North Korean step ignited serious discussion on sanctions and the US has played the leading role in mobilizing UNSC permanent member countries to support her move.

At the latter part of this stage, especially late May through mid-June, the sanctions debate has been prevailing in the context that the North was not cooperative with the US nor the IAEA, which have attempted to draw Pyongyang into dialogue. When the US has led this drive toward sanctions, South Korea could only join the US side trying to induce the PRC and Russia to accept favorably the international move. Even though Seoul's principal policy guideline has always been to resolve the nuclear problem by peaceful means, South Korea in such tense situation had no practical options to choose but to lean toward sanctions—even confronting Pyongyang's warning that regarded any kind of sanctions as an act of war against North Korea.

This international move toward sanctions promptly shifted to the phase of dialogue upon former US President Jimmy Carter's visit and meeting with Kim Il Sung in his trip 15 through 18 June. The meeting drew a clear commitment from the Great Leader Kim regarding the nuclear issue, such as that the North was

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13 Unification Minister Lee Hong-Koo's statement was a repeat of his earlier remarks on 12 May at a meeting with the Newspaper Editors' Forum. His intention was to project the firm position of the Kim Young Sam government that the South should not be dismissed in the nuclear debate on the peninsula, and try to calm the voice from the conservative camp that the government had no leverage regarding the issue that was threatening the security of the South. However, Minister Lee did seem to be worried about the possibility that his remarks would be manipulated by the group arguing for so-called nuclear sovereignty.



prepared to deal with the US in freezing its nuclear activities as compensation for US-DPRK political negotiations. The South Korean government, which initially showed reluctance to Carter's visit to Pyongyang, but had to follow the US shift of positions, and the government came to be in the awkward situation of having to persuade its own public to support the government's reaction to Carter's visit. President Kim Young Sam's prompt acceptance of North Korean President Kim Il Sung's proposal for an inter-Korean summit simply reflected the South Korean government's attempt to demonstrate to the domestic public and international community its willingness to deal with the North by peaceful means, while wiping out suspicion that the South has been disregarded in the play.

Since then no further serious debate has been made on sanctions against the North and the US and South Korea entered into the dialogue phase with the North in preparation for the third round high-level talks and the inter-Korean summit respectively. North Korean leader Kim Il Sung's sudden death on 8 July halted further progress on both fronts of negotiations with Washington and Seoul, but it is expected the new leadership in North Korea will not easily derail from Kim Il Sung's commitment regarding dialogue with the US and possibly with Seoul.<sup>14</sup>

### **Effectiveness and Limit of the ROK-US Coalition**

Two major US goals in resolving North Korea's nuclear problem consist of sustaining peace and stability by way of securing denuclearization of the Korean peninsula, and of maintaining a strong international nuclear nonproliferation regime, and these objectives have unceasingly been stressed. The Clinton adminis-

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14 North Korea immediately after Kim Il Sung's death conveyed official messages to the US and South Korea that Pyongyang's position regarding her relationship with Washington and Seoul would be unchanged, continuing the third round high-level talks in Geneva and the inter-Korean summit based on the previous agreement.

tration has firmly maintained the position that dialogue with North Korea would continue as far as it was constructive to resolve the nuclear problem. And it clearly expressed certain conditions that interrupted the bilateral talks such as when the North tried to withdraw from the NPT, to hamper the continuity of IAEA safeguards, and further to reprocess nuclear materials.

Through using both carrots and sticks in approaching North Korea's nuclear issue, the US has been adhering to the position that it will not rule out any option of sanctions if all diplomatic efforts to deal with the issue are exhausted. On the other hand, South Korea's strategy to face the nuclear dilemma has been to resolve the issue by peaceful means and to mobilize an international cooperative mechanism. The nuclear problem has duality in the sense that it is an inter-Korean issue meaning it is a grave threat to the survival of the whole Korean nation and should ultimately be resolved by mutual agreement between North and South Korea; but it is an international issue as well implying that nuclear weapons are easy to proliferate, and they are mass-destructive, rendering the borders between states meaningless.

Such duality in this nuclear issue has limited South Korea's leverage from the beginning, and driven her to count on cooperation with international society, especially the US. As long as the US and South Korea share the same objectives of denuclearization of the peninsula and preventing the problem from proliferating to other countries in Northeast Asia, the two countries could harmonize their positions in dealing with the North.

However, Seoul and Washington have some differences in approach to the issue and in points of emphasis in undertaking policies toward North Korea. Confronting an immediate threat from the North and assessing the unpredictability of North Korean leadership, South Korea cannot risk calling any bluffs from Pyongyang, which would regard sanctions against it as an act of war and which feels vulnerable to a security threat. Therefore, Seoul cannot underestimate North Korea's nuclear capability even though the US and other Western sources seem

to believe the North, lacking detonator and delivery system, does not yet have a usable nuclear bomb.

The US assessment of the North's capability focused on the North's lack of an inter-continental missile delivery system and second-strike capacity. The US as a global watchdog of proliferation of mass-destructive weapons should pay more serious attention to a Northern attempt to proliferate indigenously developed nuclear technology and materials to other trouble-spot countries. That is why the Clinton administration is putting an emphasis on freezing the North's nuclear program at its current state in preparation for the upcoming negotiations.

Such inevitable discrepancies in position between the US and South Korea were reflected in previous strategies toward the North and raised criticism in both Washington and Seoul on fluctuation of policies in the course of policy debate regarding this nuclear problem. That is why Seoul could not easily support the US when she drove the situation into punitive sanctions against the North. That is also why Seoul showed a tougher position than the US when the US tried appeasement policies toward Pyongyang setting aside the South Korean positions. That is why South Korea's occasionally uncertain positions facing the U.S. tougher policy that might cause military confrontation were often criticized by hawkish US opinion leaders. However, such ambivalence of South Korean government policies were inevitable when considering the duality of North Korea's nuclear problem and the concern over any possibility of ruining Seoul's forty-year economic accomplishment since the Korean War.<sup>15</sup>

The coalition between South Korea and the US has been relatively working well in the sense that the two countries share

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15 A US major paper analyzed that the US administration faced difficulties due to the ROK government's lack of policy continuity and a certain anti-American sentiment in Korea criticizing the American pro-appeasement policy. *Wall Street Journal*, 9 March 1994.

a basic policy guideline to try every diplomatic effort before invoking punitive sanctions against the North. However, there have been many signs that Seoul might have some suspicion or worry over the Clinton administration's handling of the issue.

Since high-level talks between Washington and Pyongyang were set in Spring 1993, the US had many precious opportunities to know and understand the North about its intention, mind-set, strategy and negotiation tactics as the two parties had frequent contacts between working level and high-level officials as well. Based on this experience the US was able to create its own strategy of handling the North, which means the US began attempting to see Pyongyang directly instead of understanding it through the prism of South Korea. The US decision to apply a comprehensive solution approach to the issue was quite sensational when we consider the previous US attitude in negotiating with other countries in the Cold-War era. As the one and only military superpower, the US could enjoy a comfortable position to deal high-handedly with the North, and there has been no reason to take such a passive version of negotiation tactics as this comprehensive approach. It was quite natural that there was serious debate within the policy-making circle in Washington last November when they decided to pick up such a new methodology even tentatively.

As far as the inspections are concerned, the scope of the US concern regarding the IAEA inspection became narrowed and the method eased. After a couple of rounds of the bilateral talks with Pyongyang, the US shifted its all-or-nothing approach to a measured one by putting off the special inspection issue to the agenda of the next round of meetings, rather focusing on the continuity of safeguards. And the major objects of inspection turned from the two undeclared sites to the declared ones and further narrowed to seven declared facilities.

Since the North announced that she replaced the 5MW reactor fuel rods, the US moderated its position from requesting sampling from the spent fuel to the IAEA standard of a new pattern

of sampling and analysis at the appropriate time after separating some spent fuel rods and staying under marked storage.

When North Korea's nuclear program was exposed, the US position was very clear that production and possession of plutonium by the North would not be allowed. But such position has changed from prevention to containment of any further export of nuclear technology and materials.<sup>16</sup> At this time there is no clear sign that the Clinton administration has changed its global strategy of nonproliferation to counter-proliferation, but the US negotiation with North Korea will be a significant start for the US to shift even gradually its strategy regarding mass-destructive weapons.

The US policy change can be seen in its setting of preconditions for the third round of bilateral talks. Resuming the inter-Korean dialogue, accepting the full-scope IAEA inspections, and no further reprocessing of nuclear materials were major conditions for the US to resume high-level talks, but these have been narrowly modified to acceptance of IAEA inspections to secure continuity of the safeguards on seven declared sites and reopening the North-South dialogue in preparation for the exchange of special envoys. When we review the period since early this year, the terms to resume bilateral talks have also become moderated concerning the scope of inspections, from ad hoc and routine inspection on seven declared sites in January to further inspection on the aborted inspections over the radiochemical laboratory in March, and to a witness inspection at replacing spent fuel of the 5MW reactor in April.

In addition, President Clinton gave a significant meaning to Jimmy Carter's trip and meeting with North Korea's Kim Il Sung and based on Carter's accomplishment quickly shifted its previous policy direction of driving for sanctions into a phase of dialogue. This sudden move was shocking enough for the Kim

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16 Jim Hoagland, "Containing North Korea is the Better Way," *International Herald Tribune*, 10 March 1994.

Young Sam government to be embarrassed or even experience a sentiment of betrayal, especially since Seoul had been in the midst of actively selling the sanction option to the neighboring countries.

In a nutshell, when we reexamine the last eighteen months of the ROK-US coalition regarding North Korea's nuclear issue, we can draw some findings. First of all, the US and South Korea have taken a stick and carrot approach based on the guiding principle of trying to resolve the nuclear problem by peaceful means. Secondly, when the US would take the stick approach, South Korea from time to time had reservations about supporting the US position fully, but ultimately always did join the US endeavor. Third, when the US took an appeasement policy toward the North, South Korea showed reservations due to its consideration of the possibility that Seoul would be eliminated in the bilateral deal between Washington and Pyongyang. Fourth, both the Clinton administration and South Korea's Kim Young Sam government have suffered in making a consensus in each policy making process regarding North Korea's nuclear problem. Debate between the nonproliferationists and the regionalist in the US and the struggle between the rather progressive group in the government, and the National Assembly as well as the media in Seoul forced both administrations to face difficulties in drawing an agreement for a harmonized voice.

The Following cases can serve as examples that reflect the implicit or explicit disaccord between Washington and Seoul in their dealing with North Korea's nuclear problem.

#### **Exchange of Special Envoys**

When the North proposed the exchange of special envoy between Seoul and Pyongyang on 25 May 1993, the US in emphasizing every dialogue channel to be open strongly urged the South to accept the North's proposal regardless of the South's initial reluctance. However, as the South wanted the exchange of

special envoys to be a precondition for the third round US-DPRK high-level talks, the US took an ambiguous position by not fully supporting the South, which ultimately led Seoul to withdraw its previous position on 15 April 1994. One interesting point regarding the South's decision is that the US expressed reservations at the sudden decision and announcement with no advanced notice to nor consultation with the US regarding the implications of the decision.

### **Thorough and Broad Approach**

When the North's package deal and the US comprehensive solution were left as the two major approaches to the nuclear problem, the US official acceptance of such approach raised Seoul's concern over the potential dismissal of South Korea in the ongoing negotiation on the nuclear issue. President Kim Young Sam's unexpected move at the summit meeting in Washington on 23 November 1993 pushing the new term of "thorough and broad" approach and drawing agreement from President Clinton was a good example reflecting the potential conflict in the psychological game between Washington and Seoul in dealing with this issue. But as mentioned above, two administrations had from the beginning different interpretations on the concept.

### **The Deployment of Patriot Missiles in South Korea**

As North Korea and the IAEA have been discussing modalities of the inspection of seven declared sites under the framework of the agreement between the US and North Korea in December 1993, North Korea's lack of cooperation ignited a debate on the deployment of defensive Patriot Missiles in South Korea to strengthen the deterrence on the part of US troops. South Korea's Foreign Minister Han Sung-Joo in his trip to Washington in February 1994 denied a report on this issue by mentioning that such a debate would hamper inducing the North to cooperate with the IAEA. However, North Korea's continuous bogging

attitude forced the deployment into reality, and South Korea merely accepted the US decision by clarifying that these defensive weapons would be deployed at the US Commander's request to his President Clinton, and by stating that South Korea had no plan to purchase them.

### **Debate on Reconsidering the Inter-Korean Denuclearization Agreement**

South Korea's Deputy Prime Minister of Unification Lee Hong-Koo mentioned on 12 May 1994 at a meeting with the Newspaper Editors' Forum that the Denuclearization Agreement between North and South would be nullified if it were to be confirmed that North Korea possessed any number of nuclear bombs. His statement was certainly to send a warning to the North not to go on completing nuclear weapons development, but the quick US response with its worried message to Seoul raised an internal debate among South Korean intellectuals including some policy makers in the government regarding the real state of coalition between Seoul and Washington.

It was understood that the US seemed to pay serious attention to the rising sentiment in Korea to secure its own sovereignty in nuclear issues even though such move represented only a minority sentiment and came out of concern over the potential dismissal of the South in US negotiations with the North.

### **Clarifying North Korea's Previous Record of Nuclear Development**

In the course of coaxing the North to the negotiation table with the IAEA and the US, the Clinton administration moved its point of emphasis from clarifying the past record of Pyongyang's nuclear program to freezing the development, which would be conducive to nonproliferation of nuclear materials and technology to third countries. It can be understood such approach is the inevitable and rational choice to the US, but considering South



Korea's sensitivity to any level of nuclear capacity in the North, Seoul cannot underestimate the necessity to clear out the North's previous accomplishment in its nuclear program.

The South Korean government's release of a North Korean defector's report about the North's nuclear capability on 25 July 1994 ignited serious concern on the part of the US and the IAEA as well. Kang Myung-do, who argues he is son-in-law of the DPRK Premier, stated that the North has already completed five nuclear bombs and at the end of this year will be able to add around five more nuclear warheads. The Clinton administration raised suspicion over why the Kim Young Sam government released his report at this critical time when the US is preparing the third round high-level talks in Geneva resuming August 5, and seemed to interpret South Korean attempt to convey a message to the US not to overlook deciphering Pyongyang's previous record on nuclear development.<sup>17</sup> The debate on clarifying the past of North Korea's nuclear program will be a potential area of disaccord between Washington and Seoul in the process of resolving the issue.

### **Supporting the North's Transfer to Light Water Reactors**

Since North Korean negotiators raised the light water reactors (LWR) issue at the second round of the US-DPRK talks in Geneva in July 1993, the issue has come to be included as major agenda in the nuclear discussion. Regardless of why the North regards the issue seriously in resolving the nuclear problem, the US positively interpreted the North's proposal in the sense that the LWR would secure transparency and increase safety.

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17 The US administration seemed skeptical of the Kim Young Sam government's commitment to continue the North-South dialogue. Even though the Kim administration has stressed that the inter-Korean dialogue should be undertaken in parallel with the US-DPRK talks, some incidents in Seoul after North Korea's Kim Il Sung's death did raise some reservations about the South's real intention in this regard.

North Korea has arduously asked the US for a clear and detailed blueprint of how it will support a transfer of its nuclear program to the LWR. And the current state of the matter is that the North prefers to introduce Russian technology together with any package of financial support from the US including any type of international consortium with participation of Japan and South Korea or international financial bodies. The US, facing many domestic constraints regarding legal barriers to technological and financial support on the issue, seemed to be leaning toward accepting the North's proposal. This US attitude ignited concern in the South, which would take only the role of paying the bill without participating in technology, construction, or education of personnel in the North.

South Korea prefers to export the Korean Standard nuclear reactor with around 90% domestic technology support and promotes an active participation in the sense that the project would contribute to making precedents in reconciliation and cooperation between North and South. The issue will be one of the key agenda items in the third round US-DPRK talks in Geneva, and if the US inevitably accepts the North's preferred package without modification, the issue will raise potential disaccord between the US and South Korea.

### **In Search of the Optimal ROK-US Coalition Mechanism in Resolving North Korea's Nuclear Problem**

In wrestling with North Korea's nuclear problem the US and South Korea could confirm that the coalition between the two governments had solid ground to launch a harmonized approach to the issue, but some potential disaccord is inevitable coming out of basic differences in security perception regarding the threat from the North. How can two allies set the optimal

mechanism in the course of resolving the nuclear stalemate, probably a most serious challenge in the post-Cold War era?<sup>18</sup>

First of all, North Korea's nuclear problem was raised in the context of the Korean Triangle consisting of the US and North and South Korea, and the potential solution can be found in this framework. Considering the North's clear intention to improve relations with the US by ruling out the South, the US and South Korea based on solid coalition should try to persuade the North Korean leadership that such an attempt is an illusion.

On the other hand, we should shrewdly reexamine the effectiveness and limits of the US-ROK coalition. There is a clear starting point for this coalition in that the two governments share the common goal of denuclearization of the Korean peninsula and of hindering proliferation to other regions. However, the positions of the two governments from time to time have been different on some issues regarding the nuclear problem—South Korea has legitimate concerns that she cannot easily join the US drive to sanctions against the North nor easily forsake diplomatic solutions to resolve the nuclear issue by peaceful means.

In order to find a breakthrough in inter-Korean dialogue in the course of discussing the nuclear problem, the US should be perceived by the North as a "bad guy" playing the role of emphasizing the principle and norms by which the international community is abiding, and South Korea can take the role of "good guy" to stress to the US flexibility in its dealing with the North by providing some concrete inducement package to improve relations between North and South Korea. But unfortunately, such role sharing has been working in reverse.

Secondly, the nuclear issue is surely on the international agenda. Any South Korean unilateral role or attempt can only be from the outset very limited, and South Korea should not

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18 Jeong Woo Kil, "The US-DPRK Relations and South Korea: Past, Present and Future," (in Korean) presented to the conference hosted by the Research Institute for National Unification, 1 April 1994, pp. 27-31.

overlook this solemn reality. However, the US government also has its limit to resolve the problem by itself.

South Korea should pay close attention to the role of neighboring countries including the PRC, Japan and Russia in resolving this nuclear problem. In addition to relying on the US attempt to persuade the regional countries to play positive roles in the game, South Korea should perform its own responsibility in this regard. Among other things, such attempt should start with Seoul's serious understanding of the PRC's perception of the North's nuclear issue and the Chinese goal for the Korean peninsula regarding the future of North Korea and inter-Korean relations.

The so-called international cooperative mechanism should be provided with some sense of direction in its operation. One shared goal in dealing with North Korea is how to lead the Pyongyang regime to soft ground by inducing it to head towards opening and reform, even gradually and slightly, and to lead to the change of its system.

Thirdly, when we consider the duality of the nuclear issue, of the inter-Korean issue and the international one as well, Koreanization of the Korean question might be possible only when we seriously understand the international aspect of the issue. In this regard, strict linkage of the inter-Korean dialogue to the process of the US-DPRK talks might backfire and negatively affect peaceful resolution of the issue. In the current situation that there cannot be found any breakthrough in the nuclear deadlock, the US-DPRK talks will undoubtedly be a most important forum to seek a breakthrough. South Korea had better start discussions with the US about the major agenda to be raised in the US-DPRK dialogue that might directly or indirectly affect the US-ROK coalition, such as the LWR, a peace treaty, Team Spirit military exercise, cooperation on energy support for the North, and arms reduction issues, etc.

Fourth, instead of worrying about the speed of improving relations between Washington and Pyongyang, South Korea

should seek means to intervene actively and constructively as the US makes its blueprint for normalization of relations with the North. Both US and ROK administrations lost precious opportunities to coordinate policies when they were inaugurated early last year and the North Korean nuclear problem suddenly came up. Kim Il Sung's death currently provides a new opportunity again for Washington and Seoul to launch serious discussions about the framework and mid- and long-term plan how to coax North Korea to follow the optimal path to stabilize the peninsula and secure peace in the region, and ultimately to search for peaceful unification on South Korean terms.

Domestic configurations in Washington and Seoul have led the two administrations to seek a harmonized path in making policies toward the North. And both new governments became vulnerable to domestic criticism from vested-interest political camps and the media. Especially South Korea should pay more keen attention to balance some of the extreme views of opinion leaders in the US by conveying clear and reasonable messages to them that will relieve the Clinton administration from the burden and to initiate a more comprehensive and concrete solution in the course of resolving North Korea's nuclear problem.

Finally, North Korea's nuclear problem will not be easily or quickly be resolved considering the North's clear intention to go nuclear for the sake of safeguarding its regime and system survival. Therefore, South Korea should find ways within the broader context of long-term policy regarding inter-Korean relations. The combined approach of sticks and carrots might be the inevitable option to South Korea; neither the stick-only policy nor the appeasement policy without sense of direction will be desirable.

Some items of Pyongyang's request as compensation to be cooperative with the international community are ultimately induce the North to join the civilized society and to gradually open up its self-imposed isolationist regime even though it might

think it could handle smartly to escape from complexity of its problems. And if South Korea has a clear understanding that without change of North Korea's system any meaningful dialogue between North and South will not be possible, then the South has no reason to oppose any attempt of the neighboring countries to seek measures to affect the North to follow the positive path for opening and reform. When South Korea sets the blueprint for the future of the Korean peninsula and gradually implements concrete steps within this legitimate plan, the entire international community will surely support the South's endeavor in approaching peaceful unification.

## PRC-DPRK Relations and the Nuclear Issue

Yinhay Ahn

Uncertainty once again prevails over Northeast Asia as the North-South Korean summit that was anticipated to sound the final note of the Cold-War era failed to take place following the sudden death of Kim Il Sung. It has come to be our burden that a fresh framework is now required in accordance with the development of a new power structure in North Korea.

Though the post-Cold War era is acknowledged as a global trend, Northeast Asia is still considered far from stable, and the role of China at this juncture has become even more significant.<sup>1</sup> Chinese leadership always insists that "China hopes for peace and stability on the Korean Peninsula." But how would China suggest that we break this impasse, especially regarding the North Korean nuclear issue?

There have been incessant predictions of an outbreak of war on the peninsula; the American media has reported so rashly the possibility that the ROK government complained to Washington. Former US President Carter's visit to Pyongyang,<sup>2</sup> however, led

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1 Amos A. Jordan, "Coping with the North Korea Nuclear Weapons Problem," *Pacific Forum CSIS* (Honolulu, Hawaii), November 1993; Ralph A. Cossa, "China and Northeast Asia: What Lies Ahead?," *Pacific Forum CSIS* (Honolulu, Hawaii), February 1994.

2 Liaoning Ribao reported that Carter would be able to relay the following

to some rapid progress in negotiations regarding the inter-Korean summit. After Kim Il Sung's death, North Korea and the US now agree upon diplomatic representation in each other's capitals and reduction of barriers to trade and investment as moves toward full normalization of political and economic relations.<sup>3</sup>

In which context can such an unpredicted change be fit into the transforming order in Northeast Asia? As Professor Samuel Kim puts it, China cannot be ignored in the conflict-management process of the UN Security Council; China is part of both the "world-order problem" and the "world-order solution."<sup>4</sup> Today, the United States enjoys sole superpower status, but no major issue in the Asia-Pacific region can be managed without at least tacit Chinese cooperation. Through a course of estrangement and reconciliation, China-US relations since their normalization in 1972 have been regarded as fragile.<sup>5</sup> It has explicitly affected to the solution of North Korean issue.

To understand the Chinese perception on North Korea overall as well as pertaining to the nuclear issue, the actor's self-image and its view of the outside world must be known; without this, it is hard to analyze any nation's foreign policy.<sup>6</sup>

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messages from North Korea: (1) The US should not press forward steadily and threaten to impose sanctions against the other side at every turn; (2) Although the DPRK threatens to withdraw from the IAEA, it has not done so. For the US to keep applying pressure will force it to withdraw from the nuclear nonproliferation treaty. Conversely, if the talks run smoothly, Pyongyang may cancel its withdrawal from the IAEA. 4 June 1994: "Commentary on North Korea's Withdrawal from IAEA" *FBIS-CHI-94-116*, 16 June 1994 p. 8; *Xinhua*, 17 June 1994: "Xinhua Reports on Carter's DPRK Trip" *FBIS-CHI-94-117*, 17 June 1994 p. 7.

3 *Korea Herald*, 14 August 1994.

4 Samuel S. Kim, "China and the World in Theory and Practice," *China and the World: Chinese Foreign Relations in the Post-Cold War Era* (Westview Press, 1994), pp. 3-41.

5 See Harry Harding, *A Fragile Relationship: The United States and China since 1972* (Washington: The Brookings Institution, 1992).

6 See application of perception theory to Chinese foreign policy, David Shambaugh, *Beautiful Imperialist: China Perceives America, 1972-1990* (Princeton, NJ: Princeton University Press, 1991); Allan S. Whiting, *China Eyes Japan*



A change in belief and perception does not necessarily result in a change of foreign policy; rather, policy shifts often take place for pragmatic reasons without prior changes in perceptions or persuasion.<sup>7</sup> Even though China did agree to a normalized relationship with South Korea for pragmatic Chinese national interest, China has tried to prevent visible discrepancies with North Korea, which could be a fatal loss towards the management of her periphery—especially Tibet, Xinjiang and Inner Mongolia.

This paper argues that the PRC-DPRK relationship and the North Korean nuclear issue cannot be understood simply within their mutual relationship but rather within the framework of Beijing-Washington-Pyongyang relations.

What is the basic Chinese perception, and its rationale, of North Korea's nuclear issue? Regarding the future of the North-east Asian order, what is the position of China as the sole nuclear-possessing country in the region? What are Pyongyang's views on Beijing's relationship with Washington and with Seoul? How could the PRC-DPRK relationship be explained in this context? The paper deals, in light of Beijing-Pyongyang relations, with some considerations we need to bear in mind to help resolve the North Korean nuclear problem.

### China's Perspective

The North Korean nuclear issue should be interpreted in the framework of PRC-US relations, which in turn will help us understand the Chinese perspective. What is China's *rationale* in resolving the nuclear problem? How does China define its relationship with North Korea, on its *periphery*? How should we

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(Berkeley: University of California Press, 1989); and Gilbert Rozman, *The Chinese Debate About Soviet Socialism, 1978–1985* (Princeton University Press, 1987).

7 See Ernst Haas, "Collective Learning: Some Theoretical Speculations," in George W. Breslauer and Philip E. Tetlock, eds., *Learning in U.S. and Soviet Foreign Policy* (Boulder, CO: Westview Press, 1991), pp. 62–99.

understand *Chinese ambition* in the struggle to maintain regional hegemony against the new US-led order in East Asia?

### Rationale

Stability and peace in the region are China's two major targets to enable it to carry out its four modernization program; Chinese leadership insists upon "sincerity and unswerving effort toward this dual objective."<sup>8</sup> It is in the Chinese national interest to favor peaceful means of resolving the nuclear problem and to oppose any forceful measures. The Chinese perspective on the North Korean nuclear issue abides within a behavior-centered framework,<sup>9</sup> as an aggregate of purposeful external actions or the behavior of other international actors in the pursuit of certain interests. China thus sees the issues on the peninsula as being resolved not only between the two Koreas but also between China and the United States.<sup>10</sup> The Chinese argue it is not good to compel a country to submit by applying strong pressure: "The crucial issues are US policy and Clinton's attitude."<sup>11</sup>

In general, China doubts the nuclear development capability of the DPRK, and considers the issue as Pyongyang's playing card to boost its own international status<sup>12</sup> and to break out of its isolation.<sup>13</sup> China understands the North Korean objective as

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8 "Xinhua Reports on Carter's DPRK Trip," *FBIS-CHI-94-117*, 17 June 1994, p. 8.

9 Samuel S. Kim, *China and the World*, pp. 16-21.

10 Jong Chong-mun, *Dong-A Ilbo*, 6 July 1994.

11 "Commentary on North Korea's Withdrawal from IAEA," *FBIS-CHI-94-116*, 16 June 1994 p. 7.

12 *Ibid.*

13 "Daily Reports PRC to Send 85,000 Troops If War breaks Out," *FBIS-CHI-94-070*, 12 April 1994 p. 4.

an effort to improve its relationship with the United States and Japan<sup>14</sup> because its national power is "too poor."<sup>15</sup>

### Periphery

China regards US pressure on North Korea over the nuclear issue as a challenge to its periphery as well as to its alliance. Also, the Chinese insist that after the Cold War and Soviet dissolution, nuclear proliferation has now become inevitable, "a hidden peril facing world peace."<sup>16</sup> And, undoubtedly, China has requested that North Korea abide by IAEA regulations and continue talks with Seoul for denuclearization of the Korean peninsula.

China, however, argues that sanctions will have no effect on Pyongyang. First, its self-reliant economy is not dependent upon foreign markets; North Korea has been under economic sanction from the West since 1953 yet its economy has remained intact.

Second, sanctions against North Korea would have a negative effect on the open-minded among North Korean leaders. It would weaken their positions and the consequence would be contrary to the original objective of inducing reform and opening.<sup>17</sup>

Third, of the US\$890 million worth of PRC-DPRK trade volume approximately US\$700 million takes place with the three northern provinces of Jilin, Liaoning and Heilongjiang, and the Chinese central government lacks control over these local areas.

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14 Liaoning Ribao reported on 4 June 1994 that North Korea wants to raise funds from the United States and Japan even when buying a light water reactor. "The DPRK is Incapable of Producing Bombs," *FBIS-CHI-94-116*, 16 June 1994, p. 7.

15 "Daily Reports PRC to Send 85,000 Troops If War Breaks Out," *FBIS-CHI-94-070*, 12 April 1994, p. 4. "Spokesman Voices Opposition to Sanctions against DPRK," *FBIS-CHI-94-112*, 10 June 1994, p. 1.

16 Takung Pao, "The World Faces a Crisis of Nuclear Proliferation," *FBIS-CHI-94-118*, 20 June 1994.

17 Yinhay Ahn, "Elite Politics and Policy Making in North Korea: A Policy Tendency Analysis," *The Korean Journal of National Unification*, RINU, Vol. 2, 1993, pp. 63-84.

Moreover it would be impossible to impose sanctions upon the China–North Korea boundary trade that takes place in the area of the Aprok and Tumen Rivers.

Therefore China maintains that neither threats nor pressure will work, that a constructive attitude and comprehensively expounded position should be adopted to continue the dialogue and seek an appropriate solution; the four parties, the US, IAEA, DPRK and ROK, should iron out their differences and resolve problems through talks within a tripartite framework.<sup>18</sup> China justifies its position by saying that its relationship with Pyongyang is still intimate, but that North Korea has implemented equidistance diplomacy toward China, sticks to its Juche self-reliance, and will not submit to foreign pressure—including Chinese.

Should sanctions be imposed on North Korea, China worries about a brink of confrontation.<sup>19</sup> It would only increase the ambiguity of North Korea's nuclear development project and make transparency all but impossible to guarantee. The DPRK would confront foreign pressure even more strongly and tension on the peninsula would intensify beyond limit.

In the context of the national minority problem in China and the PRC's relationship with the nations on its periphery, such perception is easy to understand. The collapse of North Korea would directly and intolerably affect China's periphery area—Tibet, Xinjiang and Inner Mongolia.

### **Ambition**

China and the United States have complementary economies, possess a common desire for stability and peace in Asia and share the same interests for the global environment. The relationship

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18 *Renmin Ribao*, 15 June 94; "Commentary Urges Dialogue in DPRK Nuclear Crisis," *FBIS-CHI-94-117*, 17 June 1994, p. 8.

19 *Zhongguo Xinwen She*, *FBIS-CHI-94-112*, 10 June 1994, p. 1.

between the two countries, however, which at the same time have different ideologies, political and economic systems, levels of development, and geopolitical positions, contains elements of both cooperation and competition in almost every dimension.<sup>20</sup>

China opposes the restructuring of the Northeast Asian order under the initiative of the United States, such that the Party leadership wants to revise its policy toward the United States. Hu Jintao insists that the US at present considers the PRC its main rival, that it is interfering with and subverting the Chinese government and strangling economic development. He says, "While facing hegemonism, power politics, and the aggressive anti-China strategy pursued by the United States, we have no room for any choices. We must sternly and explicitly tell the United States, and declare to the world also, that the normalization and development of relations between China and the United States can only be made on the basis of the two joint communique signed by the two governments."<sup>21</sup> This position was revealed in the negative Chinese attitude at the US-hosted APEC meeting in November 1993.<sup>22</sup> Moreover, comparing ROK President Kim Young Sam's and Jiang Jimin's schedules after the Seattle meeting we can explicitly see China's consideration of the socialist countries; President Kim Young Sam held a summit with President Clinton in Washington while Jiang Jimin met with

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20 Harry Harding, pp. 358-61.

21 Cheng Ming published an article in June 1993 saying that one hundred generals had submitted a petition to Deng Xiaoping. *FBIS-CHI-94-087*, 5 May 1994; *Xinhua*, 10 June: "Qian Qichen Views International Situation, Foreign Policy," *FBIS-CHI-94-112*, 18 June 1994; *Ta Kung Pao*, 7 June 1994: "Cooperation with China in World Trend," *FBIS-CHI-94-110*, 8 June 1994, p. 4; *Renmin Ribao*, 16 May: "Interviews with Hou Zhitong and Lou Zhitong," *FBIS-CHI-94-098*, 20 May 1994; *Fazhi Ribao*, 22 June: Li Zerui, "Can New Concept of Sovereignty Legalize Interference in Internal Affairs?" *FBIS-CHI-93-126*, 2 July 1993.

22 China was reported to have taken an active role at the meeting but sympathized more with the ASEAN. Considering the uncomfortable relationship with the United States, it may be accurate to view Jiang Jemin's participation more as an opportunity for a summit with Clinton than as active participation in APEC.

Fidel Castro in Cuba—the first Chinese head of state to visit Cuba since Castro seized power in 1959. This could only be a signal that China will no means abandon too easily its socialist alliance with Pyongyang.

China demonstrates deep apprehension over the possibility that the DPRK will arm itself with nuclear weapons. China, the sole nuclear-armed country in Northeast Asia, realizes that North Korean nuclear development would proliferate to South Korea and Japan, and that China would lose its status. Beijing has also argued that nuclear armament on the part of either Korea would hinder the process of unification.

The Chinese keep in mind that Russian acceptance of the South Korean policy towards North Korea is the reason for its loss of influence over Pyongyang. This explicitly implies that China will take North Korea's demands into consideration in order to maintain an equidistant diplomacy with Pyongyang and Seoul. Even after the death of Kim Il Sung,<sup>23</sup> China now promises a favorable stance toward Pyongyang by rendering immediate and firm support for Kim Jong-il. In order to exert influence over Northeast Asia China would not allow a solely American-led order in the region.

### North Korea's Perspective

What are the North Korean *rationale* of its nuclear weapon development project? How can we understand the *ambivalence* of the North Korean nuclear card in maximizing nuclear ambiguity by showing its will to develop nuclear weapons for security and enhancement of economic cooperation? An attempt is made to shed light on the North Korean perspective by examining the perception on the part of North Korean leadership on opening policy as a *survival strategy*.

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23 China had advised that, given his charismatic influence over the North Korean residents, it would have been easier and more desirable for the two Koreas to unite while Kim Il Sung was still alive.

### **Rationale**

North Korea's ultimate goal is to consolidate the Kim Jong-il system and at the same time overcome its economic crisis. Among possible alternatives for North Korea to maintain its regime in the face of the collapse of the socialist countries and severe economic difficulties, the most efficient method turned out to be the nuclear choice. Under the growing economic gap, it is fully aware how frivolous would be continued competition with the ROK over conventional weapons. Military support from Russia and China is no longer guaranteed. The objectives of Kim Il Sung's nuclear development strategy have been to conduct direct talks with the US and to gain support for conversion to light-water reactors, economic cooperation and normalization. North Korea may well take advantage of the tensions resulting from the nuclear issue to consolidate its system through internal coercive apparatus. With the advent of the Kim Jong-il regime, however, the North Korean leadership has changed its perception from the previous "stability over improved relations" to "improved relations over stability."

### **Ambivalence**

In the process of nuclear negotiations between the DPRK and the US, it is clear that Pyongyang's intention is to exclude Seoul. And by stepping up the ambiguity Pyongyang has played its nuclear card quite effectively in dealing with Washington.<sup>24</sup>

How does North Korea see the American intentions towards this nuclear development project, invoking such ambivalence?

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24 See, Alexander Y. Mansourov, "North Korean Decision Making Processes Regarding the Nuclear Issue," prepared for the Northeast Asia Peace and Security Network managed by Nautilus Institute for Security and Sustainable Development, Berkeley, California, May 1994.

First, Pyongyang insists that in the post-Cold War era the United States needed an excuse to maintain hegemony in the Asia-Pacific region.<sup>25</sup>

Second, the domestic political factors of the United States could be grouped into the Cold-War and the post-Cold War eras. The Department of Defense had more influence on international affairs during the Cold War than did the Department of State. Now, however, the situation is reversed, so the Defense Department cooked up a military issue to secure its status and its budget. North Korea's rebuke is that this was reflected in the Gulf war in the Middle East and the nuclear issue in Northeast Asia.

As conflict was prolonged between the two departments, the State Department under the support of Arnold Kanter began to promote an improvement of the inter-Korean relationship in order to maintain the initiative in the restructuring of the world order. From November 1991, however, the inter-Korean talks deteriorated and the relationship degenerated sharply when the American commander stationed in South Korea ordered the reopening of the Team Spirit military exercise on 31 May 1992.<sup>26</sup>

Under such circumstances and in tandem with the collapse of the Soviet Union and the Eastern European socialist regimes, North Korea considered the PRC-ROK normalization in August 1992 a severe threat to the stability of its regime. It stimulated keenly the North Korean motive to accelerate the development of nuclear weapons. Pyongyang has been planning nuclear projects since 1963 when its ties soured with the Soviet Union. North Korea insists that the hawkishness of the Defense Department to maintain hegemony over the dovish State Department pushed North Korea to go for nuclear power.

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25 Hu Jintao, *FBIS-CHI-94-087*, 5 May 1994.

26 *Hankook Ilbo*, 1 June 1992.



As a setback in March 1993 the DPRK declared it would withdraw from the NPT.<sup>27</sup> The North Koreans claim that the testimony of IAEA Director General Hans Blix in front of a US Congress subcommittee and the announcement to reopen the Team Spirit exercise were measures taken by the Defense Department. The sequence of US initiatives made North Korea feel the nuclear inspections were unfair, which supplied an excuse to withdraw.

At the US-ROK summit held on 23 November 1993 Kim Young Sam and Bill Clinton agreed that South Korea should take the initiative in the resolution of the nuclear issue, the exchange of special envoys, and the right to decide whether and when to hold Team Spirit military exercises. That, however, was quite contrary to the North Korean intentions to raise its own international status through direct US-DPRK talks. The agreement reached during the US-ROK summit together with irreconcilable differences of interest between the two Koreas created negative vibrations towards resolution of the nuclear problem, as well as the inter-Korean relationship.

These events deepened North Korean distrust of the US and South Korea and heightened Pyongyang's ambivalent sentiment. Pyongyang adheres to direct talks with Washington to achieve its dual goals of maintaining the regime and overcoming economic crisis by playing with nuclear card. Such strategy on the part of North Korean leadership was also to satisfy the ambivalent stance of having to negotiate with the antagonistic US imperialists in order to sustain its regime.

### **Survival**

After the sudden death of his father, Kim Jong-il faces having to reinforce political and ideological propaganda, and social control, in order to prevent identity crisis and social disintegration.

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27 *New York Times*, 13 March 1993.

It must also solve its economic crisis to preclude agitation among the people and compensate for the problem of father-to-son power succession and Kim Jong-il's lack of charisma. Since 1973 Kim Il Sung had taken significant measures in domestic as well as international affairs to solidify Kim Jong-il's power succession. The rehabilitation of Kim Young-joo to a government position at the sixth session of the Ninth Supreme People's Assembly held from 9–11 December 1993 provided Kim Jong-il a firm stance with the patron group consisting of relatives as a bulwark. In the twenty-first plenum of the Sixth Party Central Committee meeting held in December 1993 as well as in the New Year Address for 1994, Kim Il Sung set the priority on agriculture, light industry and trade. On 18 June 1994 in conference with Jimmy Carter, Kim Il Sung also opened a road to solve the nuclear issue through dialogue by proposing continuation of the third round of the US-DPRK high-level talks and an inter-Korean summit.

Under the Kim Jong-il system, pro-opening groups of technobureaucrats will rise in power in the Party, government and the military, and this is expected to facilitate North Korea's open door policy. They will seek limited economic opening policy of development by adopting an active model for the Rajin and Sunbong areas as free economic and trade zones, and establishing the Shineuijoo and Nampo areas as special economic zones.<sup>28</sup> North Korea, however, can well be trusted to try to evade the burden of any threats to the regime that might accompany a fullscope economic reform policy.

For system survival favorable relationships with China, the US, Japan, and Russia will also be required. Pyongyang keeps firm ties with Beijing in order to rearrange domestic policy to stabilize the Kim Jong-il regime and to seek moderation of the international pressure and gain recognition from international

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28 *Korea Herald*, 24 July 1994.

society. Kim Jong-il could thus extend trade relations and bolster a secure fuel and food supply from China,

To avert international pressure on its nuclear development project and to foster external conditions favorable to implementation of an economic open-door policy, it is critical that North Korea speed up the improvement of its relationship with the United States. Such urgency after the death of Kim Il Sung made possible the rapid progress of the third round of DPRK-US high-level talks. For North Korea, renouncement of the nuclear development project is a risky option for the maintenance of the regime, but it will not be easy to find an alternative.

As there is progress in the resolution of the nuclear issue, North Korea will seek negotiations for normalization with Japan, which has been put on hold since their eighth working level conference in November 1992. North Korea will attempt to achieve tangible results in economic development by introducing Japanese capital and technology. If the reparation issue can be resolved fairly, it will certainly be conducive to overcoming the economic crisis.

North Korea will also promote its relationship with Russia to facilitate economic ties, asking for transfer of Russian technology; relations between the two countries are expanding for mutual benefit. Russia has recently suggested that a Russian-type nuclear reactor be installed in North Korea with South Korean and Japanese funding.<sup>29</sup>

The newly launched Kim Jong-il regime is seeking adjustments in domestic and foreign policy. If the North Korean intention to wield leverage against the world with its nuclear card game emerges successful in terms both of justification and of utility for the very survival of the regime, then Kim Jong-il will be able to maintain system stability.

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29 *Korea Herald*, 29 August 1994.

## China and North Korean Relations

Despite their relations of *estrangement* after the PRC-ROK normalization, what is the underlying motive for the *reconciliation* of PRC-DPRK relations? What is the reason for China and North Korea to pursue *strategic ties* to uphold the socialist system? These questions are analyzed with special focus on the nuclear issue.

### Estrangement

After normalization between Beijing and Seoul on 24 August 1992, Pyongyang-Beijing relations deteriorated visibly—especially North Korean sentiment against China.<sup>30</sup> Upon President Roh Tae-woo's visit to China on 27 September 1992 North Korea denounced China as "the apostate and the traitor who succumbed before the imperialists. Reinforcing the anti-imperialist struggle is the fundamental requirement to accomplish the fulfillment of socialism."<sup>31</sup> As Russia declared it would cease offering military support, China reduced its military assistance to North Korea and revised the Immediate Military Intervention phrase in its Military Alliance Treaty with North Korea.<sup>32</sup> China said it would not comply with any North Korean demand for military support except for defensive purposes.<sup>33</sup>

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30 In an address given on 25 August, the day after, Kim Il Sung said that "we cannot trust the Russians, and the Chinese are beginning to be untrustworthy. Therefore, the people should have trust in me, and to do so, they should rely on Kim Il Sung's Juche Thought, the spiritual nuclear bomb, and on the material nuclear bomb" (the nuclear bomb-in-development and the Rodong-3 missile). It is reported that Kim Il Sung commented on the address that "it is best to be silent in the PRC-DPRK relationship." *Shin Bao*, 7 May 1993, quoted from the *Segye Times*, 8 May 1993).

31 *Chung-ang Media*, Pyongyang, 27 September 1992.

32 *Jing Bao*, June 1993.

33 *International Herald Tribune*, 13 April 1993.

In 1993 the Chinese sent delegates to neither Kim Jong-il's nor Kim Il Sung's birthdays, and not even to the North Korean Military Foundation Day.<sup>34</sup> On the event of the North Korea declaration of withdrawal from the NPT in March 1993, the PRC-DPRK relationship again became touchy over resolution of the nuclear issue.

### Reconciliation

China had learned already the lesson that disintegrating relations with North Korea would not benefit Chinese national interests for economic modernization.<sup>35</sup> In April 1993 Russia declared it would maintain relations with North Korea, pursuing a balanced diplomacy between North and South Korea. Accordingly, a high Russian official who visited Seoul implicitly expressed Moscow's attempts to influence Pyongyang by relaying Russia's decision to curtail the oil and weapon supply to Pyongyang.<sup>36</sup>

For the memorial day of the Korean War the Chinese People's Liberation Army headquarters explained why China had been involved in the Korean War: not because North Korea was part of the socialist alliance, but it is "on the Chinese periphery."<sup>37</sup>

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34 Although large-scale Chinese delegations led by Yang San-kyun visited Pyongyang on the occasion of Kim Il Sung's eightieth birthday (15 April 1992), no such visit was made at his eighty-first. In contrast, Qian Qi Chen, the Chinese Minister of Foreign Affairs made the first official visit to South Korea (26–28 May 1993), and negotiations went on for a summit between the two countries.

35 This is clearly spoken in the administrative report made by Prime Minister Li Peng at the first plenum of the People's Congress held on 15 March 1993 right after Deng Xiaoping's Nansun Jianghua (18 January to 21 February 1992). See Yinhay Ahn, "Power Elites and Policy Competition in China," *Korean Political Science Review*, Vol. 26, No. 2, 1992, pp. 325–44.

36 Russian Vice Minister of Foreign Affairs, Kolkomov announced on 29 April 1993 that a normal relationship would be maintained with North Korea, but no further ideological considerations would be given to Pyongyang.

37 In a meeting with Kou Mei Tou Chairman Ishida in Japan, Jiang Jimin, the Party General Secretary, said that despite friendly PRC-DPRK relationship as war

This served as a pointed reminder to Washington and Seoul that now after the Cold War even if it does not maintain a socialist military alliance China will not dismantle Beijing-Pyongyang relations. Here was affirmation that China could be expected to continue its periphery diplomacy regarding North Korea.

China sent Hu Jin Tao, a member of the politburo and leader of the next generation, and in the same age bracket as Kim Jong-il, together with Minister of Defense Chi Hao Tian, to North Korea. (27 July 1993)<sup>38</sup> This would help North Korea solidify close relations with China after the Kim Il Sung era. Indirectly it also signaled the Chinese will to guarantee Kim Jong-il's system after his father's death. Prime Minister Li Peng publicly declared support for the Kim Il Sung-Kim Jong-il succession, and Chi Hao Tian announced that fears of North Korean nuclear weapons development were exaggerated. (9 September 1993) China insisted that if economic sanctions against North Korea were attempted in the UN Security Council, China would not support the decision.

In 1994 the relationship between China and North Korea has reconciled so closely that it has expanded to military support. China promised to send a ground army of 85,000 troops to North Korea if war were to break out on the Korean peninsula, and to provide credit assistance for such as food and energy if UN economic sanctions are effected.<sup>39</sup> Such an agreement between China and North Korea was discussed between the key leaders of the North Korean Party and government who visited China in early June and the relevant high-level officials of the Chinese

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comrades in the June 25 Korean war, it was not of alliance relations. *Trend of North Korea*, National Unification Board, October 1991, p. 147.

38 Hu Jin Tao said that "the Chinese party, government, and people support all the efforts made by the Korean party. The traditional Sino-Korean friendship will, under the kind attention of the leaders of both countries, surely be continuously consolidated and developed in the new period." *FBIS-CHI-93-114*, 29 July 1993.

39 Western diplomatic sources in Hong Kong said on 11 June 1994. *Chosun Ilbo*, 12 June 1994, in *FBIS-CHI-94-113*, 13 June 1994, p. 4.

Party and army. The final agreement was reached during the visit by Choe Kwang, chief of the General Staff of the DPRK army, to China on 7 June 1994. In return for Chinese support, North Korea has proposed that it will grant China the right to use its East Sea ports, and that it will provide materials such as nonferrous metals and cement. Again China emphasized opposition against sanctions to North Korea.<sup>40</sup> It implies that even though China and North Korea may not continue their socialist alliance, China will support the North Korean system.<sup>41</sup> In this way China was saying that they have done as much as possible for their comrades in Pyongyang for reconciliation.

### Strategic Ties

For the complimentary relationship between North Korea (for system security) and China (for its Four Modernizations) stability and peace in Northeast Asia is of utmost importance. China as one of the permanent members of the UN Security Council has helped North Korea to avoid UN sanctions and open direct talks with the United States. By consistently arguing for the principle that the nuclear issue must be resolved through dialogue, China has built up Pyongyang's dependency upon Beijing.

Such development of the PRC-DPRK relationship coincides with the Chinese perspective of the ideal Northeast Asian order. Perhaps the most significant of remarks from Chinese leadership has been that in the process of resolving issues related to China, Chinese sovereignty and the national pride of the Chinese people

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40 "Qian Qichen Views International Situation, Foreign Policy," *FBIS-CHI-94-112*, 10 June 1994, p. 1; "China's Opposition to Sanctions against North Korea," *FBIS-CHI-94-117*, 17 June 1994, p. 8.

41 Although publicly China always defers the problem on the principle of "Koreanization of the Korean Issue," Jiang Jiming did remark recently to Japanese Premier Hosokawa at the November 1993 APEC meeting that China does, indeed, have influence in Pyongyang, and promised to use such influence in a positive direction.

should never be compromised.<sup>42</sup> China wants to protect North Korea as its peripheral state, and to exclude excessive US influence in the region. This mood is well reflected in the Sino-American relationship. For example, in June 1993 China severely denounced as an act of internal intervention the US intention to link renewal of the most-favored-nation status with Chinese human rights issues.

Although it may be difficult to return to strategic relations of the past against the former Soviet Union, the Sino-American relationship under the Clinton Administration is now to develop into a new phase of reconciliation based on the realistic interests of the two countries under the new international order. The human rights issue<sup>43</sup> and trade imbalance<sup>44</sup> that have been having negative influence on the relationship are gradually calming down. By extending MFN status to China for one more year Washington showed some flexibility in light of Chinese endeavors for reform and opening and their socialist- to market-economy transformation.<sup>45</sup> Even so, China refused to succumb

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42 For an example, Jiang Jemin, in his address on the "Centennial Celebration of the Birth of Mao Zedung," delivered on 26 December 1993, reiterated his emphasis that "From the Opium war to the present, the objective of the Chinese people has been to realize national independence, unification, democracy and national prosperity. We therefore strongly oppose the politics of hegemony and naked force." Jiang Jemin, "Ideological Reinforcement of in the Centennial Celebration of the Birth of Mao Zedung," *Renmin Ribao*, 27 December 1993.

43 Just before the renewal of MFN in May 1994, China had taken partial measures corresponding to the US demands such as the release of some leading dissidents arrested in the Tianamen Incident in June 1989.

44 Since 1990 China has been active in its attempts to resolve trade frictions by dispatching large-scale inspection delegates to gain US support towards extending the MFN status, as well as in affiliating with the GATT. For the Chinese policy guideline toward the United States, see Wei Zhengyan, "China's Diplomacy in 1993," *Beijing Review*, 17-24 January 1994, pp. 10-15; David Bachman, "China in 1993: Dissolution, Frenzy, and/or Breakthrough?" *Asian Survey*, Vol. XXXIV, No. 1, January 1994, pp. 37-40.

45 Barbara Rudolf, "Status Seeking," *Time International*, 31 May 1993, pp. 14-16; Susumu Awanohara, "Breathing Space: Clinton Delays on Conditions to China's MFN Renewal" *Far Eastern Economic Review*, 10 June 1993, p. 13.



to US demands for marked improvement in human rights, ethnic problems in Tibet, and the trade imbalance—arguing that such demands represent “internal intervention” and “infringement upon sovereignty.”<sup>46</sup> As the Clinton Administration decided to withdraw its linkage policy, China welcomed the conciliatory action in terms of strengthening Sino-American economic ties.<sup>47</sup> However, strong criticism emerged that the US should have not renounced the linkage between the extension of MFN status, that it should have been linked to the North Korean nuclear issue.<sup>48</sup> As the past clandestine Beijing-Washington relationship cannot be restored, their future relationship ought to be based on the realistic interests of both countries.<sup>49</sup>

In this context China maintains strategic ties with North Korea. The DPRK dependency on China will definitely increase as it becomes more and more isolated from the international community.<sup>50</sup> It is inevitable for Kim Jong-il to rely upon China for practical aid, and Pyongyang and Beijing share a mutual understanding on this matter.<sup>51</sup> Pyongyang must achieve economic development: economic growth went down five percent and shortages of electric power, fuel and food were very serious

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46 *Renmin Ribao*, 17 March and 29 May 1994; Lincoln Kaye, “No Stop to Uncle Sam: Beijing Gives a Frosty Reception to Christopher,” *Far Eastern Economic Review*, 24 March 1994, pp. 18–20; “China 1, America 0,” *The Economist*, 19 March 1994, pp. 33–32; Marguerite Johnson, “Good Cop, Bad Cop: A Crackdown on Dissidents Creates a Human Rights Uproar on the Eve of Christopher’s Visit,” *Time International*, 14 March 1994.

47 *Renmin Ribao*, 28 May 1994.

48 Qimao Chen, “New Approaches in China’s Foreign Policy: The Post–Cold War Era,” *Asian Survey*, Vol. XXXIII, No. 3 (March 1993), pp. 248–51.

49 Harry Harding, 1992, pp. 358–61.

50 On the day when Kim Il Sung died, North Korea informed and consulted with China before any other country.

51 “North Korea’s Future in the Post–Kim Il Sung Era,” *Nejabishimaya Gajeta*, Russia, 3 August 1994, quoted from *Kookmin Ilbo*, 4 August 1994.

by 1993.<sup>52</sup> Moreover, as it is forced to respond to the human rights issues raised by international organizations,<sup>53</sup> more and more will North Korea seek strong ties with China, which would never want the collapse of the North Korean system.

Such PRC-DPRK relations are based on the strategic ties sharing mutual interest towards that intervening factor, the United States. China's perspective on the North Korean nuclear issue, in particular, cannot be separated from its relationships with the US. Such a framework will be conducive in prospecting factors of estrangement and reconciliation in the PRC-DPRK relationship.

China understands Russia's loss of influence on North Korea as Moscow's accordance with Seoul policy toward Pyongyang. This implies that Beijing will maintain an equidistance diplomacy toward both North and South Korea.

## Conclusion

The coincidence of strategic interests for North Korea who needs China's support for survival in the face of the Soviet and East-bloc collapse, and for China trying to prevent the predomination of US initiatives in the Northeast Asian region, creates harmony through estrangement and conciliation.

First, based on its position as the major nuclear-possessing country and economic power it achieved over the past fifteen years, China is seeking extended influence in the Northeast Asian region. While competing with the United States, the sole superpower, China perceives that maintaining influence upon North Korea, its periphery state, will definitely be conducive to

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52 Accordingly, North Korea is continuing a ration system and it is reported that a laborer is supplied with 600 grams of rice daily per person, and even rice is limited to thirty percent of daily supply. *Ibid.*

53 The UN Human rights committee published its report on the human rights in Korea, and President Kim Young Sam is putting efforts to realize the return of kidnapped South Koreans through Amnesty International. August 1994.

the stability and peace in the region that is crucial to China's ambitious economic development.

Second, while North Korea has been playing the nuclear game to maintain the Kim Jong-il regime and overcome economic crisis, inevitably it will depend for economic support upon China, adjacent to DPRK territory and a member of the UN Security Council. North Korea will stand ambivalent with its counterparts in a package-deal solution that demands US support for a light-water-reactor project and full normalization of relations. Pyongyang perceives that maintaining a reconciliatory mood with the Western countries and Japan, with Chinese support even after the death of Kim Il Sung, will be vital to the survival of the Kim Jong-il regime.

Third, the PRC-DPRK relationship that had deteriorated since the PRC-ROK normalization has now promoted strategic ties. Chinese leaders are reinforcing relations with Kim Jong-il and rendering full support to the North Korean regime. The package deal for the nuclear issue negotiation proceeding in the third round of US-DPRK talks will not be resolved completely until all North Korean justification and utility have been fulfilled by means of the nuclear card. The relationship between China and North Korea should progress in terms of improving bilateral economic cooperation, reducing tensions on the Korean peninsula, bolstering security, and respecting the NPT.

China seems to be satisfied that the North Korean nuclear issue is being resolved through the DPRK-US agreement (13 August 1994), in a way that Beijing has consistently urged. China, however, should not indulge in its own interest of expanding influence in the Northeast Asian region. China should rather look forward to the twenty-first century, in which it must seek prosperity of the region as a whole, as well as stability and peace through Korean unification.

빈 면

## Korea-US Security Relations in Transition

Tae-Hwan Kwak

**T**he United States has reassessed its strategic-security needs and interests in Northeast Asia for the post-Cold War era. In the spring of 1990 the US and ROK governments agreed to a three-phase plan for US troop reduction and gradual withdrawal from Korea. In the meantime, in order to establish a peace system on the peninsula in this changing world North and South Korea agreed to discuss arms control and disarmament issues.

The Democratic People's Republic of Korea (DPRK or North Korea) has slowly been adjusting to a rapidly changing global security environment, while the Republic of Korea (ROK or South Korea) is quickly adapting to changing security relations between itself and the US, demonstrating a flexible and pragmatic approach to the US troop withdrawal issue.

The purposes of this paper are: (1) to evaluate the new roles of US forces in Korea in the new international security environment in the 1990s, (2) to analyze the North Korean nuclear issue, a major obstacle to the peace process on the Korean peninsula that may delay the implementation of the US force reduction plan, and (3) to offer some policy suggestions regarding the future of Korea-US security relations under the Clinton administration.

The author argues three major points about Korea-US security cooperation in the post-Cold War world:

First, US forces in Korea can play a new role in arms control and peace negotiations with North Korea, and the US troop reduction and withdrawal issue could continue to be used as a *political bargaining chip* in arms control negotiations with the North.

Second, the ROK and US governments could work together to create favorable conditions to help Seoul and Pyongyang sincerely implement their "Basic Agreement" and provisions of the inter-Korean Joint Declaration of a Nonnuclear Korean Peninsula (the "Joint Declaration on Denuclearization").

Third, the inter-Korean security dilemma could be resolved by realizing a "Koreanization of security," on the peninsula through inter-Korean military cooperation.

The Clinton administration could open a new chapter in ROK-US security cooperation based on a mature partnership and mutual interests. Thus, the ROK needs to be prepared for anticipated changes in US security policy in the near future. Let us now turn to American firm commitment to the defense of South Korea.

### **US Commitment to the Security of the Republic of Korea**

ROK security has for the more than forty years since the end of the Korean war been heavily dependent upon a firm US commitment. Thanks to the American commitment to South Korea's security under the US-ROK Mutual Defense Treaty of 1954, which has provided a stable, credible deterrence against North Korea, there has not been another war on the Korean peninsula.

The 1954 US-ROK Mutual Defense Treaty has been a cornerstone of US-South Korean security relations, whereby the US is firmly committed to the defense of South Korea by continuing to maintain the presence of its 35,000 troops. South Korea is the

only place in the world where US forces are kept at DEFCON 4 (Defense Readiness Condition Four), one level above normal.<sup>1</sup>

It was reported that by 1991 a few hundred tactical nuclear weapons were stationed in Korea.<sup>2</sup> President Roh Tae Woo announced in December 1991 that US tactical nuclear weapons were not present in Korea. Because of the American NCND policy (neither confirm nor deny the existence of nuclear weapons), it is not easy to verify this information. However, North Korea argues that there still exist US nuclear weapons in Korea.<sup>3</sup> It was argued that the presence of nuclear weapons in South Korea served as deterrence against another North Korean attack, but the Center for Defense Information concluded in 1990 that "US nuclear weapons in Korea serve no military function today and could be returned to the US for storage."<sup>4</sup>

Some argued that war-fighting capabilities on the peninsula could be adequately maintained with ROK forces supported by the US Air Force in Korea. If conventional deterrence failed and tactical nuclear weapons were to be used on Korean soil, the fallout from them would devastate the Korean people as well as Korea's neighbors including Russia, China and Japan. In this case, the use of nuclear weapons in Korea could endanger the survival of the Korean nation. It was argued that nuclear weapons have outlived their usefulness in the post-Cold War era, and that the withdrawal of nuclear weapons from Korea was in its

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1 William Arkin and Richard Fieldhouse, *Nuclear Battlefields* (Cambridge, MA: Ballinger, 1985), p. 120.

2 Ibid., pp. 120-21 and p. 231; Peter Hayes, *Pacific Powderkeg: American Nuclear Dilemmas in Korea* (Lexington, MA: Lexington Books, 1991), p. 102; House Appropriations Committee, *Military Construction Appropriations for 1987*, Pt. 5., (Washington, DC: 1986), p. 216.

3 *Pyongyang Times*, October 10, 1992. For how North Korea sees deployment of US troops and nuclear arms in South Korea, a US nuclear forward base, see *Pyongyang Times*, 11 November 1989.

4 "Mission Accomplished in Korea: Bringing US Troops Home," *Defense Monitor*, Vol. XIX, No. 2 (1990), p. 8.

best long-term interests. Thus, the ROK government agreed to their removal.

The military justification for the continued presence of US ground forces in Korea has been questioned in view of the changing international security environment in the post-Cold War era, and the changing policies of China and Russia toward the US, Japan and South Korea. Moreover, some have contended that South Korea could defend itself against a North Korean attack because Seoul and Pyongyang now appear to maintain a strategic equivalence, although the ROK still relies heavily on US intelligence units stationed in Korea. Military justification for keeping US ground troops in Korea is thus weakened, although North Korea's ground forces are numerically superior. However, the official rationale for the continued presence of US ground forces in Korea is primarily political and psychological; their very presence symbolizes firm American determination to fulfill a defense commitment to South Korea in the event of another war.

Under the fast-changing post-Cold War international security climate of the 1990s, the US decided on a gradual troop reduction plan based upon certain international and domestic factors and assumptions:

First, the United States is obliged to leave the two Koreas to solve the Korean dilemma by Koreans themselves without interference.

Second, a gradual, partial reduction and withdrawal of US forces in Korea would probably not invite a new war in Korea, and anyway Russian or Chinese military intervention in a conflict would appear extremely unlikely because it would not serve their post-Cold War interests.

Third, such an American troop reduction would not threaten the balance of power in Northeast Asia. Since South and North Korea appear to be maintaining their strategic balance on the peninsula, it is unlikely that North Korea would, to any of its advantage, strike first. Furthermore, the changing international



security environment together with the North's economic stagnation makes it more difficult for Pyongyang to decide to strike first against South Korea even if it so intended, because it simply has no capability to win.

Fourth, North and South Korea signed and effectuated the Agreement on Reconciliation, Nonaggression, Exchanges and Cooperation (the North-South Basic Agreement) and their Joint Declaration on Denuclearization. The two sides need to strive together to implement these agreements for the sake of peace and reunification.

Fifth, the domestic mandate to cut the defense budget and pare down the US deficit will inevitably lead to a reduction of American forces in Korea.

The author argued in 1988 that the Seoul government had to consider serious long-term strategic planning for US troop withdrawal and engage in earnest discussions with Washington. In short, he suggested that the ROK needed to realize "Koreanization of security" on the Korean peninsula by improving and normalizing relations with North Korea in the 1990s.<sup>5</sup> The rationale is rooted in South Korea's national capabilities: the economy is far stronger than that of North Korea, and an essential strategic equivalence between the North and the South appears finally to have been achieved.<sup>6</sup> Thus, this strategic planning would obviously require a new adjustment to the ROK-US security relationship.

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5 See Tae-Hwan Kwak, "ROK National Security in the 1990s," *Korean Journal of International Studies*, Vol. XIX, No. 3 (1988); also, Tae-Hwan Kwak, "Korea-US Security Relations in the 1990s: A Creative Adjustment," *Korean Journal of Defense Analysis*, Vol. 1, No. 2 (Winter 1989).

6 Tae-Hwan Kwak, "Military Capabilities of South and North Korea: A Comparative Study," *Asian Perspective*, Vol. 14, No. 1 (Spring-Summer, 1990).

### **East Asia Strategic Initiative: Implementation of the Three-phase US Force Reduction-Withdrawal Plan**

The US and South Korea agreed to a gradual, partial reduction of US troops and a readjustment in US-Korea security relations for the 1990s. In February 1990 in Seoul, Defense Secretary Richard Cheney and ROK Defense Minister Lee Sang Hoon discussed US-Korea security cooperation and agreed, in principle, on some significant points.<sup>7</sup> First, South Korea accepted in principle the gradual withdrawal of some 5,000–6,000 noncombatants from US forces in Korea. In January 1990 Washington announced that it would close three of its five air bases in South Korea and withdraw about 2,000 air force support personnel by 1992.

Second, both sides agreed that the American capacity would gradually change from its leading role to one of support, while South Korea would assume more leadership—including the eventual command of key units of the Combined Forces Command (CFC). The ROK would prepare to take over operational control of its own armed forces during peacetime, with the US resuming command if war broke out.

Third, they agreed that South Korea would contribute more to US defense expenses. The US suggested that South Korea should double its \$300 million in annual direct contributions to the \$2.4 billion costs of maintaining its troops in Korea, and they agreed to work out the details and hard numbers of the proposed new arrangements later.

The detailed agreements between the US and South Korea were disclosed in a required report to US Congress in April 1990, in which the Department of Defense announced the East Asian

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7 *New York Times*, 15 February 1990; *Los Angeles Times*, 16 February 1990; *Washington Post*, 24 February 1990; *Korea Newsreview*, 3 and 10 February 1990.

Strategic Initiative (EASI) timetable for a planned US troop reduction and withdrawal from Korea:<sup>8</sup>

*Phase I—1 to 3 Years (1990–1992):* The United Nations Command must be retained, essentially in its present form. During this phase, the US will reduce administrative overhead and phase out units whose mission can be assumed by the South Korean forces. By 1992, the US will cut back about 7,000 personnel, including 2,000 air force and about 5,000 ground force personnel. These reductions are based on steady improvements in South Korean defense capabilities.

*Phase II—3 to 5 Years (1993–1995):* During Phase I, the US will reexamine the North Korean threat, evaluate the effects of changes in Phase I, and establish new objectives for Phase II. A restructuring of the US Second Infantry Division will be considered at this point. An additional withdrawal of the Second Infantry Division will be considered in terms of the state of North-South relations and further improvements in ROK military capabilities. According to the Department of Defense report presented in July 1992 to Congress, entitled *A Strategic Framework for the Asian Pacific Rim*, which is a revision of the initial East Asian Strategic Initiative prepared in April 1990, by the end of phase II in December 1995, minimum US forces in Korea would include the Second Infantry Division with a strength of one mechanized and one combat aviation brigade, and the US Seventh Air Force, with an equivalent strength of one tactical fighter wing.

*Phase III—5 to 10 Years (1996–2000):* If the earlier phases were successfully completed, South Koreans should be ready to take the leading role in their own defense. During this phase, fewer

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8 US Department of Defense, *A Strategic Framework for the Asian Pacific Rim: Looking toward the 21st Century* (Washington, DC: Dept. of Defense, 18 April 1990), pp. 15–17.

US forces would be required to maintain deterrence on the Korean peninsula.

The US government spelled out three specific bilateral security objectives in this report: to deter North Korean aggression or to defeat it if deterrence fails; to reduce political-military tensions on the Korean peninsula by encouraging inter-Korean talks and the institution of a confidence-building-measures regime; and to change the role of US forces in Korea from a leading to a supporting role, including some force reductions.<sup>9</sup> These objectives indicate a clear and firm American commitment to the security of the Republic of Korea in the 1990s.

Additional troop withdrawal during Phases II and III will depend on the peace process on the peninsula as well as on improvements in ROK military capabilities. It appears that unless South and North Korea establish a durable peace between themselves, US forces in Korea will remain even after the year 2000.

Let us take a closer look at the implementation process in phases I and II of the East Asian Strategic Initiative.

#### **Agreements at the 22nd SCM in 1990**

The Twenty-second Security Consultative Meeting (SCM) between the US and the ROK was held in Washington on 13–15 November 1990. A variety of important topics were discussed including Team Spirit, proposed cost-sharing of maintaining US forces in Korea, moving the US Eighth Army compound out of Seoul, pricing issues for the Korean Fighter Program, future reduction of the American military presence in Korea, a shift in operational control over the combined forces and the dispatch of medical military supplies to the multinational force in the

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9 Ibid., p. 15. See also, *A Strategic Framework for the Asian Pacific Rim: Report to Congress 1992* (Washington: 1992), pp. 18–21.

Persian Gulf. Among mutually agreed items, the three important ones are discussed here.<sup>10</sup>

First, the two sides reaffirmed their commitment to the maintenance of peace and stability on the Korean peninsula. American plans to reduce the US military presence by 5,000 ground and 2,000 air force personnel do not indicate any change in the close and long-standing security relationship between the two allies. Both sides reaffirmed that any future reduction or readjustment of US forces in Korea should be made gradually and in a phased manner after a careful evaluation of the changing Northeast security environment in and around the Korean peninsula.

Second, it was agreed that by 1992 Korean generals would take over the two posts of commander of the UN Command Ground Component Command and top representative of the UNC Military Armistice Commission. Since the Korean War, American generals have held these positions, and a four-star US general is still commander-in-chief of the ROK-US Combined Forces Command (ROK-US CFC). The agreement heralded a reduced role of the US ground force stationed in Korea and also reflected the process of the ongoing inter-Korean talks.

Third, they agreed that South Korea would increase its direct contribution to the cost of maintaining the US forces stationed in Korea. Seoul would pay \$150 million for 1991 share of defense burden, compared to \$70 million for direct contribution in 1990.

In accordance with US-ROK bilateral agreements, the United Nations Command appointed a South Korean army general as chief delegate at the Military Armistice Commission talks at Panmunjom in March 1991. The appointment of Major Gen. Hwang Won Tak as senior delegate provided more authority and responsibility to South Korea in defending itself against the North. North Korea refused to accept Gen. Hwang's credentials by arguing that a South Korean military delegate cannot repre-

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<sup>10</sup> See also *Korea Herald*, 16 and 17 November 1990.

sent the UN Command as the South refused to sign the 1953 Armistice Agreement.<sup>11</sup> The US, however, maintains that anyone appointed by the UN Command can represent the UN.

#### **Agreements at the 23rd SCM in 1991**

The Twenty-third US-ROK Security Consultative Meeting was held in Seoul in November 1991. The two sides discussed several important topics, including Team Spirit, cost sharing, North Korean nuclear arms development, and future US troop reductions.

The nuclear development issue was a hot item. Both governments agreed to postpone any further reduction of US forces in Phase II so long as North Korea refuses to drop its nuclear arms program. In Phase I of the three-stage troop reduction plan in the Nunn-Warner Report, 7,000 out of 43,000 US troops would be pulled out by early 1993, and in Phase II then 6,000 to 7,000 more were to have been withdrawn from Korea between 1993 and 1995.

Both governments agreed to consider bringing in Patriot defense missiles against the threat of Scud missiles from North Korea. They signed the agreement of the Wartime Host Nation Support, and agreed that South Korea would provide \$180 million to help maintain the US forces in FY1992, up \$30 million from the 1992 contribution, which totaled \$2.62 billion.

South Korea and the US also agreed that they would maintain a military alliance after the year 2000, even after eventual unification of the Korean peninsula. They also agreed to name a South Korean four-star general to head the ROK-US CFC Ground Component command by late 1993.<sup>12</sup>

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11 *Korea Herald*, 25 March 1991.

12 *Korea Newsreview*, 30 November 1991.

### **Agreements at the 24th SCM in 1992**

The Twenty-fourth Security Consultative Meeting in Washington on 7–8 October 1992 continued discussion of cost sharing, North Korea's nuclear program, and further US troop reductions. It was reaffirmed that peace and stability on the Korean peninsula are vital to American security.

Several significant developments at this SCM should be noted. First, the US and the ROK agreed to continue to delay the second phase of US troop reduction in Korea, by another 6,500 US troops, originally scheduled for 1993–1995, until suspicion of North Korea's nuclear weapons development disappears.

Second, both sides reaffirmed that the US will continue to provide a nuclear umbrella for South Korea.

Third, the two sides agreed that the ROK would before the end of 1994 take over from the US side peacetime operational control of the South Korean combat forces. The commander of the Combined Forces Command, an American four-star general, has exercised peacetime operational control over most of the Korean troops since November 1978. The ROK government wanted an earlier transfer but the US side reacted negatively. The Korean Joint Chiefs of Staff chairman will exercise operational control over Korean combat forces in peacetime, while in time of war the CFC commander, a US general, will command both the Korean and US forces in Korea to take responsibility for the defense of the South.

Fourth, it was not completely settled whether to resume the ROK-US joint military exercises Team Spirit '93, but they did agree to continue preparations for it in case North-South bilateral nuclear inspections did not occur.

Fifth, both sides agreed that a "flexible deterrence option" would be used at the point of war in Korea to deter a North Korean invasion. Flexible deterrence is a new strategic concept that enables rapid deployment of combat forces, centering on the US air forces and navy, to be dispatched to Korea prior to a war

to deter a North Korean assault whenever signs of attack might be detected.<sup>13</sup>

Sixth, South Korea agreed to increase both its financial support for the US troops in Korea to \$220 million in 1993, \$40 million more than 1992, as well as its Won-based defense-sharing contribution, to one-third of the Won-based costs of stationing US forces in Korea by 1995.

North Korea's response to Team Spirit '93, which both the US and South Korea "agreed in principle" to resume, was indeed hostile, and the DPRK government sent to the South and the US a fierce message that the resumption of Team Spirit '93 "is a criminal act to intentionally create difficulties in the way of the implementation of the North-South agreement."<sup>14</sup>

#### **The Clinton Administration's New Defense Plan and the 25th SCM in 1993**

For six months the Clinton administration reviewed American military needs and defense strategy in the post-Cold War world, and unveiled a new defense plan in early September 1993 for cutting the armed forces and for being able to fight more than one of any new regional wars simultaneously. The new defense plan in the Report on the Bottom-up Review would cut troop strengths to 1.4 million and perhaps lower, from a current total of 1.7 million, thereby keeping about 100,000 troops in Europe and 100,000 in Asia for foreseeable future. Some highlights of a new defense plan include the following features:<sup>15</sup>

1. Continue development of the air force F-22 stealth fighter, but cancel the navy's planned FX attack jet while upgrad-

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13 *Korea Newsreview*, 7 October 1992. For the joint communique of 24th ROK-US SCM, see *Korea Herald*, 9 October 1992.

14 *Pyongyang Times*, 17 October 1992.

15 For further details, see Les Aspin, *Report on the Bottom-Up Review* (US DoD, October 1993).



ing current navy F-18 attack planes. Stop construction of air force F-16 fighters next year.

2. Maintain a force of twelve aircraft carriers, including one training carrier, and have General Dynamics Corporation build a third billion-dollar Seawolf attack submarine.
3. Reduce the size of the current fleet of 450 warships to about 340 by the turn of the century.
4. Cut the number of active army divisions from 14 to 10 and active and reserve air force fighter wings from 28 to 20.
5. Modify B-2 stealth bombers and swing-wing B-1 bombers, built to drop nuclear weapons on the former Soviet Union, to carry conventional and highly accurate "smart" bombs and missiles.

Defense Secretary Les Aspin and General Colin Powell, the Chairman of the Joint Chiefs of Staff, said that to carry out the "win-win strategy" of fighting two nearly simultaneous non-nuclear conflicts with fewer forces, the Clinton administration made plans to store enough weapons and equipment for several army brigades at various overseas locations for use in the Persian Gulf or a conflict in Korea, and to spend more money on precision-guided missiles and bombs and to buy more ships for transporting troops and equipment.<sup>16</sup>

The US will maintain the number of troops in Japan and South Korea at their current level of one hundred thousand. Aspin said in his Report on the Bottom-Up Review that "our commitment to South Korea's security remains undiminished as demonstrated by the one US Army division consisting of two brigades and one wing of US Air Force combat aircraft we have stationed there." He also said:

In light of the continuing threat of aggression from North Korea, we have frozen our troop levels in South Korea and are modernizing South Korean and American forces on the peninsula. We

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16 *New York Times*, 2 September 1993.

are also exploring the possibility of prepositioning more military equipment in South Korea to increase our crisis-response capability. While plans call for the eventual withdrawal of one of our two Army brigades from South Korea, President Clinton recently reiterated that our troops will stay in South Korea as long as its people want and need us there.<sup>17</sup>

The Twenty-fifth ROK-US SCM was held on 24 November in Seoul. The US agreed to transfer peacetime operational control of the Korean armed forces, which now belongs to the commander of the ROK-US CFC, to the Korean side by the first day of December 1994. In the future, the Korean military will take a greater initiative in ensuring security on the Korean peninsula, with US forces in Korea playing more of a supporting role. It was reconfirmed by both sides that the flexible deterrence option will be used in case of war in Korea to deter an invasion from North Korea. The ROK government agreed to increase its financial support for US forces in Korea to \$260 million in 1994, up another \$40 million from the 1993 contribution of \$220 million.

The two countries agreed not to decide yet whether to suspend Team Spirit in 1994, but said they probably would if North Korea shows a dramatic change in its nuclear policy and returns to the Nuclear Nonproliferation Treaty (NPT), accepts IAEA terms for international inspections and implements the inter-Korean Joint Declaration of a Nonnuclear Korean Peninsula (the "Joint Declaration on Denuclearization").<sup>18</sup>

### **The New Military Operation Plan for South Korea's Defense**

What is the US-ROK joint military strategy for repulsing an attack? Since North Korean forces are deployed close to the demilitarized zone, the ROK-US CFC may have as little as 24 to 76 hours warning.

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17 Aspin, p. 23.

18 *Korea Newsreview*, 6 November 1993, pp. 7-8.

American military authorities estimate that the North Korean military strategy in the event of a war would be to try to seize all of South Korea before US reinforcements arrive. The new operation plan for the defense of the ROK developed by Gen. Robert W. Riscassi, the previous commander of US forces in Korea, and refined by his successor Gen. Gary E. Luck emphasizes an aggressive counteroffensive strategy instead of static defenses.<sup>19</sup> According to the five-phased plan, the US-ROK combined forces would (1) try to slow the North Korean ground attack north of Seoul, (2) buy time while US reinforcements arrive, (3) repulse the North Korean forces, (4) cross the DMZ and march to Pyongyang, and (5) occupy the North Korean capital.

The new plan provides for a counteroffensive strategy intended to seize Pyongyang and try to overthrow the government in the event of North Korean preemptive attack on the South. Under this ROK-US CFC Operation Plan 5027, in the event of a war on the Korean peninsula the US-ROK forces would take Pyongyang in two weeks.<sup>20</sup>

### **North Korea's Changing Perception of US Forces in Korea**

North Korea has officially and consistently maintained that the presence of US troops in Korea is the basic obstacle to inter-Korean dialogue and Korean reunification. Pyongyang's demand for US troop withdrawal has never changed in principle. Nevertheless, in recent years there have been significant signals of change in the North's perception of the American military presence.

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19 See Michael R. Gordon and David E. Sanger, "North Korea's Huge Military Spurs New Strategy in South," *New York Times*, 6 February 1994.

20 See Kim Dang, "CFC OPLAN 5027," *Sisa Journal*, No. 218 (30 December 1993), pp. 24-27.

In view of changing domestic and international environments it has become imperative for South Korea to take a new look into the role of US troops in Korea and to pursue a new security policy toward Pyongyang. In other words, neither a status quo policy favoring permanent presence of the US troops in Korea nor an anti-status quo policy calling for their unconditional and immediate withdrawal would be conducive to the peace process on the peninsula.

It should be pointed out that North Korea also agreed to a phased withdrawal of US forces from Korea. North Korea wants a step-by-step, but complete, withdrawal of US forces for achieving national reunification.

Why has North Korea been calling for a complete withdrawal? It appears to have been linked to two assumptions, one that a complete withdrawal of US forces could contribute to the demise of the Seoul government, which would lead to a "South Korean revolution," thereby creating a sympathetic government in Seoul. This is why the North argues that the presence of US troops is the basic obstacle to Korean reunification. Pyongyang also believed that former North Korean President Kim Il Sung's Democratic Confederal Republic of Koryo unification formula could be achieved with the complete withdrawal of US forces. If these assumptions were accurate, one could understand Pyongyang's insistence. In reality, however, even if US forces were to be withdrawn, the North Korean regime is keenly aware that under the present international environment reunification cannot be achieved on its own terms.

In the meantime, Pyongyang has been using the US troop withdrawal issue for effective domestic and international propaganda. Domestically the Kim Il Sung regime used it over the past forty-five years of his autocratic rule to generate political stability and legitimacy. Internationally, the issue has also been used as a tool to enhance his status as a leader of the anti-imperialist movement in the Third world. In the South, Kim also appealed

to some radical students and progressive forces as an anti-American hero.

If and when US forces are completely withdrawn from Korea, the regime may face serious problems of justifying its rule and legitimacy in North Korea, because it has used the presence of US troops to justify its forty-five-year rule. Furthermore, if US troops are not present it may be afraid that Seoul might attempt to use force to unify the peninsula. If this analysis is acceptable, then the demand for the complete US troop withdrawal would appear to be nothing but political propaganda.

Since the end of the Gulf War, Kim Il Sung may have thought about the needs of the continued presence of US troops in Korea because he wanted domestic stability in the North and peaceful transition of power to his son, Jong-il. He might have even concluded that the presence of US troops in South Korea would continue to serve his regime's interests best by contributing to the stability of the upcoming Kim Jong-il system.

Kim Yong-sun, Korean Workers' Party Secretary for International Affairs, formally told the US in January 1992 that North Korea would accept the continued stationing of US forces in Korea and that after the two Koreas were reunified it would allow them to be withdrawn gradually.<sup>21</sup>

Li Sam-ro, an adviser to North Korea's Disarmament and Peace Institute, made a statement in Hawaii in June 1992:

If it is impossible for the US forces to leave South Korea right now, they may leave in stages until Korea is unified in a federated form. After reunification, foreign troops should withdraw and North and South should complete arms reduction so that they cannot attack each other.<sup>22</sup>

In sum, since it is not unreasonable to conclude that the Northern regime's interests would be best served by the presence

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21 *Korea Herald*, 7 July 1992.

22 *Ibid.*, 28 June 1992.

of US troops stationed the South, and it does not really want their complete withdrawal in any near future. Whether this analysis is correct or incorrect, the issue could be still used as a political bargaining chip in the negotiations with Pyongyang. The important point is that the US troop withdrawal issue needs to be used as an effective policy instrument to achieve American policy goals toward North Korea.<sup>23</sup>

### **North Korea's Nuclear Arms Development Program as Key Obstacle to the Peace Process on the Korean peninsula**

The US believed that the presence of nuclear weapons in the South had acted as a deterrent to a nuclear threat by the former Soviet Union and China. It is American nuclear policy that the two Koreas must not join the ranks of the nuclear powers, because North Korean acquisition of nuclear weapons could prompt Japan also to become a nuclear power. The late President Park Chung Hee announced on several occasions that South Korea could and would produce its own nuclear weapons if necessary to defend its own security. After President Park did embark on an indigenous nuclear program in the 1970s, in anticipation of US troop withdrawal from South Korea, the Carter administration pressured him to abandon it and promised a firm US security commitment to the South.<sup>23</sup>

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23 It is reported that Carter's decision to cancel his planned withdrawal of the US ground forces from South Korea was closely related to Park's renunciation of a nuclear weapons program. Carter persuaded him to disavow South Korea's nuclear development program in 1978 in exchange for a firm US security commitment to the South. For more details, see Kap-Je Cho, "Bukhan Haeksisul Pagiron [Bombing of the North Korean Nuclear Facilities]," *Wolgan Chosun* (March 1991), pp. 123–25. In 1984–85, Seoul tried, with Canadian assistance, to acquire plutonium extraction technology and produce plutonium from its spent fuel. The attempt was foiled by US objections. See Leonard Spector, *The Undeclared Bomb: The Spread of Nuclear Weapons 1987–1988* (Ballinger, 1988), quoted in *Arms Control Reporter*, 257E1.7.89). Peter Hayes nicely reexamined US nuclear policy in Korea. He said that the US nuclear strategy in Korea originated from its military conflict with North Korea. Whatever the effect on the North, he argued, the US has kept nuclear weapons to reassure the South that it does

Since the US has maintained its NCND policy on the presence of nuclear weapons in Korea, the exact number of nuclear warheads stored in Korea could not be verified. A few hundred tactical nuclear weapons were reportedly stationed in South Korea. The Kunsan air base was known as the storage site for sixty tactical nuclear weapons.<sup>24</sup>

The United States believes that North Korea has the intention and capability to develop nuclear weapons, and argues that Pyongyang's nuclear weapons program will be another obstacle to the peace process on the Korean peninsula and in Northeast Asia. Washington has put direct pressure on North Korea to discontinue its nuclear program and also has asked Japan, China, the Soviet Union and Russia to exercise their influence on North Korea in connection with its nuclear program.

The US government is concerned about the possible export of North Korean nuclear technology, missiles, tanks, and submarines to Third World countries. North Korea has already sold 90 to 100 Scud missiles to Iran and 20 of improved versions of the Scud to Syria.<sup>25</sup> It is also reported that a North Korean cargo ship

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not need its own nuclear weapons. For details, see Hayes, pp. 199–207. For further details of problems relating to the Korean denuclearization, see Tae-Hwan Kwak and Seung-Ho Joo, "The Denuclearization of the Korean Peninsula: Problems and Prospects," *Arms Control*, Vol. 14, No. 2 (August 1993), pp. 65–92.

24 According to Peter Hayes, 60 nuclear gravity bombs were stored in Kunsan in early 1985, and 70 nuclear-tipped artillery shells and 21 atomic demolition munitions were located in South Korea. In addition, US surface ships and submarines have carried Tomahawk sea-launched land-attack nuclear cruise missiles since 1984. For more details about the US nuclear weapons in South Korea, see Hayes, *Pacific Powder keg*, pp. 249–53, pp. 89–103. According to the Natural Resources Defense Council, the US stored about 40 nuclear-tipped shells and 60 nuclear bombs in South Korea. *Washington Post*, 8 November 1991. In contrast, the North Korean government has been claiming that there are more than 1,000 American nuclear weapons in South Korea. *Pyongyang Times*, 3 August 1991. On 10 July 1986, the Pentagon acknowledged its plans to build vaults for nuclear weapons at Kunsan Air Force base in South Korea (*Arms Control Reporter*, 850-1-310.7.86). On 13 November 1986, the Pentagon announced that it would deploy nuclear-capable Lance missiles near the demilitarized zone within a few months (*Arms Control Reporter*, 850-10313.11.86).

25 *New York Times*, 19 November 1991.

suspected of carrying Scud missiles and components arrived at Bandar Abbas in Iran for the second time in March 1992.<sup>26</sup>

President Bush announced on 27 September 1991, that all US land- and sea-based tactical nuclear weapons and US artillery shells deployed in South Korea would be withdrawn.<sup>27</sup> It was reported in November 1991 that air-delivered nuclear weapons deployed on F-16 aircraft also would be withdrawn from Korea.<sup>28</sup> The new US security policy was intended to provide favorable conditions for Pyongyang to abandon its nuclear weapons development program.

Both Seoul and Washington made it clear that discussion about a nonnuclear Korean peninsula would be possible only after Pyongyang opened its nuclear facilities to IAEA inspection. Since around May 1991 the US has closely consulted with South Korea about countermeasures to Pyongyang's nuclear program.<sup>29</sup> Washington called upon Seoul to resolve the North's nuclear issue before concluding the North-South Basic Agreement between the two Koreas, and was unhappy about Seoul's hasty decision to sign it before resolving the nuclear issue.

The US now maintains the position that it will improve relations with North Korea only after Pyongyang implements promptly and fully its commitments under the Joint Declaration on Denuclearization, which means accepting credible and effective North-South bilateral nuclear inspections, including challenge inspections. The first highest-level talks between the US and North Korea in four decades at the under-secretarial level were held on 22 January 1992 in New York. The talks failed to bear fruit because Pyongyang refused to present a concrete

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26 According to US intelligence officials, the final destination of the cargo was Syria. *New York Times*, 18 March 1992.

27 For the text of Bush's announcement, see *New York Times*, 27 September 1991.

28 *New York Times*, 9 November 1991. *Washington Post*, 8 November 1991.

29 *Chosun Ilbo* (New York edition), 17 December 1991.



timetable for nuclear inspection.<sup>30</sup> The US has maintained diplomatic contacts with North Korea in Beijing at the councilor level since late 1988. The American decision to withdraw all tactical nuclear weapons from South Korea was based on the judgment that doing so would not destabilize the military balance in Korea. Many military experts have expressed the view that US nuclear weapons on the peninsula itself would not affect peace and stability one way or the other. William Crowe, former chairman of US Joint Chiefs of Staff, stated:

The actual presence of any nuclear weapons in South Korea is unnecessary to maintain a nuclear umbrella over the ROK. In fact, such a presence would likely become a political football in US-ROK relations over time. Thus, solutions should be found that would lead to the North's accepting full-scope safeguards, the removal of any American nuclear weapons that might be in South Korea, and the establishment of relations between Washington and Pyongyang.<sup>31</sup>

The presence of nuclear weapons in South Korea served well as a deterrence to any further North Korean aggression with Chinese or Soviet support. Without these weapons now, however, it seems that South Korea can maintain war-fighting capabilities with the support of US high-tech conventional weapons and a defensive weapons system such as the Patriot.<sup>32</sup> US nuclear

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30 *New York Times*, 24 January 1992; *Chosun Ilbo* (New York edition), 24 January 1992.

31 William J. Crowe, Jr. and Alan D. Romberg, "Rethinking Pacific Security," *Foreign Affairs* (Spring 1991), pp. 132–34. William Taylor, vice president for international security programs at the US Center for Strategic and International Studies, also argued that US nuclear weapons should be withdrawn from South Korea; see *Kyonghyang Shinmun*, 27 June 1991; *Korea Herald*, 27 June 1991. Robert Scalapino and Kim Kyong Won, former Korean Ambassador to the US, made a joint statement calling for the withdrawal of nuclear weapons from South Korea. *Joong Ang Ilbo*, 13 February 1991, and *Dong-A Ilbo*, 12 February 1991.

32 The author also argues that South Korea enjoys qualitative superiority over North Korea in military weapons and equipment, although the latter has quantitative advantage. See Tae-Hwan Kwak, "Military Capabilities of South

weapons in Korea outlived their usefulness by potentially endangering the survival of the Korean nation as well as the security of its neighbors, including Russia, China, and Japan.

The American decision to withdraw tactical nuclear weapons from Korea was also based on the political judgment that it would promote favorable conditions for inter-Korean dialogue and for the North to accept IAEA inspections. It certainly did facilitate the Agreement on Reconciliation, Nonaggression, Exchanges and Cooperation and the Joint Declaration of a Nonnuclear Korean Peninsula, both made between Seoul and Pyongyang.

The issue of the North Korean nuclear arms development program is an obstacle to the Korean peace process. It is a real threat to the security of the Korean peninsula and the Northeast Asian region. Despite wide publicity on its nuclear capability, North Korea officially denies the intention or capability to make nuclear arms. Nevertheless, the US, South Korea, Japan, and other UN members believe that North Korea is embarking on production of nuclear weapons. Is it? Only a few in Pyongyang can answer.

In December 1985, North Korea signed the NPT. Within 18 months thereafter it should have signed a safeguards agreement with the IAEA for international inspection of its nuclear facilities. Pyongyang finally did sign this agreement on 30 January 1992, six years after signing the NPT. Why? North Korea would not have signed the safeguards accord if it were developing nuclear weapons, which would also directly contradict its declared policy of a nuclear-free Korean peninsula.

North Korea demanded three conditions for signing the safeguards agreement: (1) the US must remove all nuclear weapons from South Korea; (2) the US and the South must agree to allow international inspection of nuclear sites in the South simulta-

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and North Korea: A Comparative Study, *Asian Perspective*, Vol. 14, No. 1 (Spring-Summer, 1990), pp. 113-43.

neously with those in the North; and (3) South Korea must abandon the American nuclear umbrella. If it is true that, as North Korea stated, it has neither intention nor capability to produce a nuclear bomb, why did the North delay signing the safeguards accord? In my opinion, Pyongyang was using the safeguards agreement *as a bargaining chip* in the negotiations with the South and the US to have them meet the three conditions.

Many still believe that the North is developing nuclear weapons in an attempt to improve worldwide prestige and to protect the survival of its political system. Some believe North Korea will go to any means to protect its nuclear weapons program. There are mounting pressures on North Korea. A worldwide trend is moving towards nuclear arms reduction. Nuclear proliferation will not be tolerated. None of the four major powers surrounding the Korean peninsula, the US, Russia, Japan or China, want North Korea to have a nuclear bomb. For economic reasons and for the survival of its regime Pyongyang has been trying to improve relations with Japan, the US and South Korea, and a nuclear weapons program would certainly jeopardize this relationship. Chinese leaders also advised Kim Il Sung during his visit to China in October 1991 to sign this long awaited safeguards agreement.

It is of worldwide concern because nuclear development in North Korea would destabilize the security of the entire Asian Pacific region. Due to mounting international pressures on Pyongyang, it finally signed the safeguards agreement on 30 January 1992. Since the time it ratified the agreement with the IAEA in April 1992, the IAEA conducted six international inspections of seven declared nuclear facilities in North Korea in 1992–93. However, in February 1993, North Korea rebuffed an IAEA request to inspect two sites believed to be storing nuclear waste from plutonium production. Earlier tests of samples given to the IAEA proved that the plutonium and the waste did not match, also suggesting that North Korea has a bigger reprocessing program. According to Western intelligence sources, North

Korea has already separated the seven to twelve kilograms of plutonium needed to make a bomb.<sup>33</sup>

In the meantime, the IAEA requested North Korea to open the two suspected sites for inspection by 25 March 1993. In response Pyongyang announced on 12 March 1993 that it would withdraw from the NPT and renege on its safeguard agreement with the IAEA. The North's decision heightened tensions in inter-Korean relations and in its relations with the US, Japan, and other UN member states. The US and North Korea began to negotiate over the North's nuclear issue at the first stage of US-North Korea high-level talks in New York in June 1993. After four rounds of high-level talks, the US and North Korea finally issued a joint statement on 11 June 1993, that North Korea had decided "unilaterally to suspend as long as it considers necessary the effectuation of its withdrawal" from the NPT.<sup>34</sup>

The second stage of US-North Korea high-level talks was held over July 14-19 in Geneva to resolve the issue. North Korea agreed to hold consultations with the IAEA on its obligations as a signatory of the NPT, and also agreed to improve relations with the South. The US, on the other hand, promised to help North Korea replace its gas-cooled, graphite-moderated reactors with a light-water type.<sup>35</sup>

US President Clinton and ROK President Kim Young Sam at a summit meeting in Washington DC in November 1993 jointly proposed to North Korea that the US and South Korea governments would suspend Team Spirit '94 joint military exercises if North Korea would renew the IAEA's routine inspections and agree to exchange envoys North and South. As soon as

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33 *US News and World Report*, 22 February 1993; *New York Times*, 11 February 1993; Stephen Engelberg and Michael Gordon, "North Korea likely to have developed own atomic bomb, CIA tells President," *New York Times*, 26 December 1993.

34 See *North-South Dialogue in Korea*. No. 58 (Seoul: Office of North-South Dialogue, October 1993), pp. 69-74.

35 *Ibid.*, pp. 79-85.

Pyongyang would accept these two conditions, the third stage of US–North Korea high-level talks would be held to discuss American economic and technical aid including replacement of gas cooled nuclear reactors with light-water ones, and diplomatic normalization of relations between the US and North Korea—in return for the North’s acceptance of special inspections of two suspected nuclear waste sites.<sup>36</sup>

After ten months of painful negotiations over the nuclear issue between the US and North Korea and between the IAEA and North Korea, Pyongyang finally accepted the seven-member IAEA inspection team in early March 1994, to visit seven declared nuclear facilities. North Korea also agreed to inter-Korean talks to discuss the exchange of special envoys between the South and the North. As soon as the IAEA inspection team entered North Korea, the US and ROK governments announced the suspension of the Team Spirit '94. Whether North Korea will sincerely demonstrate good deeds remains to be seen. I believe North Korea will continue playing its nuclear card until achieving its political-military, diplomatic, and economic objectives. On the other hand, Pyongyang clearly understands that if it fails to resolve the nuclear issue, then the US and South Korea have no choice but to bring the issue to the UN Security Council for possible economic sanctions, which may not be in Pyongyang’s best interests.

Following the effectuation of the Joint Declaration on Denuclearization, the inter-Korean Joint Nuclear Control Commission was inaugurated on 19 March 1992. The two Koreas agreed to prepare rules on mutual inter-Korean nuclear inspections by the end of May 1993 at the latest, and conduct mutual inspections within twenty days thereafter. As of this writing, since the first JNCC meeting of 19 March 1992 thirteen commission meetings, nine commission chairmen’s contacts and commission members

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36 *New York Times*, 24 November 1993; *Washington Post*, 23 and 24 November.

contacts were held over more than a year, but they have failed to produce a bilateral inspection regime.

What should and could be done to achieve the nuclear-free zone on the Korean peninsula through sincere implementation of the Joint Declaration on? Needless to say, it is essential that North and South Korea cooperate. A nuclear-free zone in Korea could be realized, first, if Pyongyang would abandon its nuclear weapons development program including nuclear reprocessing and uranium enrichment facilities. At the same time, South Korea also needs to forsake the American nuclear umbrella protection and must eventually agree on the principle of non-transport of nuclear weapons into ports and air bases in South Korea.

One can argue that the North's nuclear weapons development will not only accelerate inter-Korean nuclear arms racing but destabilize Northeast Asia as well, so it would be in Pyongyang's best interest to abandon its nuclear development program.

The US should play an important role in the denuclearization process in cooperation with Russia, China, and Japan to induce North Korea to implement the safeguards agreement with the IAEA in good faith. To lay a basic framework for a nuclear-free zone on the Korean peninsula, the South Korean government should also cooperate with the United States. Washington and Seoul should take advantage of the emerging international security environment to improve their relations with North Korea.

In the long term, the United States, China, and Russia need to consider guaranteeing they will not use their nuclear weapons on the Korean peninsula. The Korean nuclear dilemma can be solved peacefully by Koreans themselves in cooperation with the four major powers concerned with the Korean problem. To realize a nuclear-free Korean peninsula, South and North Korea, first of all, should sincerely implement the provisions of the Joint Declaration on Denuclearization, on the basis of mutual concessions and compromise. If North Korea soon understands that its

nuclear arms development program is a basic obstacle to the inter-Korean peace process, the North will accept the bilateral nuclear inspections. In my view, it would be in the best interest of both North and South Korea to implement in good faith this Joint Declaration.

### Conclusion and Recommendations

The US and the ROK need to continue using the US troop reduction and withdrawal issue as a political leverage in dealing with North Korea, as the author has advocated since 1983.<sup>37</sup> How could this issue be used as a bargaining chip? Both US and ROK authorities could use it as a policy instrument to achieve security and peace on the Korean peninsula along with reduction and gradual withdrawal of US forces in Korea in the 1990s. With the close security cooperation between the US and the ROK, such a policy instrument could be very effective. Hence, US forces in Korea can play a new role as a bargaining chip in arms control negotiations with North Korea. It was a wise decision for the US and the ROK to postpone the removal of the 6,500 troops that had been earmarked for the second phase of the East Asia Strategic Initiative (EASI). This is a good example of using the US troop withdrawal issue as a political bargaining chip in negotiations with North Korea.

In the second phase (1993–95) of the EASI, when the North Korean nuclear issue is resolved, the ROK government needs to be prepared for the anticipated changes in the US troop withdrawal plan, because according to the Clinton administration plan the US would make substantial cuts of troop level in Korea

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37 The author argued for the first time that the US troop withdrawal issue should be used as a *political bargaining chip* in negotiations with North Korea in 1983; see "How to Deal with the Stalemated inter-Korean Dialogue: The Nonzero Sum Formula," paper presented at the Fifth Joint Conference of the Korean Political Science Association and the Association of Korean Political Scientists in North America, 8–10 August 1983, Seoul.

by 1999.<sup>38</sup> If inter-Korean relations improve dramatically, the Second Infantry Division may be withdrawn, perhaps leaving a brigade with support personnel.

It would be in the best interests of both Korea and the US that this phase of the EASI plan not be implemented without significant concessions from North Korea. Pyongyang's faithful implementations of the inter-Korean Basic Agreement and the Joint Denuclearization Declaration are the minimum requirements for significant developments in inter-Korean relations.

It is essential and desirable for South Korea, North Korea and the US to sit down at trilateral talks to reach an agreement in principle on a phased withdrawal of US troops from Korea, in order of importance: (1) US ground troop reductions with a peace treaty between the US and North Korea, (2) complete withdrawal of US ground troops, and (3) after the firm establishment of a peace regime on the Korean peninsula, US air forces. Even after the American ground troops are taken out, the US Air Force should remain for some time to provide a strategic stability on the peninsula. In addition, the American early warning system should remain even longer until the ROK has its own independent warning system.

What about North Korea's nuclear issue? Will the North abandon its nuclear arms development program if it has not yet done so? In my view, Pyongyang will eventually accept an inter-Korean bilateral nuclear inspection regime to implement the denuclearization declaration, which will contribute to firmly rooted institutionalization of peaceful coexistence with South Korea.

The Pyongyang regime needs to show sincere deeds to the world, not just words, by accepting IAEA inspections and inter-Korean bilateral inspections. The North Korean nuclear weapons development program would certainly violate the Joint

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38 For further details, see Aspin, *Report on the Bottom-Up Review*.



Declaration on Denuclearization as well as contradict Kim Il Sung's statement that North Korea will not build a nuclear bomb.

Assuming he remains in power, Kim Jong-il can now unilaterally take his own version of common security-building measures on the Korean peninsula by sincerely implementing the North-South Basic Agreement and the Joint Denuclearization Declaration. If he demonstrates sincere behavior, there will be meaningful and productive developments in inter-Korean relations as well as significant developments in relations between the US and North Korea.

On the other hand, both Seoul and Washington must clearly understand that, in the North Korean view, Team Spirit is also an obstacle to the peace process. The North has made it crystal clear that so long as this joint exercise is taking place there will be no progress in inter-Korean talks. The North's response to the joint US-ROK preparation for Team Spirit '93 was extremely hostile.<sup>39</sup> Hence, Seoul and Washington need to consider permanently suspending US-ROK joint military exercises; the rationale for continuing them gradually weakens in view of the changing political and security environment in Northeast Asia and gradual improvement in inter-Korean relations and US-North Korean relations.

Now is the time for North and South Korea to take into serious consideration the reduction of inter-Korean armed forces to a level of reasonable sufficiency in the post-inter-Korean Basic Agreement era. Both sides need to reduce their military force level for economic reasons. In this post-Cold War era, neither can North Korea afford over 20% of its GNP nor South Korea some 30% of its annual budget for national defense.

The two have yet to agree upon an acceptable formula for arms reduction. Given the rapidly changing international security environment and positive developments in inter-Korean rela-

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39 *Pyongyang Times*, 17 October 1992. For details of the DPRK Foreign Ministry's memo regarding Team Spirit '93, see *Rodong Shinmun*, 29 October 1992.

tions, the author argues that both sides need to consider at least a fifty-percent cut in their military forces. Of course, each will maintain a credible, stable deterrence against the other with reduced troop level and qualitative improvement in modern weapons systems. Realistic arms reduction could better serve the common interests of South and North Korea. Both sides need to implement sincerely the Basic Agreement and the Joint Denuclearization Declaration in order to achieve the Korean reunification.

In the final analysis, what are future prospects of US-ROK security relations under the Clinton administration? What are continuities and the changes in US security policy toward the Korean peninsula? As discussed above, the US commitment to the security of South Korea under the 1954 Mutual Defense Treaty will remain firm and changeless. Nevertheless, some gradual modifications in US security policy can be expected under the Clinton administration if North Korea abandons its nuclear development program. These include: (1) the new US defense plan with deep cuts of US defense spending will have a profound effect on the second phase of EASI; it is expected that there will be an acceleration of US troop reduction in Korea; (2) the ROK will share more of the cost of maintaining US forces in Korea; and (3) when North Korea accepts inter-Korean nuclear inspections and IAEA inspections of suspected nuclear facilities, US-North Korea political-diplomatic relations will dramatically improve.

What should the ROK do to prepare for these modifications in US security policy? The author would recommend the ROK government to take the following measures: (1) South Korean leaders under the Kim Young Sam administration need to change to a new pragmatic thinking in dealing with North Korea. For example, Team Spirit should be suspended in order to promote favorable conditions for continuing the peace process on the peninsula, which will eventually lead to a solution of the nuclear issue. (2) The ROK needs to be prepared for an acceleration of

the US troop reduction plan under the Clinton administration, with a big improvement in diplomatic relations between the US and North Korea. (3) The ROK needs to be prepared to pay for more defense cost sharing; and (4) thus, the ROK's best option would be to achieve "Koreanization of security" by improving and normalizing inter-Korean relations.

Assuming South and North Korea work together to establish a peace system through Koreanization of security on the Korean peninsula, which they must, then the South will no longer need the presence of US forces in Korea. However, neither the US nor Seoul should risk South Korean security by reducing or withdrawing US forces in Korea.

빈 면

## Prospects for Change in North Korea

Byung-chul Koh

**T**he recent standoff between the United States and North Korea, known officially as the Democratic People's Republic of Korea (DPRK), over their suspected nuclear weapons development program demonstrates anew a disturbing fact of international life—that in this increasingly interdependent world a state's capacity to threaten either regional or global peace is not necessarily dependent on its size, wealth, or overall power. The standoff has also underscored the need to understand the motives, "mindsets," and perceptions of the DPRK's policy-making elite.

A key question that intrigues the observers of that enigmatic regime is: Will it change? And if so, in what direction and at what pace? To explore that question further, we need to dwell briefly on the meaning of change. What does "change" mean in relation to North Korea? Two broad categories of change need to be recognized at once: policy change and systemic change. First, change in North Korean policy can occur while the political system remains intact. Second, it is theoretically possible for the political system itself to undergo change.

Policy change and systemic change, it should be stressed, are not totally unrelated. The former can lead to the latter, while the latter will necessarily produce the former. Policy change can take two polar forms: incremental and sweeping. It is sweeping policy change that can pave the way for eventual systemic

change. In contemplating systemic change, we need to consider both its method and direction. As far as the method of systemic change is concerned, it can take either peaceful or violent form. Violent systemic change, in turn, could occur either through a coup d'état or a revolution.

As for the direction of systemic change, two possibilities can be envisaged. First, the current North Korean political system, which can be characterized as a hybrid of Leninism and monarchy, can be more open, on the model of, say, the former Soviet Union under Mikhail Gorbachev. This would mean that while North Korea would remain socialist, it would nonetheless tolerate a greater degree of freedom and pluralistic competition than is the case today.

Alternatively, North Korea may opt for a non-socialist political system on the model of Russia and Eastern Europe today. This would mean the end of monopolistic control by the Workers' Party of Korea (WPK), the emergence of multiple political parties allowed to compete in the political arena without undue restraint, the adoption of capitalist economic institutions and practices, and an effective guarantee of the freedom of the press and of expression.

In the remainder of this article, we shall first examine the independent variables that are likely to affect whether North Korea can or will change and then speculate about possible scenarios, ranging from the status quo to a collapse of the regime. Finally, we shall ponder the implications of the scenarios for the policies of South Korea, the United States and Japan, the three countries who share strategic interests in the future of North Korea.

### **Variables in the Equation**

The independent variables likely to exert the greatest influence on possible change in North Korea, either in the realm of policy or in system, can be divided into two broad categories: internal

and external. Internally, political leadership and economic performance will hold the key to the question. Externally, the policies and actions of North Korea's principal rival, the Republic of Korea (ROK), and the four powers surrounding the Korean Peninsula—the United States, Japan, China, and Russia—will be pivotal.

Perhaps the single most important independent variable is political leadership, that is, the top policy-makers in North Korea.

From its inception in 1948, of course, until July 1994 the DPRK had known only one supreme ruler—Kim Il Sung, who until his recent death concurrently held the posts of General Secretary of the WPK and President of the DPRK. Even though until the last moment Kim Il Sung probably did have the final say on key policy issues, Kim Jong Il appeared already to have taken over the running of the country. To have characterized their respective roles as “reigning” and “ruling,” however, was not entirely accurate. They shared power, with the son's portion having grown steadily. The unique political succession in the North—that is, unique for a putatively socialist state—is closely linked to the question at hand: will North Korea change and, if so, how?

One way in which political succession is likely to impinge on the question may be this: Given its unusual nature, the hereditary succession necessitates legitimization, which in turn requires not only political indoctrination but also performance on the part of the successor-designate. He must demonstrate his fitness to inherit the mantle of the “Great Leader” by producing tangible results that benefit the people whom he would lead. Tangible results, of which the most important is the improvement in the standard of living, in turn require change in economic policy; openness and reform may become all but indispensable.

Implicit in the preceding reasoning is the Rational Actor Model, which may not be applicable to North Korea, particularly to Kim Jong Il. If the views he has articulated reflect his true

convictions and, more important, if they can be postulated to affect North Korean policy, then the probability of openness and reform in the North must be rated rather low. In none of the speeches he has made since the collapse of socialism in Eastern Europe has Kim Jong Il embraced the policies of reform and restructuring.<sup>1</sup>

On the contrary he has identified "revisionist policies" as the precipitating factor in the demise of socialism. Instead of strengthening the role of the party and the state, in his view, the Eastern European countries and the Soviet Union "adopted the capitalist relations of ownership and capitalist methods of economic management." Additionally, he has argued, these countries "compromised with imperialism in an unprincipled manner, instead of fighting against it." Finally, the "introduction of 'pluralism' on the pretext of 'reforming' and 'restructuring' hastened the degeneration of socialism" in these countries.<sup>2</sup>

Kim Jong Il has further asserted that the "collusion between the imperialists and counter-revolutionary forces," the "penetration of imperialist ideology and culture," and "opportunism of the right" (*ugyong kihoejuui*) helped to bring down socialism "in many countries." He has dismissed as unfounded the criticism that socialism fosters "totalitarianism," a "garrison state,"

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1 The three most important of Kim Jong Il's speeches are: Kim Jong Il, *Inmin daejung chungsim ui urisik sahoe chuui nun p'ilsung pulp'ae ida* [Our Socialism Centered on the Masses is Ever-victorious and Invincible] (Pyongyang: *Choson Nodongdang Ch'ulp'ansa*, 1991), idem, *Sahoe chuui konsol ui yoksajok kyohun kwa uri dang ui ch'ong noson* [The Historical Lesson of Socialist Construction and the General Line of Our Party] (Pyongyang: *Choson Nodongdang Ch'ulp'ansa*, 1992), and idem, "Sahoe chuui e taehan hwebang un hoyong doelsu opda" [Obstructive Maneuvers Against Socialism Must Not Be Allowed], *Nodong Sinmun*, 4 March 1993, pp. 1-2. Kim Jong Il is said to have made the first speech to the leading cadres of the WPK Central Committee on 5 May 1991 and the second to the same group on 3 January 1991. They are also available in *Nodong Sinmun*, 27 May 1991 and 4 February 1992 as well as in the *Pyongyang Times*, 1 June 1991 and 8 February 1992. The last-mentioned item is said to be a "talk" (*tamhwa*) by Kim Jong Il. It was published originally in the 1 March 1993 issue of *Kulloja* [The Worker], the monthly WPK journal of theory.

2 *Pyongyang Times*, 4 February 1992; *Nodong Sinmun*, 4 February 1992.



or rule by “administrative directives (or commands).” He has underscored the pivotal role of “ideological remolding” (sasang kaejo saop). Significantly, he has also stressed the need to underpin indoctrination with “practice,” meaning generating good results in socialist construction. “Only when the people experience first-hand the superiority of socialism will they accept it as a matter of life and death,” he has said.<sup>3</sup>

As we shall note below, Kim Jong Il’s pronounced antipathy to reform has not prevented North Korea from adapting its policy to the changing environment from time to time. What is more, the views he has articulated reflect a fundamental dilemma in which the current North Korean leadership finds itself: although the survival of the regime may dictate reform and restructuring, such a thing may seriously erode the regime’s capacity to keep the populace under control and thus cause its eventual demise.

Economic performance, in other words, is a crucial variable in the equation. As adumbrated above, it is clearly intertwined with political leadership. For the choices that leadership makes will largely determine whether the North Korean economy can be rejuvenated. That the economy is in serious trouble is indisputable. For the first time ever, the regime has admitted that its long-term economic plan—the Third Seven-Year Plan (1987–1993)—had failed to fulfill its goals. Instead of launching a new economic plan, Pyongyang has designated the next three years (1994–1996) as a period of adjustment, during which top priority will be placed on agriculture, light industry, and trade.<sup>4</sup>

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3 *Nodong Sinmun*, 4 March 1993.

4 For DPRK Premier Kang Song San’s report on the Third Seven-Year Plan to the Twenty-first plenum of the Sixth Central Committee of the WPK, see *Nodong Sinmun*, 9 December 1993. For the text of the decision on the adjustment period adopted by the seventh session of the Ninth Supreme People’s Assembly of the DPRK, see *ibid.*, 7 April 1994. A Japanese version of the latter may be found in *Gekkan Chosen Shiryo* [Monthly Materials on Korea], June 1994, pp. 10–15. The latter is published in Tokyo by *Chosen Mondai Kenkyujo*, a research institute affiliated with Chosen Soren (Ch’ongryon), the federation of Korean residents

The emphasis on agriculture and light industry reflects the North Korean leadership's recognition that a serious shortage of food and consumer goods poses a major challenge to its survival. Economic activities are impeded by its inability to generate enough hard currency with which to import essential goods, particularly crude oil, so Pyongyang is determined to increase exports. In 1993 North Korea imported an estimated 1.4 million metric tons of crude oil, which represented less than 40 percent of its refining capacity.<sup>5</sup>

Whether Pyongyang can turn the situation around in agriculture, light industry, and trade—and whether it can revitalize its sagging economy—will hinge to a large extent upon the policies and actions of Seoul, Washington, Tokyo, Beijing, and Moscow. What needs stressing, however, is that it is Pyongyang's own policies that can and will help shape the latter.

Since the framework for inter-Korean cooperation is already in place, for example, it is largely up to North Korea to turn the framework into a palpable reality. If the inter-Korean summit meeting should occur even without Kim Il Sung, and if it should turn out to be not a one-time affair but a repetitive process, then the ROK-DPRK relations could enter a new stage. Implementation of the two inter-Korean agreements, particularly the "basic agreement" that sets forth the principles and procedures relating to cooperation and exchanges between the two sides, however, has the potential to undercut the DPRK's legitimacy and thus its

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in Japan loyal to the DPRK.

- 5 Dong-bok Lee, "North Korea: Trends and Prospects," a paper presented to the conference on Northeast Asia and Russia sponsored jointly by the Gaston Sigur Center for East Asian Studies and the Institute for European, Russian and Eurasian Studies of the George Washington University, Washington, DC, 17–18 March 1994, p. 6. The Japanese daily, *Mainichi Shinbun*, estimated the amount of crude oil North Korea imported in 1993 at 1.5 million tons, noting that that is no more than what single prefectures in Japan such as Yamanashi and Fukui consume in a year. South Korea, it noted, imported 75 million tons and Japan 200 million tons of crude oil in the same year. *Sande Mainichi* [Sunday Mainichi], 19 June 1994, p. 32.

chances of survival either in the medium or in the long term, while generating short-term economic benefits.

The United States is another external player that can have a major impact on the direction and magnitude of change in North Korea. The persistence with which Pyongyang has pursued direct high-level talks with Washington is emblematic of its keen appreciation of the paramount importance of the United States. If the third round of the US-DPRK high-level talks should resume in Geneva, as appears likely, then North Korea will have a new opportunity to pursue its goals. What it wants most from the United States are diplomatic normalization, a credible guarantee of the non-use of force, and economic assistance, including assistance in replacing its graphite-moderated reactors with light-water reactors.

Since the quid pro quo the United States demands from North Korea will include the transparency of its nuclear program, North Korea will need to make a choice. I for one lean toward the view that North Korea will give up its nuclear card for the right price. The view that the current North Korean leadership sees nuclear weapons as a prerequisite for its survival and hence will never jettison its nuclear weapons program may turn out to be wrong. The short- and medium-term benefits diplomatic recognition from the US will bring to North Korea are too great to be brushed aside.

One of the key benefits will be diplomatic normalization between the DPRK and Japan. That development, which is almost certain to follow the US-DPRK normalization if it does not occur sooner, will entail infusion of substantial sums of Japanese money into the North Korean economy. Whether Japanese funds will enter North Korea under the rubric of compensation, reparations or economic cooperation will be immaterial. What will matter most is that North Korea will get much-needed funding to which it feels it is entitled, although a large proportion of it could well come in the form of industrial machinery, technology, and commercial credits. These things,

moreover, will most likely be available to North Korea over a period of five to ten years rather than immediately.

Like economic exchanges and cooperation with South Korea, however, Japanese capital and technology will be a mixed blessing for the North; and the same can be said of economic assistance with the US. They will inevitably open the door to "ideological pollution," the influx of ideas and practices that will help erode the regime's grip on its populace.

That prospect has apparently prompted the North Korean leadership to take a close look at the Chinese model. Kim Il Sung reportedly told a visiting Chinese delegation in September 1993 that he admired China "for having achieved brilliant reforms and openness," while continuing simultaneously to build "socialism with Chinese characteristics." He added that the Chinese experience would become "an encouraging factor for us, Koreans."<sup>6</sup>

Not only will the Chinese model serve as an inspiration for North Korea, but China will also exert influence on Pyongyang in economic and external policies alike. China is North Korea's only ally in any effective sense, as well as number-one trading partner. In the international arena China is probably North Korea's most powerful patron. On the nuclear issue, for example, China has been instrumental in persuading the US and South Korea not to press for UN Security Council resolutions but to settle for a "statement" by the Council president on two separate occasions. The need to forestall a Chinese veto in the Council also played a major part in the decision of the US, South Korea, and Japan to propose relatively mild sanctions against North Korea; the breakthrough occasioned by former US President Jimmy Carter's visit to Pyongyang has placed the push for sanctions in abeyance.

The dissolution of the Soviet Union and the emergence of the Russian Federation as its principal successor have transformed

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6 *North Korea News*, No. 702 (27 September 1993), p. 5.

Pyongyang-Moscow relations in a fundamental way. While the treaty of friendship and mutual assistance between them remains in effect on paper, its practical value has declined sharply; its provisions regarding military assistance in the event of war have been invalidated *de facto*. This does not mean, however, that Russia will cease to be a factor in North Korean policy-making. Since Moscow appears to see a continuing stake in Pyongyang and since Pyongyang cannot afford to sever its ties with Russia, the two sides will continue to interact in the economic and security arena. Should the political landscape in Moscow change dramatically, moreover, that will have a measurable impact on Moscow-Pyongyang relations.

### **Scenario One: Incremental Policy Change**

Against the preceding backdrop let us examine three of the many possible scenarios: (1) incremental policy change, (2) major policy change, and (3) systemic change. In the short run the first seems to be the most plausible. It amounts in effect to the continuation of recent trends; hence it can be equated with the status quo.<sup>7</sup>

In terms of internal politics, the consolidation of political succession will remain the regime's foremost goal. This means the continuation of institutionalization and legitimization, and the centerpiece of institutionalization is strengthening Kim Jong Il's grip on the military, a process that has been under way since May 1990 when he was elected the First Deputy Chairman of the DPRK National Defense Committee by the First Session of the Ninth Supreme People's Assembly. In December 1991 he was named the Supreme Commander of the Korean People's Army

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7 Rinn-Sup Shinn, a leading North-Korea watcher in the US, posits four scenarios: "status quo, reform, hardline, and collapse." See his report, "North Korea: Policy Determinants, Alternative Outcomes, U.S. Policy Approaches," *CRS Report for Congress*, 24 June 1993 (Washington: Congressional Research Service, The Library of Congress, 1993), pp. 14-18.

(KPA) by the Nineteenth Plenum of the Sixth Central Committee of the WPK. In April 1992 he was "elevated" (*ch'udae*) to the rank of the Marshal of the Republic (*Konghwaguk wonsu*) by a joint decision of the WPK Central Committee, the WPK Central Military Affairs Committee, the DPRK National Defense Committee, and the DPRK Central People's Committee. Finally, in April 1993 he was elected the Chairman of the DPRK National Defense Committee at the Fifth Session of the Ninth Supreme People's Assembly.<sup>8</sup>

From these successive measures Kim Jong Il is formally in control of the North Korean armed forces. Given his lack of actual military experience, however, that may not necessarily translate into effective control. Hence efforts to fortify the link between Kim Jong Il and the armed forces will continue. His visits to KPA units, meetings with company commanders and company political commissars and the like exemplify such efforts.

Legitimization of the succession scheme will feature an escalation of Kim Jong Il's personality cult. An unusual aspect of the Kim Jong Il cult is the extent to which Kim Il Sung participated in its propagation. In April 1992 he took the unusual step of writing a poem in both classical Chinese and Korean in commemoration of his son's fiftieth birthday. In the poem the elder Kim referred to the "birth of the bright star," Kim Jong Il's "possession of both literary and physical talents and of the virtues of loyalty and filial piety" and the universal esteem in which Kim Jong Il is held (*manin i ch'ingsong*).<sup>9</sup>

Starting in the latter part of 1993 *Nodong Sinmun* began with increasing frequency to print quotations from Kim Il Sung that

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8 *Nodong Sinmun*, 25 December 1991, 14 and 21 April 1992; Sakai Takashi, "Kita Chosen 'Ware ware shiki shakai shugi' no seijiteki tokusei" [The Political Characteristics of North Korea's 'Our Own Style Socialism'"] an unpublished paper, February 1994, p. 12.

9 *Nodong Sinmun*, 27 April 1992.

would praise or urge loyalty to Kim Jong Il. To give just a few examples: "In our country Comrade Kim Jong Il has been wisely leading all the work of the party, the state, and the armed forces; thus the problem of leadership succession has been brilliantly solved." (5 January 1994) "Comrade Kim Jong Il has an indomitable will and an outstanding mastery of strategies and art of military leadership befitting the supreme commander of revolutionary armed forces. Herein lies the guarantee that our revolutionary armed forces will continuously develop and become stronger and that they will be ever-victorious." (24 January 1994) "Today our people call Comrade Kim Jong Il's politics the politics of love, the politics of faith, and the politics of comprehensive scope (*kwangp'ok chongch'i*), and this is an expression of trust in and admiration for [the leader] who trusts the people and wages a struggle on their behalf with everything he has at his disposal." (1 February 1994)

In his interview with the *Washington Times* in April 1994, Kim Il Sung described his son and heir apparent as being "talented in political and military affairs" and "very dedicated to me and very obedient." Kim Il Sung also revealed that he depended heavily on Kim Jong Il for information: "Because I have some eye problems, he has arranged for all reports to be recorded to save me from having to spend hours reading them. I am very proud to have such a good son. He is so concerned about my health. If I don't go to the countryside, he gives instructions for me to do so through my secretary."<sup>10</sup>

As previously noted, however, words alone will not suffice in bolstering the succession scheme. Everything will hinge, to a large extent, on the state of the economy. That is why the North Korean leadership will make a herculean effort to turn the economic situation around. The policies adopted in December 1993—"agriculture first, light industry first, and trade first"—will continue to guide North Korea in 1994 and beyond.

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10 *Washington Times*, 19 April 1994.

No matter how vigorously Pyongyang pursues these goals, however, it will have but limited success as long as it clings to the old ways of doing things. The Najin-Sonbong free economic zone, to which North Korea hopes to attract foreign investors, may remain little more than a paper scheme. The meager results of the joint venture law Pyongyang enacted in 1984, which attracted primarily small-scale investments by Korean residents in Japan who are loyal to the DPRK, are attributable, among other factors, to poor infrastructure, particularly roads, ports, and railroads; an unstable supply of such key energy sources as oil and electricity; the dismally low international rating of North Korea's investment climate; and bureaucratic and political constraints.<sup>11</sup>

The Najin-Sonbong free economic zone does represent a new approach. Since promulgating the decision to install it in December 1991, the DPRK government has inserted several articles on joint ventures and foreign investment into the revised constitution and enacted a series of laws aimed at making investment in the North more attractive than before. For example, the DPRK now permits one-hundred-percent ownership of enterprises by foreigners, guarantees remittances of earnings by foreigners to their countries, and provides assurances against the nationalization of foreign-owned property.<sup>12</sup>

Kim Il Sung, however, may have been overly optimistic in April 1994 when he indicated that the Najin-Sonbong free economic zone would attract "many foreign investors" and that their investment "will contribute to expanding and developing not only their economic ties with our country, but also their economic and technical exchange and cooperation with different countries the world over, including China and Russia."<sup>13</sup>

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11 Tamaki Motoi and Watanabe Toshio (eds.) *Kita Chosen: hurakuka, sabaibaruka* [North Korea: Collapse or Survival] (Tokyo: Saimaru [Simul] Shuppankai, 1993), pp. 128-29.

12 *Ibid.*, pp. 132-33.



What will really make a difference is a breakthrough in North Korea's external relations, which has a good chance of occurring in 1994. If a summit meeting between Kim Jong Il and President Kim Young Sam should materialize, it has the potential to usher in a new era of cooperation and exchanges in economic and other areas between Seoul and Pyongyang. That would surely inject a new vigor into the North Korean economy. Similar results can follow tangible improvement in DPRK relations with the US and, particularly, with Japan.

### **Scenario Two: Major Policy Change**

North Korea has shown that notwithstanding the rigidity of its political system and the seeming sluggishness of its policymaking process, it is capable of changing its course abruptly. While this has happened almost exclusively in the realm of external policy, no one should rule out the possibility that it can occur in domestic policy as well.

Among notable changes in Pyongyang's external policy in recent years have been its 1990 decision to seek diplomatic normalization with Japan, its reversal of policy on UN membership in 1991, its conclusion of two inter-Korean agreements in the same year, its acceptance of a full-scope safeguards agreement with the International Atomic Energy Agency (IAEA) in 1992, its announcement in 1993 that it would withdraw from the Nuclear Non-proliferation Treaty, and its proposal for an inter-Korean summit in 1994.

Under what circumstances will change of comparable magnitude occur in Pyongyang's domestic policy? A deterioration of economic conditions or an unanticipated change in the external setting may compel the North Korean leadership to adopt measures aimed at meaningful reform and restructuring. It may, for example, substantially enlarge the scope of private economic

activities and accelerate the implementation of the independent accounting system of state enterprises. The authority to conduct foreign trade that has already been delegated to state enterprises and subnational governments may also be enlarged. An experiment with de facto privatization in agriculture reminiscent of the household responsibility system in China cannot be ruled out.

Major change could occur in the opposite direction as well. The ascendancy of hard-liners in Pyongyang's power structure or the imposition of economic sanctions either by the UN Security Council or outside the UN framework may lead to retrogression in economic policy and a further tightening of political controls. Mobilization in the form of "100-day and 200-day battles" may recur, and ideological indoctrination may intensify.

Realistically, however, the probability of all this actually materializing seems rather low. Any major change in domestic policy is likely to be introduced in stages rather than abruptly.

### **Scenario Three: Systemic Change**

As more information becomes available about North Korea, the view that the North Korean system is too resilient to succumb to either internal or external pressure needs to be reassessed. Collapse of the current regime in Pyongyang, in other words, seems to be within the realm not merely of possibility but of probability as well.

Such a reassessment is compelled by the following considerations. First, the economic situation appears to be far worse than what most observers had estimated and shows no sign of ameliorating. The shortage of food is so serious and widespread that the authorities have even relaxed travel restrictions for people who embark on a search for food. Other essential consumer goods are also scarce. The reason why visitors to North

Korea seldom see queues in front of stores is because there is usually nothing to sell.<sup>14</sup>

Second, support for the regime is markedly more fragile than is generally assumed by outside observers. There are even secret gatherings of dissidents. The regime has thus far managed to prevent the popular discontent from boiling over through coercive controls and intimidation. The knowledge that overt opposition to the regime invites harsh penalties, such as imprisonment in forced labor camps and, even, deaths, not only to those directly involved but also to their family members serves as the principal deterrent to such activity.<sup>15</sup>

Third, notwithstanding the unceasing indoctrination to which they are subjected, a very high proportion of the North Korean people are believed to resent or disparage Kim Jong Il. Instead of being their "dear leader," he may actually be one of the most despised persons in the North. A key reason for such pervasive animosity is that economic conditions have steadily deteriorated under his tutelage. In the words of Lee Young Hwa, the author of the best-selling expose of life in the North, "it is not an

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14 While accounts by defectors from the North need to be taken with a grain of salt, those by visitors from other countries seem more credible. Korean-Chinese who have visited their relatives in the North bring back stories of dire economic conditions; more important, they confirm the veracity of their accounts by taking with them bundles of clothing and food when they cross the PRC-DPRK border along the Yalu and Tumen rivers. A current best-seller in Japan by a Korean resident in Japan who spent eight months in North Korea studying economics gives a fascinating, albeit dismal, account of how the North Korean people actually live or struggle to survive. See Lee Young Hwa (Yi Yong-hwa), *Kita Chosen himitsu shukai no yoru* [North Korea: the Night of a Secret Meeting] (Tokyo: Kabushiki Kaisha Kuresuto-sha, 1994).

15 *Ibid.*, pp. 252–53. A North Korean defector living in China told a Japanese writer in June 1994 that he belonged to an anti-Kim Il Sung organization called the Alliance for the Struggle for Korean Democracy, Freedom, and Unification (*Choson Minju Chayu T'ong'il T'ujaeng Yonmaeng*). Most startling was the defector's claim that the vice president (*pujusok*) of the organization was a general in the North Korean armed forces. "Ochiai Nobuhiko Kita Chosen bomei kaido zannyu hokoku" [Ochiai Nobuhiko's Report on His Infiltration of the Route Used by North Korean Political Asylum Seekers], *Sapio*, 23 June 1994, pp. 9–10.

exaggeration to say that not a single economic policy adopted by Secretary Kim Jong Il has been a success."<sup>16</sup>

Fourth, North Korea's economic malaise may be so grave as to defy patchwork solutions; nothing less than a major surgery will do. That in turn is bound to undercut political controls, generating unrest and even precipitating violent protests.

The preceding considerations, on the other hand, must be arrayed against the awesome coercive power of the regime and its uncommon survival instincts, and the extraordinary patience of the North Korean masses. The coercive apparatus of North Korea is legendary, leaving very little room for organized opposition—particularly of the kind that could destabilize the regime.

Kim Il Sung remained in power for 46 years practicing the art of survival in a masterful fashion. What this implies is that the regime will do whatever necessary to survive. Recent moves that may well achieve breakthroughs in Pyongyang's relations with Seoul, Washington, and Tokyo may bespeak its realization of the severity of its predicament as well as the determination to ease out of it. As noted, however, such an approach carries risks as well. While it may be necessary, even indispensable, to forestall a crash landing for the North Korean economy, it may also pave the way for an eventual disintegration of the idiosyncratic political system he crafted in the North.

Finally, the amazing patience of the North Korean masses will be a major factor in prolonging the life of the regime. Long inured to spartan living conditions, hard labor, and perpetual political regimentation, the North Korean people have a threshold of endurance that is perhaps among the highest in the world;<sup>17</sup> they are exceedingly unlikely to risk their lives and those of their

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16 Lee, *Kita Chosen...*, p. 248.

17 See Andrei Lankov, *Pyongyang no gaman tsuyoi shomindachi* [The Patient Ordinary People of Pyongyang], trans. Yi Pyong-ju (Tokyo: San'ichi shobo, 1992). Lankov is a Russian scholar who lived in Pyongyang in the mid-1980s as a graduate student at Kim Il Sung University.

loved ones in political protest unless they have been driven to a corner.

What will happen now that Kim Il Sung has passed from the scene? In the short run at least, Kim Jong Il will likely remain in control of the regime. Hence systemic change will not occur. Such change, nonetheless, seems unavoidable in the long run, perhaps in the medium run as well. Two most important variables will be the economic situation and the loyalty of the armed forces. If the economy remains either stagnant or deteriorates further, chances of either a popular rebellion or a coup d'état will increase appreciably. So long as the armed forces remain loyal to Kim Jong Il then the probability of his being overthrown will dwindle to a vanishing point.

How the key external players respond to the unfolding crisis in the North will have a huge impact. Hence it is necessary to ponder briefly the policy implications of the preceding analysis for them. To make the task manageable, only three of them will be considered: Seoul, Washington, and Tokyo.

### **Implications for Seoul, Washington, and Tokyo**

All three—South Korea, the US, and Japan—have varying degrees of leverage over North Korea, as do China and Russia. They can take or refrain from taking measures aimed at inducing policy change in the North or accelerating systemic change there. The questions that need to be asked, then, are: is it in the interests of these countries to induce change in North Korean policy? What of systemic change? What policies should they pursue either individually or in concert?

The three countries are allies either in a formal sense or in a de facto sense. Formally, they are bound together by two sets of bilateral treaties: the ROK-US mutual defense treaty and the security treaty between Japan and the US. Since the US is the guarantor of the security of both the South Korea and Japan, the latter two are bound up in a de facto security triangle. Ironically,

North Korea, which vehemently condemns the "triangular military alliance" of Washington, Tokyo, and Seoul, has inadvertently strengthened the bonds among the three. The crisis triggered by North Korea's suspected nuclear weapons program has been instrumental in routinizing triangular policy consultations among the three.

All this is to underscore that the three allies have a striking convergence of interests vis-à-vis North Korea. They all have a stake in containing the North Korean threat, which calls for bringing the DPRK into the international community as a law-abiding member. To the extent that policies of openness, reform, and restructuring on the part of North Korea help attain that goal, they welcome it. And all of them are willing to lend a helping hand through exchanges and cooperation in the economic, cultural, technical, and other fields.

Whether they would welcome systemic change in the North as well, however, is problematic. On that issue, the interests of the three countries may not necessarily coincide. The US and Japan, for example, have less to fear from sudden systemic change, that is to say, the collapse of the current North Korean regime than South Korea. It is worth stressing at this point that systemic change is not the same as extinction. While it will be preceded by the collapse of the current regime, the political vacuum can theoretically be filled by an alternative regime.

There is nonetheless a high probability that the collapse of the current regime will spell the end of a separate political entity in the North; unification by absorption à la Germany will most likely ensue. It is this latter scenario that alarms South Korea. The German experience demonstrates that the costs of absorption are prohibitively high, perhaps too high for South Korea to bear today or in the immediate future. The most desirable scenario from Seoul's perspective would therefore be for Pyongyang to put its economic house in order first and delay the process of unification until a later date when the economic capabilities of both sides have grown markedly.

It is then in the best interests of Seoul to do all it can to help rejuvenate Pyongyang's economy. That means not only making a strenuous effort to improve relations with Pyongyang with a view toward implementing the two inter-Korean agreements that are technically in force today but also encouraging Washington and Tokyo to normalize their respective relations with Pyongyang.

Should North Korea refuse to make its nuclear program transparent, however, neither South Korea nor the US nor Japan can afford to give North Korea what it wants so desperately—recognition, respect, and economic assistance masquerading as “economic cooperation.” As already noted, my hunch is that North Korea will not remain obstinate, let alone recalcitrant, indefinitely. It will ultimately trade its nuclear ambitions for the tangible benefits mentioned above.

Systemic constraints stemming principally from North Korea's apotheosis of *juche sasang* and mind-boggling personality cult centered on the “Great Leader” (widaehan suryong) and the “Dear Leader” (ch'inae hanun chidoja tongji) will continue to make North Korea dogmatic, inflexible, fickle, and less than trustworthy. It will retain the dubious distinction of being the most difficult country with which to negotiate. Notwithstanding all this, diplomacy is infinitely more preferable than sanctions in dealing with the monumental challenge that is North Korea.

One can only hope that the revival of diplomacy in the wake of the Carter visit to the DPRK will prove to be not transient but enduring and productive. For that to happen, however, Seoul, Washington, and Tokyo will have to go at least halfway, perhaps more than halfway, in accommodating the needs of the Pyongyang regime. In the short to medium term, all three have much more to gain than to lose from keeping that regime alive and well.

빈 면



## **The Method of Monetary Integration and the Decision of Exchange Rate in the Unification Process of North and South Korea**

**Youngyoon Kim  
Young Hoon Lee**

**O**ne of the significant issues in the unification process between North and South Korea will be to find a method of monetary integration and decide upon the exchange rate. Monetary integration will be an important pre-condition for a successful social and economic unification between the two Koreas.

Monetary integration gives rise to a set of questions such as which currency should be chosen, how much of it must be issued in the object region of unification, and how should the exchange rate between two different countries be decided.

If the foreign exchange in the object region is transacted freely, the exchange rate can be decided reasonably by the evaluation of money as assets. But as the concepts of principal economic data in a socialist economy like North Korea are different from those in capitalist economies and there are insufficient economic statistics, the exchange rate between North and South Korea cannot be calculated by an econometric method. This was also the case in the monetary integration between East and West Germany.

This paper inquires into a method of monetary integration between North and South Korea with a special focus on the course of monetary integration and the exchange rate decision.

To begin, the essay analyses the function and the characteristics of the North Korean currency, discusses the theory of exchange rate decision and the limitation of its application to the monetary integration between North and South Korea. Then it surveys the process of monetary integration between East and West Germany and the side-effects from their exchange rate decision. Finally, it presents a course and method of the monetary integration for the case of unification on the Korean peninsula, and important tasks that South Korea should carry out.

### Characteristics of the North Korean Won Currency

In socialism money is regarded as a transitional entity that should be abolished. Theoretically, money circulates only during the period of transition to the socialist stage, and is destined to vanish with the establishment of socialist society.<sup>1</sup> In the North Korea of transition stage, money operates as the means to control planned economy with a special emphasis on its rational utilization.

The rational utilization of money is well reflected in that to realize its economic program the North Korean government regulates the circulation of money through so-called control by Won. It functions by "finance control" and "bank control." Finance control is the control of monetary distribution such as

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1 "Money is the economic category that is generated according to a certain phase of social development, however, ceases to exist in accordance with disappearing the basis of a certain phase....If we regard the economic basis of commodity-money with respect to dissolution of property, we can come to a conclusion that the relation of commodity-money existing for several modes of production will be abolished in the case of the end of the transition to socialism." Lee Won Kyung, *Sahoijooeui Hwapye Jedo* [The Monetary System in Socialism] (Pyongyang: The Social Science Publisher, 1986), pp. 9-10; *Bukhaneui Kyongje* [The Economy of North Korea] (Kwang Ju, Korea: The Kwang Ju Publisher, 1988), pp. 301-308.

compilation of the budget by government, fund raising for state enterprises by banks and profit sharing by state enterprises. Bank control is operated through the monobanking system introduced by Lenin. The Central bank of North Korea (Chosun Choongang Eunhaeng) concentrically raises state funds and provides credibility to all state enterprises and administrative institutions, which must in turn open and settle their accounts with the Central Bank. Not only does the Central Bank supervise the fixed capital of all state enterprises and administrative institutions but it also manages their financial structures.

The circulation of North Korean money is divided into two: currency circulation and non-currency circulation. Currency circulation takes place primarily between a socialist administration (such as a state enterprise or a collective farm) and North Korean residents, or among residents. Non-currency circulation takes place among state enterprises, administrative institutions, or between state enterprises and administrative institutions, through their accounts in the Central Bank. Currency circulation is subjected to restrictions and is not preliminarily planned, so as a result one knows only the amount of currency circulation. Non-currency circulation is the direct object of economic planning and is regulated by economic plan. Therefore it continues to extend the boundary of its circulation in terms of planned economic logic.

Due to a shortage of commodities, the internal convertibility of the North Korean Won is seriously limited. On the contrary, residents who have foreign currency can buy goods in foreign exchange shops. This currency substitution that foreign currency is preferred to domestic currency is a phenomenon that appears generally in countries troubled by hyper-inflation. In North Korea although inflation is officially close to zero, this phenomenon may result from precipitous deterioration of real purchasing power of the North Korean Won. The disequilibrium between the value of real variables and the level of money supply

owing to a shortage of goods brings about these limits in the convertibility between commodities and money.<sup>2</sup>

The exchange rate is decided not by means of demand and supply of foreign exchange but unilaterally by the North Korean government. Now there are multiple exchange rates such as "official exchange rate," "exchange rate for trade," and "non-commercial exchange rate."

In North Korea official exchange rates until 1990 were reportedly based on the official exchange rate of the USSR Ruble.<sup>3</sup> The official exchange rate of the North Korean Won is applied when they make an announcement of their national income, which is somewhat highly appreciated. The exchange rate for trade, which is used for trade and non-trade exchange with other countries, is known to be based on the ratio of the price of domestic goods to that of foreign goods. But it hardly reflects the purchasing power of money between North Korea and its trading partners, because the North Korean price system is fundamentally different. The non-commercial exchange rate, which has been employed in non-commodity trade and capital transactions with foreign countries, has recently been merged into the exchange rate for trade.

### **The Theory of Exchange Rate Decision and its Application to the Monetary Integration between the Two Koreas**

Exchange rate represents the value of money between two countries. The price of foreign exchange is primarily decided by the demand and supply of foreign exchange, which is not

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2 Generally the level of money supply is more than the value of real variables in socialism. But as a result of the government's control of price, any inflation makes its appearance as "repressed inflation." Consequently it is accompanied by ration of all consumption goods and the spread of black markets.

3 Hwang, Eui-Gak, *Bukhan Kyongje Ron* [The Theory of The North Korean Economy] (Seoul: Nanam, 1992), p. 80.

decided by the same factors that determine the price of general commodities.<sup>4</sup>

The theories of exchange rate decision differ according to factors that influence the demand and supply of foreign exchange. These theories are classified into the monetary approach that regards the value of money as assets and the non-monetary approach based on balance of payment.

In the monetary approach the exchange rate, like other assets, could be decided by the variables related to the economy and the demand and supply of money. However in the non-monetary approach or the decision of exchange rate by balance of payment, it depends on the revaluation or devaluation of foreign exchange.

In the monetary approach, there are theories of 'purchasing power parity', 'psychological exchange,' and 'model of portfolio balance.' In the non-monetary approach there is a theory of 'the international indebtedness.'

Decision of exchange rate by the theory of purchasing power parity assumes that the exchange rate between two countries is the ratio of internal purchasing powers of the two countries' currencies. Demand for payments in a certain currency is due to its purchasing power, which becomes the external value of each country's currency. Such logic stems from the fact that the purchasing power of money<sup>5</sup> is in inverse proportion to the price level, and that the purchasing power can be expressed by the price level.

The theory of psychological exchange argues that the exchange rate is decided by the demand and supply of foreign exchange, which in turn is influenced by the psychological responses of economic agents to the state of elements such as political, economic, social affairs and so forth. According to this

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4 Kim, In-Jun, *Kukje Kyongje Ron* [The Theory of International Economy] (Seoul, 1985), p. 103.

5 Purchasing power means the amount of goods and services.

theory, the exchange rate fluctuates depending upon the demand and supply of foreign exchange, factors of which are related to utility and satisfaction obtained by purchasing foreign money.

The portfolio balance model is the theory maintaining that exchange rate fluctuates according to the behavior of assets' owners trying to take a portfolio balance of assets. The exchange rate does reveal similar changes with price fluctuation in long term, but it is decided by the demand and supply in the assets market composed of various financial assets in the short run. The theory regards the amount of money, domestic bonds, and foreign bonds as total wealth, and the exchange rate to be decided at the equilibrium of these three factors.

In the theory of the international indebtedness, exchange rate is decided by the demand and supply of foreign exchange, which is represented as a balance of payment composed of the balance of trade and the balance of non-trade.

Besides the above mentioned factors, there are many other things influencing the decision of exchange rate: the interest rate, degree of credibility, the existence of speculation objects, economic crisis, political instability, interest rate policy and so on.

The theory of international indebtedness, based on the international gold standard system, is to be criticized from its conceptual vagueness in comparison with the concept of international balance of payment. It neglects the elasticity existing in the process of demand and supply of foreign exchange.

However, it is nearly impossible to apply any of the above mentioned theories of exchange rate decision to the monetary integration between North and South Korea. The reasons for this impossibility lie first of all in the different concepts of economic indicators of socialist and market oriented currency and, second, in the insufficiency as well as overvaluation of the North Korean statistics necessary in the exchange rate decision. Moreover, North Korea has traded with other countries but not according to the exchange rate decided by the international balance of payment.

## **The Monetary Integration between East and West Germany**

### **The Process and Content of the Monetary Integration**

Monetary integration between East and West Germany led to the transformation of socialist to social market economy in east Germany. Through signing of the first national treaty (for currency, economic and social union) between East and West Germany on 23 May 1990, the West German Mark became the official currency in east Germany from 1 July 1990.

First of all, the two Germanies formed a zone of a single money where West German Mark was circulated as common currency by the national treaty for monetary and economic integration. This led to monetary alliance between them, bringing about the free flow of goods, service, labor and capital, the establishment of a private property system, formation of competitive price, and so on, in East Germany. The West German Mark was thus regarded as official means for payment, settlement of accounts, and storage of value.

The West German government, deeply concerned about the socio-economic conflict and cost that might have accompanied the transformation of East German economic system, had wanted to transform the East German economy gradually. But the socio-economic crisis in the East was followed by a mass immigration of East Germans west, which brought about problems of housing, unemployment and social security costs in West Germany. The two German governments thus decided to integrate the monetary system in order to halt the large-scale emigration of East Germans.

In the monetary integration, the Deutsche Bundesbank as issuing bank assumed the responsibility of the management of business practices for monetary integration and for the new financial policy in East Germany.

The exchange rate between East and West German Marks was fixed at one to one for payments such as wages, allowances,

scholarships, pensions, rent, etc., and two to one in the case of the credits and debts of East German Marks. Residents and companies in the East German region were liable to exchange East German Marks only through bank accounts in East Germany. The Eastern residents could exchange savings at one to one within bounds set according to their ages.<sup>6</sup> In the case of East Germans having residency in foreign countries, a special exchange rate was imposed. As the exchange rate could not be estimated by econometric analysis with the existing economic statistics, it was based on the wage level and labor productivity<sup>7</sup> of East Germany, which was presumed to be fifty percent that of West German labor productivity. But this estimation was actually different from the actual circumstances.

Monetary integration was carried out by political measures. First, the West German government had the Deutsche Bundesbank to stabilize the value of money in accordance with Article 10, Clause 2, of the Treaty for currency, economic and social union, which was to constrain inflation and heighten the competitiveness of enterprises in East German region. The Deutsche Bundesbank strictly constrained the budget deficit of the East German government and had it consult directly with the West German government about any issuance of debts regardless of scale. Second, the Deutsche Bundesbank lent the East German bank a total of twenty-five billion Marks to maintain liquidity. Third, a financial system on the basis of free-market economy was established to succeed the monetary and financial policies of West Germany. The West German government tried to found private, co-operative and government-run banks that

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6 For East Germans under 15 years of age the ceiling was 2,000 Dst Marks; for those between 16 and 60 maximum was 4,000 Dst Marks; and those 60 years or older could convert up to 6000 Dst Marks at this parity. See "Vertrag über die Schaffung einer Währungs-, Wirtschafts- und Sozialunion," *Pressemitteilung*, 18 May 1990, Auflage 1 (Bonn, 1990).

7 Görzig, B, Gonig, M: "Produktivität und Wettbeweibtätigkeit der Wirtschaft der DDR," in: *DIW-Beiträge zur Subjektforschung Heft 121*, Berlin 1991, p. 27.



would pursue profits by the rule of competitiveness, to open a free capital market and to form autonomous rates in the money market.

### **Results and Implications of German Monetary Integration**

Prior to the unification, the scale of the East German economy was a mere twelve percent and labor productivity twenty-five percent of West Germany.<sup>8</sup> Therefore, the one-to-one basis of monetary integration resulted in a sharp increase of wages for those in the East. This in turn brought about a rise in production costs. The price of goods upsurged as subsidies were abolished due to the liberalization of prices. East Germans were interested in their real income and did not care about international competitiveness.

As a result of the one-to-one monetary integration, consumers who had comparatively higher income levels in East Germany demanded mainly the goods made in West Germany. This resulted in a reduction of production, which was followed by mass unemployment, and further social problems.

Before unification, East German foreign trade was comparatively severed from the world market, and trade with West Germany was conducted by barter. Since more than seventy percent of total export was performed not in terms of competitive prices but through bilateral contracts with East European countries, the East German government could continue to trade without making any efforts to improve quality, pursue technical innovation or curtail product cost. It is therefore no surprise that exports of East German products declined sharply.

From this point of view, the effective method of protecting industries would have been to not abolish the East German Mark all at once and to fix an exchange rate according to its value fixed

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8 G. Sinn and H. W. Sinn, *Jumpstart: The Economic Unification of Germany* (Cambridge and London: The MIT Press, 1992), p. 59.

through trade with West Germany and transactions in the foreign exchange markets. On the other hand, for those traveling in West Germany, a special exchange rate should have been provided in order to enhance purchasing power.

As said above, East German currency should have been exchanged according to the values of the real market value, so that it might gradually have been revaluated according to the improvement of industrial productivity in the West German region. The reason is that if the East German government had chosen a policy of low exchange rate for export competitiveness and gradual revaluation of East German currency, then the Eastern enterprises could have had the chance to improve their competitiveness and avoid bankruptcies.<sup>9</sup>

## **The Monetary Integration between North and South Korea and the Decision of Exchange Rate**

### **The Direction of the Monetary Integration**

The direction of the monetary integration would differ according to the timing of the unification between North and South Korea.

In case of rapid unification the monetary integration can take place together with other socio-economic integrations between the two Koreas. In the case of gradual unification, however, monetary integration might come after the integration of socio-economic systems.<sup>10</sup> In this case the monetary integration is a road to a political integration.

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9 It is impossible, however, to realized the scenario due to the past political situation. East Germany had decided upon a rapid transformation process of socialist into social market economic system. The side effects prevailing in unified Germany nowadays stem from this miscalculation. Only when political integration goes hand in hand with economic rule can there be success.

10 The process of monetary integration is discussed on the premise that the North Korean economic system will be transformed into the South Korean economic system.

*Rapid Monetary Integration*

In the case of rapid monetary integration, the first step would be an establishment of currency union. The South Korean government should set up a timetable for the currency union at the visual point of unification and prepare well in advance to issue money needed to circulate in the North Korean region.

In spite of the rapid unification, if the united Korean government would suspend immediate monetary integration and manage the North Korean region as a special zone for some due course, it might then be desirable that the united government would issue a new currency in the North and have it exchanged with the existing North Korean Won on a one-to-one basis. The reasons for this would be as follows. First, since unification the immediate circulation of South Korean currency in the North Korean region would not coincide with the economic importance of North Korea as a special zone separated from the South Korean economy. The main purpose of segregating the Northern economy from that of South Korea would be to shelter the Northern economy from the shock that would arise in the process of monetary integration between two different systems. In other words, the northern economy should maintain its economic independence for a certain time. Second, if the identical currency, unevaluated by market, were to be circulated in the two regions, money in the Northern region would flow into black markets, thereby weakening the political meaning of unification. Third, in a such a case, the South Korean government would not have enough time to prepare the currency union and to estimate accurately the amount of money needed for circulation in the north. The money overhang in the North Korean region would not be able to be estimated.

In order to establish the currency union, the Bank of Korea should be the bank that issues and absorbs the function of the Central Bank of North Korea, so that it may take charge over the policies of issue and credit in the whole North Korean region.

The commercial function of the Central Bank should be transformed into the commercial banks or special banks to support the development of the Northern region.

In connection with the financial integration followed by the currency union, it will be effective to merge the mono bank system of North Korea into the commercial finance system of South Korea. A special committee to promote the financial integration between North and South Korea should be established so that it may find its way into and manage commercial finance agencies in the North.<sup>11</sup> The united Korean government should support, through administrative systems, opening the branch offices of South Korean financial agencies and founding the various financial agencies, so that enterprises in the North could acquire capital without difficulty; and from a long-term prospect, it should prepare programs to open and foster the capital market through the stock and bond market.

#### *Gradual Monetary Integration*

Gradual monetary integration means step-by-step implementation of the currency union based on the exchange rate decided by the market, with the process of transformation of the North Korean economy to a market economy.<sup>12</sup> In such a case, the South Korean government would have enough time to estimate the North Korean economic status and calculate somewhat exactly the amount of currency needed to circulate in the North Korean region, thus avoiding such side-effects seen in the German unification.

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11 The Research Institute for National Unification, *Tongil Dokileui Bunyabyul Siltaeyongu* [Analysis on the Subject of Unified Germany] (Seoul, 1992).

12 In case monetary integration should be pursued prior to sufficient transformation to capitalist market economy in the North Korean region, gradual monetary integration has big advantages in the respect that the rational method of monetary integration based on labor productivity could be applied.

For the sake of gradual monetary integration, it would be important to secure the convertibility<sup>13</sup> of North Korean currency for which trade liberalization should be preconditioned for the following reasons.<sup>14</sup> First, in North Korea exchange rates are decided by political necessity. Second, the exchange rate for trade does not accurately reflect the internal or external convertibility.

Therefore prior to the monetary integration, the exchange rate of North Korea should be gradually decided by the foreign market through the over-all extension of trade, and then the exchange rate between the two Koreas could be naturally be decided in the process of monetary integration.

Convertibility will have positive effects on the transformation to a market economy. First, convertibility of North Korean currency would introduce competitive pressure and the rational price system from abroad. It means that the domestic price system would be decided in accordance with the international relative price system. As a result, the enterprises in the North Korean region would seek to transform from their soft to the hard budget constraints,<sup>15</sup> and to base their products and trade on the principle of comparative advantage. Second, the convertibility would facilitate direct investment from foreign countries that will indeed be necessary for rapid reconstruction of the North Korean economy. Without convertibility, foreign countries—deeply concerned about profit remittance—will hesitate to make investments in North Korea.

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13 Convertibility means that a currency is freely exchangeable for another currency. However it would be reasonable to implement it in two stages, restricted and unrestricted convertibility. The reason for setting the stage of restricted convertibility is that, without restrictions, the capital in North Korean region may flow out, causing failure in capital accumulation and protection of the domestic industrial sector.

14 A gradual monetary integration between North and South Korea could be realized only in the process of gradual and multi-stage unification.

15 Janos Kornai, *The Socialist System* (Princeton: Princeton University Press, 1992), pp. 140–45.

With respect to convertibility, the North Korean government could choose an exchange rate between fixed and floating systems. In the case of a fixed exchange rate, as the money supply should be determined by balance of payments the result would be domestic price instability. Therefore the existing fixed exchange rate policies are normally a fixed exchange rate that allow change within certain bounds in order to promote the steady growth of export and avoid serious price changes. In the case of a floating exchange rate, the domestic economy can be relatively secure from shocks from abroad. But since the foreign value of domestic money is likely to be unstable, a floating exchange rate cannot ensure the stability and continuance of trade.<sup>16</sup>

The North Korean government, which is nervous about being absorbed by South Korea, seems to have set a goal of export-oriented growth to catch up with the South Korean economy. Therefore it would seem to choose a fixed exchange rate allowing small change.

On the basis of this exchange rate policy, in order to maintain convertibility the Central Bank of North Korea should not exhaust its stock of foreign-exchange reserves. Then what are the conditions under which it, the Central Bank, can confidently avoid reserve depletion without deflation and while maintaining convertibility?

First, macroeconomic policy must be such that it can manage the foreign exchange position. This requires both an adequate stock of reserves and a reasonably satisfactory "flow-balance-of-payments position." The latter needs a competitive exchange rate as well as control over domestic demand; hence any monetary overhang must have been dealt with, monetary policy must be firm, and fiscal discipline must be in place. In the absence of these conditions, because importers will tend to regard it difficult to carry out a declaration of convertibility, demand for imports

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16 Jung, Woon Chan, *Kousi Kyongje Ron* [The Theory of Macro Economy] (Seoul: The Tasan Publisher, 1985), pp. 228-34.

will inevitably be so high as to threaten the sustenance of convertibility.<sup>17</sup>

Second, the microeconomic condition for convertibility is the fundamental shift from a planned to a market economy. Its essential element is in fact granting enterprises the right to decide resource allocation for themselves and making them responsible for their own destiny rather than leaving them as agents of the state, subject to the direction of the planners. As long as most decisions on resource allocation are made by the planners, it makes no sense to devolve those decisions for one particular activity, which is what convertibility would imply. To put the matter another way, currency convertibility without commodity convertibility would concentrate all unsatisfied demands on the foreign sector.<sup>18</sup> And as long as enterprises are not subject to hard budget constraints, those demands could be unlimited.<sup>19</sup> As material basis of this decentralization, privatization is a much-emphasized aspect of the move to a market economy.

To summarize, the monetary integration between two Koreas in gradual process requires convertibility of North Korean currency. The convertibility should not be attempted in advance of the fundamental transformation to a market economy. It also requires adequate reserves and the conditions for macroeconomic stabilization.

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17 John Williams, *The Economic Opening of Eastern Europe* (Washington, DC: Institute for International Economics, 1991), pp. 24–27.

18 *Ibid.*

19 Janos Kornai, *The Road to a Free Economy* (New York: Norton, 1990), p. 156.

## Substantial Implements of Monetary Integration between the Two Koreas<sup>20</sup>

### *The Amount of Money Supply*

For the sake of currency union, the unified Korean government should issue additional money as much as needed to circulate in the North Korean region. This should be estimated from the amount of currency and non-currency circulations in the region.

But since there is no official data related to either the control method of money volume or the velocity of money in North Korea, it is impossible to estimate the needed amount of the currency. Therefore it can only be indirectly estimated by comparative analysis with other socialist countries, based on a ratio of GNP or the amount of financial expenditure. It can be estimated that the amount is about five to ten percent of the North Korean GNP.<sup>21</sup>

### *The Exchange Rate between the Two Korean Wons*

In order to issue additional South Korean currency for circulation in the Northern territory, existing North Korean Won must be exchanged with the South Korean Won. In such a case, the exchange rate between the two Wons must be decided. In the light of German monetary integration, the exchange rate should be decided by the market value of the money.

The exchange rate for North Korean trade should be applied in deciding the exchange rate, but since that does not reflect international market value, it cannot represent the exchange rate between the two Koreas.

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20 This applies to a rapid monetary integration. In case of a gradual monetary integration, the data for decision of exchange rate can be accepted in the transition to market economy.

21 J. Wilczynski, *The Economics of Socialism* (London: George Allen and Unwin Ltd.), translated by Yeon-Su Bae (YongNam University Press, 1986), p. 152.



Therefore the calculation method of hypothetical money stock could be applied to the decision for an adequate exchange rate. In other words, the amount of circulation currency estimated from the GNP and the adequate amount of currency needed to circulate in North Korean territory would be calculated. The ratio between the two amounts can then be applied to the exchange rate between the two Korean currencies.

### **Conclusion: The Political Tasks for a Monetary Integration between the Two Koreas**

Until now, we have been inquiring into the method of monetary integration. In the integration process, however, the following should be taken into account.

First, it would be rational even for a rapid monetary integration to keep pace with the transformation to market economy according to economic logic. In such a case, the timing of the currency union should be set after the unified Korean government takes necessary steps for the transformation of the North Korean economy to a market economy.

As the transactions of money will be accompanied by economic exchange and resource flow between the two Koreas, currency union should be performed on the basis of the market value of money that reflects its purchasing power. The monetary flow must be held fast to the rule of free exchange, but measures should be taken to disengage Southern speculators in Northern region.

Second, in order to avoid inflation as a result of the monetary integration, it will be necessary to pursue the policy of the two-phased banking system adopted in the German monetary integration. In the first phase, the existing function of North Korean banks should be reformed on the basis of South Korean law on banking management. In the second phase, the whole business of South Korean banks should gradually be extended to the North Korean region.

Third, we should take into account the political situation that affects the exchange rate decision. For example, additional currency should be issued in accordance with the scale of liquidity as a substitute for currency circulation in the North Korean region.

Fourth, it would be also necessary that the North Koreans are to be provided with adequate claims on the state-owned stock of wealth.

Finally, the monetary integration between the two Koreas has to fulfill the following economic aims at the same time: currency conversion should be supported to provide the combined economy with the adequate amount of liquidity, and wages of North Koreans should be supported at a level such that the competitiveness of the North Korean economy would be maintained. To conclude theoretically, unifying North and South Korea in the following stages of unification would be most reasonable: From the moment unification manifests politically, the North Korean economy should maintain her economic independence. Trade with South Korea and other countries should be made at the currency rate that reflects true currency values.

## A Case Study of Confederations

Tae Hwan Ok

**T**he tensions that had been sharpening over the North Korean nuclear issue and the threat of UN sanctions have abated since former President Carter made his trip to Pyongyang in June 1994, and the mood on the peninsula has shifted dramatically into a phase of reconciliation. Efforts have been burgeoning to resolve the nuclear issue through dialogue as the third round of US-DPRK talks and an unprecedented North-South Korean summit were—until the recent death of Kim Il Sung, and still may be—both slated for the last part of July. If through these talks the nuclear issue is resolved and relations improve between the two Koreas by means of active exchange and cooperation, then discussions on peaceful North-South unification will be right on track.

Before the inter-Korean relationship deteriorated so terribly over the nuclear issue, Pyongyang had revised its previous argument for a “Korean federation” and begun to acquiesce to the idea of an interim-confederation unification in which Northern and Southern governments would have separate diplomatic and military sovereignty. This position is obvious through Kim Il Sung’s New Year speech of January 1991, North Korean Ambassador to the Soviet Union Sohn Sung-pil’s remarks in March, chairman of the National Unification Committee, People’s National Assembly Yoon Kee-bok’s remarks in May, and former North Korean Ambassador to the UN Han Shi-hae’s

announcement in June that Pyongyang would be willing to accept a confederation similar to the one adopted by the United States during its own founding period.

This article outlines the characteristics of various confederations. To help identify the essence of a state confederation and problems that arise in management, the article looks at historical backgrounds, development processes, central government power structures, and power distributions between central and regional governments.

### **Historical Background of State Confederation**

The ancient city-states of Greece and Italy formed confederations to face common threats from big powers as well as for mutual economic interests. These unions took a form in which member states maintained sovereignty, and the confederation government exercised diplomatic rights and defense responsibilities representing the member states. The main focus was security.

Immediately after the Renaissance scientific, industrial and commercial developments created more diverse income sources, which accelerated the evolution of state-building. Increased competition between states also led to different types of confederations and leagues of nations that shared the common goal of security as well as protecting and promoting industry and trade. Some good examples are the Rhenish Confederation (1254–1350), the Hanseatic League (1367–1669), the Swiss Confederation (1291–1798 and 1815–1848), the United Netherlands (1576–1746), the American Confederation (1781–1789) and the German Confederation (1815–1867).

In modern times a state merge into confederation is rare, but we do find a few examples in the United Arab Republic (1958–1961), the Confederation of Arab Republics (1972–1973), and the Senegambia Confederation (1982 to present). Similar to the form of state-merge confederation could be the Osterreichish-Un-

garische Doppelmonarchie (1867–1918), the United Nations and, of course, the European Community. For this article I considered period and region and selected five cases that bear the name confederation: the American Confederation, the Swiss Confederation, the German Confederation, the Confederation of Arab Republics, and the Senegambia Confederation, which is still in force.

*The American Confederation (1781–1789)*—After Jamestown was established in Virginia in 1607, a progressive English colonial policy inspired people of various nations and religions to immigrate. By 1763 England had finished driving out the French, and imposed heavy taxes on the people of their colonies to meet colonial management and war expenses. The colony settlers opposed these taxes, which eventually lead to the War of Independence. The Americans formed the American Confederation by enacting the Articles of Confederation among thirteen colonies in order better to carry out the war.<sup>1</sup>

*The Swiss Confederation (1815–1848)*—Switzerland was long ago a tributary realm of the Holy Roman Empire. Beginning in the twelfth century it came to be governed by Austro-Habsburg and then after the French Revolution by France. Thus the Swiss could not be independent due to incessant foreign invasions and conquests. In 1815 after the death of Napoleon, nineteen states formed the Swiss Confederation with a common goal of national defense.<sup>2</sup>

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1 Tae Hwan Ok, *A Study on American Federation*, (in Korean) RINU Monograph 91-03, 1991, pp. 6–39; For further reference, see Merrill Jensen, *The New Nation: A History of the United States during the Confederation* (New York: Knopf Publishers, 1950); and, Jack Rakove, *The Beginning of National Politics: An Interpretive History of the Continental Congress 1781–1789* (J. Hopkins Press, 1982).

2 Myong-bong Chang, *A Case Study on Confederation*, (in Korean) Office of North-South Dialogue, National Unification Board, 1986, pp. 38–39; The three states of Uri, Schwyz and Unterwalden established the Perpetual League in 1291 to confront Habsburg. It was reinforced to eight states in 1353. In 1513, thirteen states joined to form the Swiss Confederation, signing a confederation treaty similar to the 1291 Perpetual League in common efforts to face foreign forces. But the confederation broke up after the French Revolution. To distinguish this

*The German Confederation (1815–1866)*—After the demise of the Holy Roman Empire, the region of German people broke up into 355 princedoms. After Napoleon's conquest the princedoms were consolidated to thirty-nine. On 8 June 1814 thirty-five princedoms and four burgers rectified the Bundesakte (the articles of confederation) and formed the German Confederation to ward off foreign powers and prevent wars among themselves in the development of a new European order.<sup>3</sup>

*The Confederation of Arab Republics (1972–1973)*—In December 1969 the leaders of Egypt, Libya and Sudan met in Tripoli and signed the Tripoli Charter to form a confederation in common interest against imperialism and Zionism, and to meet the demand of the Arab people for unification.

In April and August 1971 the presidents of Egypt, Libya and Syria held meetings at Benghazi and Damascus, resolved to cooperate in military and diplomatic fields, and declared their intent to legislate a confederation. On the first of September these countries approved the act through plebiscite and officially launched the Confederation of the United Arab Republics.

*The Senegambia Confederation (1982 to the present)*—Senegal and Gambia are adjacent African nations on the North Atlantic coast, one enclosing the other around a river delta. From the fifteenth through nineteenth centuries they were both ruled by Portugal and later separately by England and France; they gained independence after the Second World War.

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confederation from the one formed in 1815, it is called the Old Confederation.

- 3 A. J. P. Taylor, *The Course of German History* (New York: Capricorn Books, 1962), pp. 46–54; E. J. Passant, *A Short History of Germany, 1815–1945* (New York: Cambridge University Press, 1959), pp. 10–20. Among the member states, Prussia and Austria made only partial commitment of their territory to the Confederation for fear of losing independence. Austrian Chancellor Metternich oppressed the Liberal Nationalist movement and achieved a loose form of the German Confederation due to worries over the disintegration of Austria. In 1820 the confederation parliament rectified the Wiener Schlußakte, which complemented the Confederation Bill of 1815 and reinforced the German Confederation.

Although one country speaks English and the other French the two formerly comprised a single tribe, and they share an Islamic background. Their homogeneity made it possible immediately after their independence to sign the "Agreement between the Republic of the Gambia and Republic of the Senegal Concerning the Establishment of a Senegambia Confederation," agreeing to cooperate in political, economic and cultural fields. They shared common economic interest in the co-development of Gambia and the resolution of political instability due to military coups in Senegal. They signed the Confederation into being in December 1981.<sup>4</sup>

### The Power Structure of a Confederation

In the cases of the Swiss, German and American confederations, there were neither administrative nor judiciary bodies in the central government, only confederative parliaments exercising titular administrative and judicial rights. In the Arab confederation the central government itself had three branches of power, and so does Senegambia.<sup>5</sup>

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4 "A Case Study of Negotiation Process of the Senegambia Confederation," (in Korean) *Case Studies of Unification of Divided Countries*, National Unification Board, Department of Research, 1986, pp.165-74; Chang, *Confederation*, pp. 176-82. The two countries held two rounds of summit meetings in 1974 and 1976 to reach consensus on the principle of unification, then in 1978 they founded a development organization for the Gambia River area. When a military coup broke out in July 1981 Senegal dispatched its troops to Gambia and suppressed it. The incident led the two countries to sign the Confederation Treaty in December; on 1 February 1982 they ratified it. In January 1983 confederative parliament and confederative cabinet meetings convened for the first time in Takar, the capital of Senegal, officially launching the Senegambia Confederation.

5 Chang, *Confederation*, pp. 104-7, 178-81. The central government structure of the Arab and the Senegambian Confederations are similar to a federation.

### Confederative Parliaments

The American, Swiss and Arab confederations had, and Senegambia has, a single-house legislature. Among the five, the only bicameral system was the German Confederation.<sup>6</sup>

Legislative representation differed widely among them. The American Confederation consisted of at least two but no more than seven representatives elected and nominated from each of the member states for a one-year term, but each state had only one vote among thirteen.<sup>7</sup> The Swiss used two from each state except from those states that had merged into another, which were allowed only one representative each.<sup>8</sup> The German confederative parliament consisted of one representative from each member state, and the Austrian delegate always assumed the chair position.<sup>9</sup> The greater Arab parliament comprised twenty representatives elected for a four-year period from among the popular national assemblies of each of the member Arab Republics.<sup>10</sup> The Senegambia Confederation parliament comprises delegates nominated one-third from Gambia and two-thirds from Senegal.<sup>11</sup>

In America, decision-making on legislation and major issues in the Continental Congress was made through a two-thirds majority of all thirteen, that is, nine votes. After an act had already passed, however, any revisions required unanimous

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6 S. H. Steinbergs, *A Short History of Germany*, (The MacMillan Co., 1945), pp. 199–201; E. J. Passant, *Germany*, pp. 32–34. At the outset the Confederation was managed by the Plenum and the Rath. After 1984 the prince nominated the Upper House members and the people elected the Lower House members.

7 See the *Articles of Confederation*, Article 5, in Chang, *Confederation*, p. 28.

8 Chang, *Confederation*, p. 41.

9 See the *Deutsche Bundesakte*, Article 5, Chang, *Confederation*, p. 53.

10 Chang, *Confederation*, p. 105.

11 See the *Agreement between the Republic of the Gambia and Republic of the Senegal Concerning the Establishment of a Senegambia Confederation*, Chapter 4, Articles 11, Chang, *Confederation*, p. 186.



consensus. Minor issues were decided upon by a simple majority.<sup>12</sup> In the Swiss case a three-quarters majority vote was needed to sign coalitions or treaties with other countries or to declare war. Other agenda required only a plain majority.<sup>13</sup> Regarding participation and declaration of wars, affiliation to the confederation, legislation and revision, and other matters of importance, the Germans decided by a two-thirds majority vote at the Plenum. For routine affairs a simple majority of the Rath (sub-committee) was sufficient.<sup>14</sup> In the case of the Arab Republics, matters were decided by a simple majority of a minimum voting presence of two-thirds the total seats.<sup>15</sup>

### Arbitration of Disputes

The central government in the American Confederation had no supreme court. Interstate disputes were heard by a temporary court made up of judges nominated by the states, and if the problem remained unsettled then the Continental Congress would select from among jurors nominated three from each state—excluding those from the contending states—to serve on an ad hoc court. At least seven but no more than nine jurors would arbitrate the dispute.<sup>16</sup> In the Swiss Confederation conflicts were settled by the confederative parliament. The German Confederation established a common supreme court to tend to arguments between member states, and court decisions were enforced by the confederative assembly. If a dispute could not be

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12 *Articles of Confederation*, Articles 9 to 13.

13 Chang, *Confederation*, p. 41.

14 *Deutsche Bundesakte*, Article 6. In the Plenum, Austria and five other states had four, Baden and five others had three, Brown Schubach and three others had two and the rest of the small states had one vote each, for a total of 69 votes.

15 Chang, *Confederation*, p. 106.

16 Robert K. Wright and Morris J. Gregor, *Soldier-Statesmen of the Constitution* (Washington DC: Center of Military History US Army, 1987), pp. 186–89.

thus settled, an ad-hoc arbitration court was formed to mediate.<sup>17</sup> In the Confederation of Arab Republics a presidential summit was held to select members of the Constitutional Court, for a four-year term, from among a pool of two nominated by each member state. This court then arbitrated disputes among states.<sup>18</sup> In the Senegambian Confederation consensus about a dispute is sought between the confederative president and vice president, and failing that an arbitration court is formed.

### **Authority Relationship between Central and Regional Governments**

*Sovereignty*—Confederation member states possess rights of sovereignty, liberty and independence, as well as legislation, jurisdiction and administration. So have they mutually recognized the independent positions of the other states. The member-state governments would maintain public order within themselves and exercise authority over internal affairs.

*Diplomacy*—Confederative assemblies have been able to exercise only titular diplomatic authority; real diplomatic rights have always been in the hands of member states.

The American Confederation had the right to sign treaties, nominate ambassadors and exercise diplomatic rights. Its Articles of Confederation clearly banned the thirteen states from signing treaties with each other—or with foreign entities<sup>19</sup> but the ban was violated to protect the interests of the individual states. Real decision-making power was vested in them, not the central government.<sup>20</sup>

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17 Chang, *Confederation*, pp.48–49.

18 Ibid, p. 106.

19 Wright, *Constitution*, pp. 186–89.

20 Ok, *America*, p. 39–40. Continental Congress representatives were actually diplomats from the individual states rather than true representatives of the assembly. Each state assembly could summon its delegates at any time and

Member states of the Swiss and German confederations had independent diplomatic rights, as do Senegal and Gambia. The Swiss states were granted the right to sign treaties with foreign countries without confederation intervention.<sup>21</sup> The German confederative assembly nominally had diplomatic rights but was unable to exercise them;<sup>22</sup> the only behavior member states were disallowed in the diplomatic arena was to declare neutrality or ally with foreign countries.<sup>23</sup> In Senegambia each state exercises independent diplomacy.<sup>24</sup>

*Defense*—In general, confederative assemblies exercised rights to conduct and to declare war, and to sign truce treaties.

Neither the Swiss nor German confederations possessed regular armed forces; the member states exercised independent rights to conscript and maintain regional armies. Only during wartime, with the support of the member states, were unified militaries permitted to be formed; after the war they would be dismantled. The American Articles of Confederation did allow a peacetime confederative army and in June 1784 one was established.<sup>25</sup> Individual American states were allowed no standing

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appoint others to fill the rest of the term—and they were paid by their home states. The delegates conformed their votes strictly to the orders of their state governments.

21 Chang, *Confederation*, p. 40.

22 *Ibid.*, pp. 40, 46, 182.

23 *Ibid.*, p. 46.

24 *Ibid.*, p. 182.

25 Wright, *Constitution*, pp. 28–29; After the War of Independence in 1783, arguments were raised as to the appropriateness of maintaining a peacetime standing military at a congressional committee launched by Alexander Hamilton in April 1783. The committee asked George Washington, commander in chief of the Continental Army, about the matter. On 2 May he proposed formal maintenance of the Continental Army with a defense backup from the well-organized state militias, and on the basis of his proposal the Hamilton committee submitted the agenda to the Continental Congress in May 1783. It was rejected. In October and April of the next year, the committee submitted a revised version more moderate than the previous, but it also failed to pass. On 3 June 1784, a day after the Continental Army was dismantled, the Congress resolved to establish a peace-

army nor any sea forces but they could keep a militia for regional defense and maintenance of public order.<sup>26</sup> Senegambia fully unified the military and police forces of both countries; neither has its own army.<sup>27</sup>

Military command in the American and Swiss confederations was under the commander-in-chief appointed by the assembly. In Germany commanding rights were vested in the member states.<sup>28</sup> In Senegambia, the unified military and police come under the president of the confederation.<sup>29</sup>

*The economy*—Individual member states generally had control of their own economic matters; confederative assemblies have had mainly titular authority. Both the American and the Swiss confederations issued a unitary currency under the authority of their confederative assemblies;<sup>30</sup> the other three maintained separate currencies.

The right to tax, impose tariffs and enact laws of trade and navigation were vested in member states of the American,

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time standing army with the size of one regiment composed of eight infantry battalions. Its first commander was Lieutenant Colonel Josiah Harmer.

26 Ok, *America*, p. 44.

27 National Unification Board, *Divided Countries*, pp. 175–86. Senegambia is a rare case in which the confederation was able to unify the military prior to political, economic and social integration. The main reason may have been the inevitable Gambian dependence upon Senegal for defense and internal stability due to frequent leftist military coups. Revolutionary activities in Gambia stimulated the leftists in Senegal and the Senegalese government suggested military unification probably to cope with internal security threats. In 1981 Gambia accepted the proposal following severe instability from the coups; military unification proceeded rapidly. The population of Senegal was 5.8 million with 9,700 troops and Gambia only sixty thousand with 450 soldiers.

28 Chang, *Confederation*, p. 46.

29 *Agreement of the Senegambia Confederation*, Chapter 2, Articles 8.

30 A. C. McLaughlin, *The Confederation and the Constitution* (New York: Harper and Row, 1905), pp. 55–56. Both confederations failed in unified monetary policies. In the American case, during the War of Independence the Continental Congress issued more money than existed gold and silver in the treasury, that is, without currency guarantee. This resulted in inflation and a severe economy crisis.

German and Swiss confederations.<sup>31</sup> The Americans and Germans rendered to their confederate assemblies all decisions over standardization of weights and measures and management of the mail and other matters of communication.<sup>32</sup> Meanwhile, the central government of the Arab Republics, as does that of Senegambia, had authority over the economy and financial issues and matters of communication.

## **Analysis and Appraisal of the Institutional Management of Confederations**

### **Political Aspects**

Although a confederation is not a subject of international law, peace and stability were provided for a period as member states made concerted efforts to improve their positions in international society.

Before its dissolution in 1789 the American Confederation unified its negotiation table vis-à-vis Europe and secured military support from France and other major European countries. As for the Swiss, the confederation furnished an official guarantee of independence and neutrality among surrounding big powers. When the German nations decided to form a confederative state, Europe gave full support in consideration of the pan-European balance of power.

In the meantime, however, in its institutional aspect, confederation comprising independent states with political, social and

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31 Taylor, *Germany*, pp. 48–57; Ok, *America*, p. 43. In the case of Germany, authority to break down tariff barriers among member states was bestowed on the confederative assembly but the assembly could not really exercise its rights. As for the American Confederation, member states refused to bestow authority on the Continental Congress to impose taxes and enact regulations on trade and commerce due to their former experience as colonies of England. Therefore the Congress attempted to intervene indirectly by means of trade and commerce treaties on tariffs among the states, but failed.

32 Taylor, *Germany*, pp. 48–57; Ok, *America*, p. 43. The German confederative assembly took no actual measures to standardize weights and measures.

economic autonomy often became cause for political crisis among member states, who of course had conflicting interests.

In the case of the American Confederation, New York and New Hampshire were involved in territorial disputes over the Vermont region; Pennsylvania and Connecticut over property rights of the Wyoming valley; and Virginia and Maryland over navigating rights on the Potomac River. These states sometimes even went to the brink of war.<sup>33</sup> Religious issues and demands for freedom and participation created incessant disputes among member states in the Swiss Confederation. In 1847 Luzern, Uri, Schwyz, Unterwalden, Zug, Fribourg and Valais withdrew from the Confederation and war broke out over their attempts to establish a new union. The confederative army led by General Dufour suppressed the rebels within a month. The Swiss Confederation, however, disintegrated.<sup>34</sup> The German Confederation broke up in 1866 due to a war between Austria and Prussia, who confronted each other over differences in political and economic interests. The Confederation of the United Arab Republics did not survive a year of its founding. Syria and Libya nullified the treaty when Egyptian President Anwar Sadat violated his anti-Zionist pledge by attempting to enter peace negotiations, mediated by President Carter, with Israel for the return of the captured Sinai peninsula.<sup>35</sup>

In addition, confederations have usually lacked a standing administrative body in the central government, which led to an inability to implement state affairs responsibly. They could not exercise unified leadership in formulating policies. Difficulties in securing budget also limited the functions of the central government.

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33 Ok, *America*, pp.51-52.

34 In September 1848 the Swiss developed into a new Confederation with the Swiss Confederative Constitution.

35 Chang, *Confederation*, p. 107.

The American, Swiss and German confederative assemblies administered state affairs by forming committees when necessary. In 1781 the American Confederation under pressure of the Nationalists established three standing administrative bodies in the Continental Congress, in charge of diplomacy, military and finance, but lacking sufficient finance they became powerless figurehead organizations.<sup>36</sup>

Confederative assemblies have also undergone political conflict due to unequal representative rights of member states. As members of the American and the Swiss confederations exercised equal representative rights irrespective of population size, states with relatively large population and territory expressed grievances over having to exercise equal rights while paying more than other small states. In Germany, the small states together had more votes than the seven states who occupied five-sixths of the population, giving an advantage to the minority. Two-thirds of the representatives of the confederative assembly of Senegambia are from Senegal, giving it the initiative in political affairs—and the Gambians even though a tiny minority have felt dissatisfied.

### Economic aspects

Smoothed flow of personnel and material resources have contributed to economic development. In the American Confederation, the industrial north and the agricultural south found mutual advantages, thus advancing the economy of the entire

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36 J. A. Rickard and J. H. McCrokin, *Our National Constitution* (Harrisburg: The Stackpole Company, 1960), p. 18; Jack R. Rakove, *The Beginning of National Politics* (New York: Alfred A. Knopf, 1979), pp. 331–42; Taylor, *German*, p. 57. As the member states did not properly pay their due portions of the budget, the American Confederation deficit ranged up to US\$ 3.5 million by 1784. The committee could not even pay the interest not to mention the principal, so the Continental Congress proposed a bill to impose a five-percent tax on imports, but the states rejected it. In the case of Germany, the confederative assembly maintained the government for fifty years by money lent from Austria because member states did not pay their due shares of the budget.

confederation. The Swiss Confederation made noteworthy growth in communication, finance and trade sectors during its confederation period; the first Swiss railway came in 1847. During the period of the German Confederation 7,000 miles of railroad was built, contributing to a great expansion of the textile and agricultural industries. The German postal system also reached the highest level in the world and overall German industry leaped forward.<sup>37</sup> As a result of the Senegambia Confederation, routes between the north and south of Senegal that had been blocked by Gambian territory were opened, and the co-development of the Gambia River quickly advanced the economic development of both countries.

Meanwhile, as member states emphasized autonomy in trade, industry and commerce, they sometimes imposed tariffs even on intra-confederation trade. Excessive emphasis on autonomy were thus an obstacle to economic development among member states. The American states imposed tariffs upon each other and distorted the trade order; this harmed the entire confederation and the Continental Congress could not prevent it.<sup>38</sup> An emphasis on autonomy in the Swiss Confederation led to disunity over weights and measures and differences in custom matters, thus blocking economic development of the Confederation.<sup>39</sup> The German Confederation had no unified regulations over navigation nor trade and commerce. Unit measurements and currency also differed among the states.<sup>40</sup>

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37 Synder, *Germany*, pp. 32-33.

38 Ok, *America*, pp. 48-57.

39 Chang, *Confederation*, p. 42.

40 Taylor, *German*, pp. 48-57. There were thirty-eight tariff zones and 2,775 items under tariff in the German Confederation. There were about 8,000 custom officers and for a single item to pass from Austria to Berlin, the item was taxed ten times. After 1818 under Prussian initiative there were moves to lower the tariff barriers.



### Social and cultural aspects

Confederations have awakened homogeneity among member states due to active cultural exchanges through freedom in travel and living. This also nurtured nationalism and patriotism, which were conducive to the realization of full political integration.

The American movement proliferated as a result of east-west and north-south exchanges during the Confederation period. After eight years the Federalists gained victory, a constitution was written in 1789 and a federation emerged—the USA. A new middle class in the Swiss confederation, who demanded more freedom in speech, trade, religion and participation, initiated increased exchanges of personnel and goods. Development of the liberal movement finally led to disintegration of the Confederation and gave birth to a new Federation. In the German Confederation, a wave of liberalism sweeping in Europe was subjugated by German nationalism. The Confederation finally developed into the Northern German Federation under Bismarck.

On the other hand, differences in regional interests resulted in many problems among regions. In the American Confederation, conflicts intensified between industry-centered New England demanding high tariffs and the agricultural southern states who insisted on low tariffs. Issues on Mississippi river navigation rights led to severe conflicts between commercial northeastern states wanting trade-favored treaties with Spain and others who needed the river to help pioneer the western part of America.<sup>41</sup>

From the outset of the German Confederation, Austria and Prussia confronted each other severely over the effects that German nationalism might have had on their vested interests. The conflict intensified as Prussia gathered German forces within the Confederation through the Zollverein treaties. The German

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41 Richard, *Constitution*, p. 34; Ok, *America*, pp. 57–58.

Confederation finally collapsed in 1866 due to Austro-Prussian war.<sup>42</sup>

When Senegal took advantage of its influence to dominate state affairs, the Gambian people began to feel grievances, and regional conflicts may well intensify as Gambian consciousness of inferiority combines with political grievances.

## Conclusion

Confederations are formed through agreements or written articles among states with a common objective. A confederation represents member states in their diplomatic and security matters within international community. Confederations, however, are not states or subjects of international law. They have no sovereignty. The fact that confederations possess standing central political institutions, albeit in a formal sense, differentiates them from alliances or international institutions. Central governments of confederations are not centralized power institutions exercising direct sovereignty over member states or their citizens. The central governments exercise indirect sovereignty only. Therefore confederations are less centralized than federations but more centralized than alliances and leagues.

From the Ancient to Modern periods, confederations were formed to maximize economic and security interests from the threats of surrounding countries. Although enlivened personnel and goods exchange among member states did usually facilitate economic development, differences in interests among states intensified conflicts, and in many cases led to the demise of the confederations.

Depending upon historical, political, economic, social and cultural situations, confederations took on different forms. The American, Swiss and German Confederations had only confederative assemblies with neither administrative nor judiciary

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42 Taylor, *German*, pp. 99–115; Passant, *Germany*, pp. 62–72.

bodies in the central government. The Arab Republics and Senegambia Confederations had the form of confederation with some color of federal system.

The confederative assemblies were mainly unicameral systems with the exception of Germany. Representatives of confederative assemblies had pleni-potentiary power and were appointed by the heads of member states or elected by individual assemblies of states. Representatives of Swiss, Arab Republics and Senegambia Confederations exercised one vote by each representative and those of America and Germany exercised one vote by each state. Neither case was able to satisfy all the member states, and conflicts could not be fully resolved.

When there were disputes among member states, either confederative assemblies or unconcerned third parties mediated disputes. When the confederative assembly failed in mediation, the assembly established arbitrary courts through legal procedures. The Arab Republics arbitrated disputes through a constitutional court. In Senegambia, when confederative president or vice president failed to mediate disputes, they set up arbitrary courts based on protocol signed between the two countries.

Central confederation governments represented titular diplomatic rights of the member states within international society. Usually, confederative assemblies were endowed with diplomatic rights in the agreements but were unable to exercise real diplomatic functions because confederation representatives were delegates of member-state governments rather than of the people as a whole. Actual diplomatic powers were in the hands of the members.

Central rights to conscription and possession of regular armies were basically allowed only in time of war and with the support of member states. After the wars the unified armies disintegrated and defense rights remained vested in the member states. The Senegambian case was exceptional in that the confederation did have a unified military due to military coups.

Confederations have both functional and dysfunctional aspects in political, economic, social and cultural realms. Therefore, based upon trust of the people a confederation may develop into a federation as in the American case or, such as in the case of Arab Confederation, disintegrate, due perhaps to war or member-state confrontations.

The North Korean nuclear issue is blocking progress in inter-Korean relations. When it is finally resolved one way or another it is anticipated that to recover its economy the new regime will opt for an opening more active than that under Kim Il Sung. In the near future, therefore, inter-Korean exchange and cooperation will be enhanced, thereby rekindling hot debates over methods of unification. Given a highly heterogeneous system, economy and culture between the two Koreas, it will be necessary for both Koreas to yield positions and wisdom will be required to prevent disputes and achieve peaceful unification.

Rather than a rapid unification, it is vital for both North and South Korea to take time in gradually narrowing economic, social and cultural gaps by means of promoting exchange and cooperation. It would then be desirable for the two Koreas to pass through a stage of North-South Korean Confederation prior to creating a unified Korea.

In formulating the idea of North-South confederation, problems inherent in various power structures and their managements, as discussed earlier, should be taken into full account. Considering the current situation on the Korean peninsula, it would be better to maintain a loose American-type confederation for a due course until conditions for unification mature.