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CONTENTS

Contributors	4
<i>Special Articles on North Korea</i>	
Theoretical Revision of Juche Thought and Nationalism in North Korea Jae-Jean Suh	7
North Korea: A Statistical Glimpse into a Closed Society Nicholas Eberstadt	31
Elite Politics and Policy Making in North Korea: A Policy Tendency Analysis Yinhay Ahn	63
North Korea's Nuclear Problem: Current State and Future Prospects Seong W. Cheon	85
Will North Korea Survive the Current Crisis? A Political Economy Perspective Young-Ho Park	105
Economic Reform in North Korea: Is China's Reform Model Relevant to North Korea? Seung-Yul Oh	127
<i>Articles</i>	
Remembering and Forgetting: A Contextual Approach to Korean Peninsula Developments Gerrit W. Gong	153
Current Issues in Inter-Korean Arms Control and Disarmament Talks Tae-Hwan Kwak	177
APEC in the Post-Cold War Era Kyu-Ryoon Kim	207
Japan's Quest For Global Leadership Eugene Lee	219

Contributors

Jae-Jean Suh

Jae-Jean Suh is Director of North Korean Studies Division, RINU. He graduated from Seoul National University with a BA in Sociology, and the University of Hawaii with an MA and PhD in Sociology. His area of specialty is North Korean society. Before joining RINU in 1991, he published a book entitled *Korean Capitalist Class* (in Korean) in 1991. He is the author of numerous articles on North Korean class structure, dominant ideology, occupational prestige, and prospects for social change of North Korea.

Nicholas N. Eberstadt

Nicholas N. Eberstadt is a visiting fellow at Harvard University's Center for Population Studies. He was a consultant to the World Bank, the State Department, and the Agency for International Development (population). He has taught courses at Harvard University in population and natural resources, agricultural economics, social science and social policy, and problems of policy making in less-developed countries. His two latest books are *The Poverty of Communism* (Transaction Books, 1988) and *Foreign Aid and American Purpose* (AEI, 1988). He has written several books and numerous articles on population and poverty. Mr. Eberstadt received an AB from Harvard College, MSc from London School of Economics, and MPA from the Kennedy School of Government at Harvard University.

Yinhay Ahn

Yinhay Ahn is an Associate Research Fellow at Research Planning and Coordination at RINU. She graduated from Ewha Women's University in 1980 and completed her graduate study at the George Washington University with PhD in Political Science in 1991. She is currently an editor of the RINU Newsletter and is in charge of Institute's public relations and international communication.

Seong W. Cheon

Seong W. Cheon is an Associate Research Fellow at the Policy Studies Division of RINU. He received his BA in industrial Engineering from Korea University in 1984, his MA-Sc in Engineering Economic Systems from Stanford University in 1985, and his PhD in Management Sciences from the University of Waterloo in Canada in 1989. His research interests and current work foci are on North-South Korean nuclear inspection, Open Skies, regional arms control and verification, and strengthening international nonproliferation regimes. Before joining RINU, he worked for the Arms Control Office at the ROK

Ministry of National Defense. He is the author of numerous articles on arms control and verification.

Young-Ho Park

Young-Ho Park is Research Fellow at the Policy Studies Division, RINU. He is a graduate of Hankuk University of Foreign Studies with a BA and MA in Political Science. He received his PhD in Political Science from the University of Cincinnati in 1988. Before joining RINU in 1991, he served as a Senior Researcher with the Korea Institute for Defense Analyses. He has also been a lecturer at HUFs since 1988. His research interests center on North Korean politics, North-South relations and security issues on and around the Korean peninsula. His articles include "The Future of South Korea's Policy Toward North Korea?" (1993) and "North-South Dialogue: Ways Toward Cooperation?" (1993).

Seung-Yul Oh

Seung-Yul Oh is an Associate Research Fellow at the North Korean Studies Division of RINU. He graduated from Hankuk University of Foreign Studies in 1982 and received his M.A. in economics in 1986. He took his PhD in Economics from the Chinese University of Hong Kong in 1992. His PhD dissertation was entitled "China's Inter- and Intra-Industry Trade in Manufactures with Special Reference to the Market-Oriented Reforms." His main fields are the economics of socialism and international trade.

Gerrit W. Gong

Gerrit W. Gong is the Director of the Asian Studies program at CSIS. Previously, he was special assistant to Under Secretary of State for Political Affairs Michael Armacost and special assistant to two US ambassadors to the People's Republic of China, Winston Lord and James Lilley, at the US embassy in Beijing. He taught at the Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University and at Oxford University, where he was a Rhodes scholar and received an MA in philosophy and PhD in international relations. He writes and lectures extensively on East Asia policy issues and developments.

Tae-Hwan Kwak

Tae-Hwan Kwak (Ph.D., Claremont), a specialist on East Asian affairs, international politics and foreign policy, is professor of international relations at Eastern Kentucky University. He is the author and co-editor of numerous books, which include *In Search of Peace and Unification on the Korean Peninsula* (1987); *US-Korean Relations, 1882-1982* (1982); *Two Koreas in World Politics* (1983); *Korean Reunification: New Perspective and Approaches* (1984); *Koreans in North America* (1988); *Northeast Asian Security & Peace: Toward the 1990s* (1988); *Forty Years of US-Korean Relations* (1990); and *The Korean-American Community:*

Present and Future (1991). He has published more than 100 articles in scholarly journals and has contributed more than 15 books in English, Japanese and Korean. He served as Vice-President of the Association of Korean Political Studies in North America, and served as President of Korean American University Professors Association (1989–90).

Kyu-Ryoon Kim

Kyu-Ryoon Kim is an Associate Research Fellow at the International Studies Divisions of RINU. He graduated from Sogang University in 1981 and received his PhD in Political Science from Northwestern University in 1989. His major area of research interest is international economic cooperation. He is currently working on the New International Economic Order in Northeast Asia.

Eugene Lee

Eugene Lee is an Associate Research Fellow at the International Studies Division of RINU. He graduated from Yonsei University in 1983 and received his PhD in Political Science from the University of Toronto in 1991. After joining RINU in 1991, he has been involved in research on inter-Korean economic issues and Japanese affairs. His current research interests include Japanese foreign and security policies, nuclear policy, and US-Japan relations.

Theoretical Revision of Juche Thought and Nationalism in North Korea

Jae-Jean Suh

Since the mid 1980s when the socialist bloc began to change rapidly, North Korean leaders have been making theoretical revisions in Juche thought. Adopting new concepts such as "a socialist system in our own style" and "the supremacy of the Choson (Korean) nation," North Korea has been intensively propagating these ideas through their mass media. The concept of "supremacy of the Korean nation" in particular, first mentioned by Kim Jong Il in his 1986 speech, was fully systematized when Kim Il Sung professed himself a nationalist in a speech on 1 August 1991. He announced "ten programs for grand solidarity of the Korean nation" and launched a nationalist offensive toward South Korea. This was the moment that nationalism appeared as a significant issue in North Korea. What could be the motive underlying North Korea's attempt to revive the old concept of nationalism that had always been denounced as a capitalist bourgeois ideology? This article deals with this question and examines the socio-political characteristics of North Korean nationalism.

The Concept of Nationalism in North Korea

Nationalism has generally been viewed negatively in the socialist states primarily due to the tendency of socialists to regard

it as an ideology serving the interests of the bourgeois class in nineteenth century Europe, protecting capitalism in domestic as well as international markets. The second reason lies in the socialist argument that imperialism under the banner of nationalism distorted economic development and impaired proletariat interests in the colonial states. In sum, Marxists have been pursuing proletariat internationalism and perceiving nationalism as an obstacle to class struggle.¹

In direct contrast to Marx's theoretical prediction, most of the socialist revolutions took place in the form of national liberation movements. There are disparate opinions over the relationship between proletariat internationalism and nationalism. With the outbreak of World War I proletariat internationalism turned out to be only a dream and many Marxists began to turn their backs on proletariat internationalism.²

Among Marxists in the anti-imperialist movement, Lenin certainly appreciated the usefulness of nationalism. He was quite vocal in urging the movement to take advantage of any nationalist movement struggling against imperialism for the goal of socialist revolution. Although Lenin had confidence in the socialist proletariat role against imperialism, he looked to minority nationalist movements to play the precipitating role. Lenin could not ignore the historical justification of the nationalist movement, but to prevent his argument from being misinterpreted as an apology for nationalism and thus damage the proletariat interest, he did insist that only the progressive nationalists be accepted. To Lenin, therefore, seeking harmony between progressive nationalism and proletariat internationalism was the main concern related to nationalism. The originality of Lenin's contribution to the development of Marxist theory lay in his attempts to harmonize dialectically nation with class. To Lenin,

1 Horace Davis, *Toward a Marxist Theory of Nationalism* (New York: Monthly Review Press, 1978). p. 27.

2 *Ibid.*, p. 31.

however, the right of self-determination was only a tactical concern. It was a principle that could be abandoned at any time depending upon the situation.³

In contrast to Lenin's relatively pragmatic position, Rosa Luxemburg and Stalin were intransigent internationalists. By clinging to his strict class perspective Stalin strongly opposed nationalism. Horace Davis believed that in the whole history of communist movement there is no one more antagonistic to nationalism than Stalin. Rosa Luxemburg, a stern proletariat internationalist, regarded the suppression of nation as the inevitable product of capitalist rule and argued that the national issue would never be resolved without first overthrowing capitalism.⁴

North Korea has been following in the foot-steps of these perceptions, believing that nationalism is the manifestation of bourgeois interest inherent in the capitalist institution, and that the nationalist phenomenon does not exist in true socialist countries.⁵ North Korea argues that nationalism as a bourgeois class interest distorts the interest of proletariat class in the name of national interest. As a result, it is understood to destroy international solidarity and cooperation at the expense of the working class. From the definition of nationalism as stated in the *Philosophical Dictionary* published in 1985, we can pin down the reason for the North Korean rejection of nationalism.

By presenting "the interest of the whole nation" beyond the interest of the masses and the working class, nationalism obscures the distinction between true interest and the nation's interest. It hides the class contradiction and impedes the working class struggle for its own basic interest.⁶

3 Park Ho-sung, *Socialism and Nationalism* (in Korean), (Seoul: Kachi, 1989), p. 234.

4 *Ibid.*, p. 234; Davis, *Toward a Marxist Theory of Nationalism*, p. 103.

5 *Political Dictionary* (in Korean) (Pyongyang: Sawhegyahak Chulpansa, 1973), p. 427.

6 Sawheghahak Chulhakyonguso, *Philosophical Dictionary* (in Korean) (Pyongyang: Sawheghahak Chulpansa, 1985), p. 253.

To Kim Il Sung, nationalism seemed to have both imperialist and aggressive elements. He preferred, therefore, the concept of "Juche thought" with the connotations of defending oneself from foreign attacks and invasion, rather than nationalism in the active sense. Therefore from Kim Il Sung's position Juche thought can never be regarded as a nationalist idea, nor could it be regarded as anti-nationalist thought either. In North Korea, the term socialist patriotism is used in place of nationalism. "Socialist patriotism is the thought that combines class consciousness with national self-determinism and the love of the fatherland."⁷ This definition strongly reflects the class-based worldview. It is the context in which North Korea designates Juche thought as socialist patriotism.

Juche Thought as the North Korean Counter-measure to Changes in the Socialist Bloc following the Death of Stalin

The Formation of Juche Thought as Regime Ideology

For a better understanding of why North Korea suddenly switched from proletariat internationalism or socialist international solidarity to Juche thought emphasizing self-reliance from socialist states, we have to look into the external conditions that had direct influence on the birth of Juche thought.

North Korea's response to Soviet revisionism and turmoil of the East European socialist bloc.

Rapid changes in the socialist bloc provided the international background for the birth of Juche. The practice of idolization waned in the Soviet Union following the death of Stalin in March 1953, and revisionism gained momentum. By the end of 1954 critique of the socialist system had spread throughout the world. With Khrushchev's anti-Stalinist address at the 20th plenary

7 Ibid., p. 351.

session of the party in 1956, Stalin's former reputation as the great leader of mankind, inspiration to the world, father of the Soviet people, master of science and academy, military genius, and the greatest, most gifted leader in history, were all denounced as torture-mania on the part of a militarily ignorant mass-murderer who brought catastrophe to the Soviet Union. The torture and purges he had committed, Stalin's paranoid fantasy, were brought into broad daylight.⁸ Khrushchev's address, criticizing the depravity of socialist morality, shook the entire socialist bloc to its very foundations.

Khrushchev's revisionism had an immediate impact on the East European bloc. In Poland, Hungary and Yugoslavia, anti-Soviet nationalist sentiment was in extant and Khrushchev's address added fuel to the fire.

In the Poznan incident in Poland, May 1956, the Soviet military killed 53, wounded 300 and arrested 323 when a labor demonstration for "bread and freedom" developed into an uprising.

The 1956 incident in Hungary was more serious. After suppression of a riot by the Soviet military, grievances spread among all social groups and classes including party members, the intelligentsia, students and factory workers, and exploded into a nation-wide revolutionary movement. They demanded independence from the Soviet Union and the resignation of Hungarian political leadership.⁹

As can be seen in the following citation, Kim Il Sung defined the changes in the socialist bloc as a conspiracy of reactionary elements backed by imperialists, and he was quite concerned about its possible impact on North Korea.

8 Leszek Kolakowski, *Main Currents of Marxism* (Oxford: Oxford University Press, 1978), pp. 450-51.

9 Yoondonghyogee, "East Revolution and Destalinization" Donggu Sawheyonguwon ed., Chounchek Pyonjipbu, translated, *The Turmoil of Eastern Contemporary History* (in Korean) (Seoul: Chounchek, 1990), p. 197; Howard Davis and Richard Scase, Han Sang in (trans.), *Sociology of Comparative Systems* (in Korean) (Seoul: Nutinamu, 1990), p. 185.

The anti-revolutionary revolt in Hungary provoked by imperialist interventionists and anti-revolutionaries was swiftly quelled by Soviet internationalist aid requested by the Hungarian Labor revolutionary government and by the heroic struggle of the Hungarian people who were supported by the peace-loving people of the world.¹⁰

Not only did the Hungarian people topple the local anti-revolutionaries and brilliantly uphold their socialist accomplishments, but they also contributed greatly to the great task of guaranteeing peace and security by crushing the conspiracy of the Western imperialists who attempted to establish a new battleground in the heart of Europe.¹¹

The Hungary incident took the form of an anti-socialist and anti-Soviet nationalist movement of the workers. And it certainly was a large scale civil uprising that could not have been quelled without Soviet military intervention. In North Korea, however, news of this incident was delivered to the residents in distorted form. If the Soviets had not intervened, the collapse of the socialist bloc might have taken place in 1956 earlier than 1989.

The civil uprising of anti-Soviet nationalism in the Eastern bloc were real threats to the Kim regime. From this time onward, Pyongyang began to implement a policy of isolation in order to block the "unwholesome wind" from sweeping into North Korea. It is worth noting that this self-isolationist policy is still playing as the main counter-measure even to the recent situation following the collapse of the Soviet Union and the socialist bloc. One of Kim Il Sung's addresses at that time clearly reveals such policy will.

10 Kim Il Sung, "The address delivered by the premier Kim Il Sung at the Pyongyang city welcoming mass rally for delegates from the Czechoslovakia Republic 1 April 1957" (in Korean) in *Rodong Shinmun* 2 April 1957.

11 Kim Il Sung, "The joint declaration of the government of Democratic People's Republic of Korea and Czechoslovakia Republic (4 April 1993)" Choson Chungang Tongshinsa, *Korean Central Almanac 1958* (in Korean) (Pyongyang: Choson Chungang Tongshinsa, 1958), p. 74.

We must always remember that if our Party members neglect constant ideological training, then anti-Marxist ideas and trends of all shades can infiltrate from outside or breed within.¹²

In this context, the government motive for thorough surveillance of North Korean residents introduced in 1958 is clear. Although a food ration system introduced then could be seen as a follow-up of collectivization, it could be interpreted more relevantly as political control. China and the Soviet Union both imposed collective farming projects, but not strict food rationing.

North Korea's response to de-Stalinization and the critique of idolization

Khrushchev's critique of idolization completely transformed Kim Il Sung's attitude; prior to this revisionism he had maintained a very close relationship with the Soviet Union. There is no overemphasizing that the relationship was an exemplar case of political and economic dependency that rendered impossible any use of the words self-reliance or Juche. As a result of this dependent relationship, Kim Il Sung had been exerting every effort to Sovietize North Korea under the slogan of "let's learn from the Soviet Union," expressing his "respect and gratitude" to Stalin. Kim Il Sung wrote the following words in the Letter to Stalin the Great Leader delivered on 28 August 1946, at the founding ceremony of the North Korean Worker's Party.

Cheers to the emancipator and patron of the Korean nation, our benefactor and friend, the Great Leader Stalin! We convey our greatest respects and the deep gratitude of the Korean people in cognizance of the fact that the liberation of North Korean people and the development of our country could not have been possible without your deepest consideration and the military aid of

12 Kim Il Sung, "Unity of the Socialist Camp and the New Stage of the International communist Movement," (Report to an enlarged Plenary Meeting of the Central Committee of the Workers' Party of Korea, 5 December 1957) *Kim Il Sung Works 11*, p. 352.

the Red army. We Koreans have confidence in your continued aid, certain that it will definitely bring us victory.¹³

The warm relationship froze rapidly with Khrushchev's revisionism and critique of Stalinist idolization. He also criticized the practice in North Korea idolizing of Kim Il Sung. To this critique, Kim Il Sung openly launched a counterattack:

Political intervention and economic pressure through the taking of arrogant advantage of affording assistance demonstrates a complete indifference to proletariat internationalism. Among the socialist countries, there should not be any so-called aid on collateral terms nor on conditions of intervening internal politics, as is adopted among the capitalist countries. Aid between socialist countries should be given solely to reinforce the sovereignty and independence of the recipient countries and strengthen the development of the socialist block. Some are describing the Party Assembly¹⁴ of one country as the beginning of "the new stage," and by declaring the decision made by a particular party as "the common decree" of the international communist movement, are trying to apply it to other brother parties. A decision or a measure of a party obliges the party itself and should never be used to regulate the activities of other parties. In particular, attempts to apply the movement against the so-called idolization of an individual to other parties and taking advantage of it for domestic intervention of brother parties and countries and subvert the party leadership of other countries should never be allowed. Did many brother parties already suffer needless "fever" through the commotion of "anti-idolization of an individual," and did the international Communist movement not already suffer great loss? Despite this, even today some are still continuing the rabble of "anti-dolization."

13 Kim Il Sung, "A letter to Stalin the great leader" (28 August 1946) *Tongilwon, Works on Korean Workers' Party Assembly* (in Korean) (Seoul: Tongilwon, 1980), pp. 18-19.

14 This seems to be referring to the 20th Party Assembly that criticized the personal idolization of Stalin.

It should be sternly rejected by the international Communist movement.¹⁵

For Kim Il Sung, the first priority was to safeguard the regime by preventing the movement from criticizing personal idolization and keeping revisionism from seeping into North Korea. Means were pursued to block foreign thought and reinforce ideological armament. These measures were embodied in the Juche concept of isolation.

We should raise our good Communist voice to oppose revisionism in our Party and stop the activities of the revisionists. We should suppress them and isolate them so as to block it from infiltrating the masses. We should prevent people from rallying behind revisionism and through enlightenment and consolidating the unity between communists and the masses, side with the stance of Marxism-Leninism and strengthen the communist rank and file. By means of ideological struggle, we must train the party and all communists, and arm the masses with revolutionary thought to prepare them for their revolutionary struggle."¹⁶

Challenges to Kim Il Sung leadership and Kim's response

One of the internal reasons underlying the development of Juche ideology was to find an excuse to remove Kim's political enemies from the political scene.¹⁷ Critique against Kim Il Sung was intensifying especially over his responsibility for the unsuccessful Korean War. In addition, with the Soviet critique against idolization, anti-Kim groups began openly to criticize his personal idolization practices. Kim Il Sung purged members of South Korean Worker's Party such as Ho Kai, Park Hon-yong, Lee Sung-yup during the Korean War, Yonan groups in 1956,

15 "Let's uphold the socialist side" *Rodong Shinmun*, 28 October 1963 editorial.

16 *Ibid.*

17 written by Suh Dae Suk and translated by Suh Joo Suk, *Kim Il Sung the North Korean Leader* (in Korean) (Seoul: Chonggyeyonguso, 1989), p. 95.

pro-Soviet Union groups between 1957–1959, and the Gapsan group in 1967. In the process he promoted anti-factionalism and sought justification to strengthen party unity and solidarity. Kim emphasized the establishment of Juche and used it to justify purging his political opposition. Kim Il Sung first used the word “Juche” in a speech on 28 December 1955, criticizing his political opposition and justifying himself in the name of Juche:

The mistake committed this time by Park Chang-ok and others lay in their denial of the history of the Korean literary movement. In their eyes, there are no struggles by the able writers who took part in the Korean Proletariat Literary League....Because Park Chang-ok made no attempt to study the history of our country and our reality, he came to collaborate ideologically with Li Tae-jun, a bourgeois reactionary writer....Comrade Park Yong-bin said after he had been to the Soviet Union that since the Soviet Union moves toward easing international tension, we too should do away with slogans opposing American imperialism....The disputes raised by Ho Ka-i and Park Il-u led to nothing but a weakening of discipline within the party....Criticism of Park Chang-ok and also of Ki Sok-bok was too late. If only the criticism had been made at the time of the fifth plenary session of the party Central Committee, things would not have progressed this way....The experiences of struggles against the Park Hon-yong clique and against spies should be made known clearly to party members so that they will understand how to ferret out spies.¹⁸

At this time Kim made use of the word Juche as a rudimentary ideological tool to remove his political opposition.

As a result of the so-called anti-factionalist incident in 1956, Yoon Gong-hum, Suh Hwe, Lee Yong-kyu, and Kim Kan, who had all been attacking Kim Il Sung, were exiled to China. Choi Chang-ik and Park Chang-ok were expelled from the party. Both the Soviet Union and China then intervened in North Korean politics, criticizing Kim Il Sung. He thus restored Choi Chang-ik

18 *Collection of Kim Il-Sung Works*, (in Korean) Vol. 9, p. 469.

and Park Chang-ok's Central Committee memberships and withdrew his decision to expel the other four. This incident firmly resolved him to maintain autonomy from the Soviet Union and China.¹⁹ Referring to dogmatism, formalism, factionalism and bureaucratism of his opposition, Kim Il Sung called for the establishment of Juche.

Kim Il Sung's response to the influence of the Chinese Cultural Revolution

The Cultural Revolution of China in 1966 shocked Kim Il Sung as much as did the critique of idolization from the Soviet Union. Its impact on North Korea can be seen through two manifestations, one of which was wall posters. Following the downfall of Khrushchev in 1964, Pyongyang expedited normalization with the Soviet Union through Brezhnev and Kozinkin, which may have discomfited China, and beginning in January 1967, the Red Army began to criticize Kim Il Sung with wall posters. One elder general who had participated the Korean War, accused Kim Il Sung as "a revisionist and follower of Khrushchev." The Chinese also reproached North Koreans for belittling the Cultural Revolution.²⁰

In addition, as in East European socialist states, popular grievances came to the verge of explosion by means of the Chinese Cultural Revolution. Although the Chinese Cultural Revolution was designed by Mao Tse Tung in his struggle for power, it also served as a channel for popular grievances against bureaucratism.²¹

Kim Il Sung was deeply worried over the likely onslaught of the movement into North Korea. Therefore, changes in China

19 Han Hong-gu, "Easy North Korean contemporary history," Kim Nam-sik and et. al, *For the Correct Understanding of North Korean Society* (in Korean) (Seoul: Hyunjangmunhakssa, 1989), p. 110.

20 Suh Dae Suk, *Kim Il Sung the North Korean Leader*, (in Korean) p. 165.

21 Mori Kazeko, *China and the Soviet Union* (in Korean) (Seoul: Samingak, 1989), p. 88.

shocked him no less than did those of the East European states and the Soviet Union.

Rebuilding the anti-Japanese revolutionary struggle

The strategy of isolation from the changes underway in the Soviet Union and East European states combined easily with the Juche logic of past anti-Japanese revolutionary struggle. In saying that "the most important issue confronting us in leading the hard and complex anti-Japanese revolutionary struggle to victory was to strengthen our revolutionary subject," Kim Il Sung linked the anti-Japanese revolutionary struggle with Juche thought. Through various academic projects in search for the roots of Juche thought in the national independence movement, historical tradition was literally pulverized. From 1955,²² Pyongyang began to exploit the traditions of the anti-Japanese struggle in order to secure a historical justification for Juche thought. By mobilizing all the North Korean academics to study its history, Pyongyang produced massive studies on labor, farmer, and student movements of the 1920s and 1930s in a magazine called *Historical Science* between 1955 and 1967. Later were published the *History of Korean War*, comprising 22 volumes from 1979 to 1983, *Contemporary Korean History* in 1983, and *Korean History* in 1987. "The study on the history of our labor movement and struggle of national liberation are being neglected and the compilation projects are almost in a deadlock. How can we rightly implement the Korean revolution without studies on the experiences of our past labor movement and national liberation struggles?"²³

22 Kim Il sung, through his essay titled "Lenin's Theory is Our Guide Line," contributed to *Gunroja* (In Korean) (April, 1955) begins to distort the anti-Japanese partisan movement in the 1930s as his own unique deeds.

23 Tongilwon, *The Fourth Korean Workers' Party Assembly Material Collections* (In Korean) (Seoul: Tongilwon, 1988).

The essence of Juche and self-reliance

The meaning of the term Juche is quite clear in Kim Il Sung's first use of the word on 28 December 1955 in *On the Establishment of Juche and Resistance against Dogmatism and Formalism in the Project of Ideology*: "Some say they prefer the Soviet style or the Chinese style, but are we not at the stage of creating our own style?" The first use of the term was to pursue an independent line cutting off the relationship with the Soviet Union in order to hold fast against the impact of changes in the socialist bloc. Here we see the germ of Juche thought summarized in the concept of independence used to justify his isolation policy.

We should not wholly accept the experience of others. Falling into dogmatism will cause the party to be isolated from the people and unable to implement properly the national or international tasks incumbent upon us. Therefore, holding fast to self-reliance and independence has significant implication on the development of revolution in the concerned countries and unity in the international communist movement. Each country's experience in the process of socialist revolution and socialist construction should be respected by all other parties.²⁴

In Kim Il Sung's address in Indonesia April 1965, Juche thought was presented in its first systematized form as (1) Juche in the philosophical and political sectors, (2) rehabilitation by one's own efforts in the economic sector, and (3) building of self-reliant national economy, and the line of the masses.²⁵ In his 1966 speech known as "Let's Uphold Self-Reliance," Kim Il Sung presented a systematized content of the independent line, the essence of Juche ideology.

24 "Let's Uphold Socialist Side" *Rodong Shinmun*, 28 October 1963 editorial.

25 Kim Il Sung, "On Socialist Construction in the Democratic People's Republic of Korea and the South Korean Revolution," (Lecture at the "Ali Archam" Academy of Social Science of Indonesia, 14 April 1965), *Kim Il Sung Selected Works IV*, (Pyongyang: Foreign Languages Publishing House, 1971) pp. 202-51.

Every circumstance demands that we establish Juche thoroughly. Our party will adhere to independence in our external activities and fulfil the self-reliant line as before.²⁶

However, the term "Juche thought" were still not used in this writing. It was first defined as such through the proclamation of Political Decree for the Republic Government at the fourth round of the fifth session of the Supreme People's Committee on 16 December 1967, and also through the Fifth Party Assembly in 1970, as the most certain Marxist-Leninist guiding theory for the success of the revolution and the construction, and the steadfast guidance for all policies and activities of the DPRK government. It was firmly expressed in the fundamental policy lines of "Juche in thought, independence in politics, self-sustenance in the economy, and self-reliant defense."

The government of the Republic will by establishing our Party's idea of Juche in every field thoroughly implement the line of independence, self-sustenance and self-defense to consolidate the political *chajusong* [self-reliance] of the country, strengthen the foundation of an independent national economy capable of ensuring the complete reunification, independence and prosperity of our nation, and increase the defense capabilities of the country so as to protect its security with our own forces.²⁷

Juche thought was formed to safeguard the Kim regime by blocking the influence of reforms in East European states. Gradually it developed into a governing ideology for social integration, idolization of Kim Il Sung and mobilization of labor after they overcame the regime crisis. It further unfolded into the "armament of society by Juche thought." Kim Il Sung used it by switching its former governing principle of severance into a logic

26 "Let's Uphold Self-Reliance," *Rodong Shinmun*, 12 August 1966, editorial.

27 Kim Il Sung, "Let Us Embody the Revolutionary Spirit of Independence, Self-Sustenance and Self-Defense More Thoroughly in All Branches of State Activity," 16 December 1967, *Kim Il Sung Works 21* (Pyongyang, Korea: Foreign Languages Publishing House, 1985), p. 414.

of revolution and construction. One notable example is the “revolutionary mass line,” defined as the fundamental principle of our party activity based on Juche thought that holds the working mass as the master and the judge of all things. The mass line and the principle of revolution is often used as a panacea to entice the people to pay loyalty to Kim Il Sung as well as to mobilize labor for the Chollima (Long Distance Racehorse) and Samdae hyukmyung sojo (Three Great Revolution Organizations) movements. Juche thought was the foundation of economic structure.

In fact the principle of complete self-rehabilitation was not positively chosen but was a reactive adaptation to external conditions, as was the case with Juche thought. Because Kim Il Sung rejected the critique of idolization, the Soviet Union switched their previous free economic aid to long-term loans, and the sum itself was greatly reduced. Kim Il Sung made a round of calls to the Soviet Union and the East European socialist countries for 50 days (from 1 June to 19 July 1956) to seek aid for the first term of the five-year economic planning (from 1957 to 1961). But he was unable to get any assistance for the five-year plan, so the country had to rely on its own efforts. Without the aid from the outside aid, North Korea had to resort to forced mobilization of labor.

Juche thought also developed into the theoretical framework to indoctrinate subjects loyal to Kim Il Sung and create the personality that enjoys working.²⁸

Juche thought is obviously a typical regime ideology rather than an ideological system devoted to the general interest of the nation.

28 Pyon, *Theory of Rebuilding Personality* (in Korean) (Pyongyang: Sahweghwahakchulpansa, 1985); Suh Jae-Jean, Kim Tae Il, *A Study on Personality of North Korean Residents* (in Korean) (Seoul: RINU, 1992).

Changes in the Socialist Bloc in the Late 1980s and the Theoretical Revision of Juche Thought "A Socialist System in Our Own Style"

With the collapse of the socialist bloc in the late 1980s, the element of Juche thought emphasizing isolation was stressed through slogans such as "a socialist system of our own style" or "the supremacy of the Korean nation." Deng Xiaoping's policy of reform and opening in 1978 and Gorbachev's perestroika forced Kim Il Sung and Kim Jong Il into a second regime crisis similar to that of the mid 1950s.

As can be seen in the following address by Kim Jong Il, North Korea's response of blocking foreign thought and reinforcing ideological education was reminiscent of the period that gave birth to Juche thought.

In circumstances where the imperialists and reactionaries viciously attempt to make ideological and cultural infiltrations into the socialist countries, any slackening of ideological indoctrination programs could lead to influx of the winds of bourgeois liberalization. To bolster ideological infiltration as a prelude to open aggression is the typical method of the imperialists. We must thoroughly crush the schemes of the imperialists attempting to infuse the wind of bourgeois liberalization into the socialist countries and ideologically demolish them from within. In order to surmount the old-fashioned ideological residues that remain in socialist society and to fend off the infusion of various unhealthy ideas from outside, we must forcefully stage an ideological revolution and convert the people into communist revolutionaries of the Juche type....Our party has fundamentally embraced an ideological revolution and has intensified various indoctrination programs such as the indoctrination of the principles of Juche thought, party policies, revolutionary tradition, classes, collectivism and socialistic patriotism among party members and workers, thereby arming them well with the revolutionary and Juche ideas of our party

and successfully realizing the ideological unity of the entire society."²⁹

In sum, by emphasizing and firmly upholding the supremacy of "socialism in our own style," North Korea is urging everyone to "live our own way" and prevent the winds of reform in China and the Soviet Union from infiltrating. That is, the reforms in China, East Bloc and the Soviet Union are unnecessary and have no relevance for North Korea. Rejection of foreign ideas, one of the core principles of Juche thought, is quite persuasive.

The ideological viewpoint and way of thinking of our own style means that we think the way in which our party road and policies dictate. By keeping whatever thought that runs counter to our party's road and policies from reaching the inside of us, we must cause Juche thought and its embodiment, namely, our party's road and policies alone, to overflow in the whole society.³⁰

The attempt to maintain the regime during the crisis of the entire socialist bloc, as was done in the 1950s, can be seen in "socialist system in our own style," just a new term to emphasize the independent line that was immanent in the Juche thought.

Changes in Socialist Bloc in the Late 1980s and the Theoretical Adaptation of Juche Thought to "The Supremacy of the Korean Nation"

Another theory revision of Juche thought in response to the late 1980s is the idea of "the supremacy of the Korean nation." Until 1985³¹ North Korea had been rejecting nationalism by

29 Kim Jong-il, "Socialism of Our Style, Centered on the Masses, Is Ever-Victorious and Invincible," *Rodong Shinmun*, 27 May 1991.

30 "Let Us Think and Work as Dictated by Juche Thought," (in Korean) Central Radio (2 September 1991).

31 This is the year *Philosophical Dictionary* (in Korean) was published. The book interprets nationalism in class perspectives.

emphasizing it as "an ideology justifying the interest of the bourgeois in the name of people's interest, that is, it is obscuring class contradiction and impeding the working class struggle, serving as justification for foreign invasion and plunder." However, what could be the underlying motive for North Korea suddenly to redefine the concept in 1985 and began to mobilize nationalism under the banner of Korean supremacy? This happened to be the same year Gorbachev rose to power and implemented perestroika. Then, what relationship has supremacy of the Korean nation with Juche thought? What is its function?

It is the refined theory of own-style socialism differentiating the differences in origin and spoken language from the other socialist states in order to block reforms in the socialist states from affecting North Korea. Massive volumes interpreting the nation's essence and nationalism were published in 1985 and *The Theory on the Supremacy of Our Nation* comprising 206 pages was printed in 1989.³² In these books we can easily see fundamental change in the North Korean concept of nationalism. Regarding "the nation's essence," one of the constitutive elements of the nation, all books quotes Kim Jong Il's definition of the word: "The basic essence constituting nationality is consanguinity, language, and common region. Among these, consanguinity and common language are the most important elements of nation."³³ This definition is certainly different from the concept of proletariat internationalism based on class.

Why strike out the old class-based hue? Kim Jong Il was indicating that notwithstanding the transition of the other social-

32 "Political Arguments: the Symbol of the Nation," *The South Korean Issue* (in Korean) (October 1985); Rhee Kyu Rhin, "An Understanding of the Concept of Nation Clarified by Our Dear Leader Kim Jong Il," *Social Science* (in Korean) (February 1986); Choi Kilsan, "A Theory on Nation Clarified by Our Party," *The South Korean Issue* (in Korean) (February 1986); Goh Yong-hwan, *The Supremacy of the Our Nation* (in Korean) (October 1985) p. 14.

33 "Political Arguments: the Symbol of the Nation," *The South Korean Issue* (in Korean) (October 1985) p. 14.

ist states to capitalism, North Korea should uphold own-style socialism.

The reason for my argument for the supremacy of our nation is that we should actively step forward in revolution and construction in the spirit of treasuring our own nation and high nationalist pride. Those who belittle their own nation and blindly uphold others cannot be loyal to their party and the people and cannot have the attitude of master in their revolution. We should have no illusion about large or developed countries. Illusion is not reality. We always should start from the concrete reality of our own country. Large or advanced countries do not always move along rightful paths. Nor are the experiences of these countries suitable to our reality. We should properly evaluate the role of large countries and develop goodwill relations with them, but not give up our independence and blindly follow what they do....We should have the firm will to step forward our own way as benefits our reality.³⁴

This means that despite Soviet perestroika and the Chinese transition to market socialism, North Korea would maintain independence and have its own way. Just as Juche developed as an ideological tool to safeguard the regime in the 1950s, "socialist system of our own style" and the "supremacy of the Korean nation" were instigated to bolster the regime in the late 1980s.

It is clear that the situation was so desperate that the Kims renounced Proletariat internationalism and upheld nationalism to protect their regime. An essay of the time begins with the interpretation of Kim Jong Il's definition of the nation.

The people's struggle for independence proceeds through the unit of nation-state and the fate of the masses is pioneered within the scope of the nation-state. As long as there exist national boundaries, distinction in nations and people live in nation-

34 Kim Jong Il, "On the Problems Raised in the Education of Juche Thought, in a Conversation with Responsible Officials of the Central Committee of Korean Workers' Party on 15 July 1986," *Gunroja* (July 1987), p. 11.

states, the fate of the masses cannot be thought to disregard the fate of their own country and the fate of the nation.³⁵

This short paragraph contains three messages. First, the unit of independence is no longer proletariat internationalism but the nation-state. Pyongyang revived the concept of nation to persuade the people in the face of the downfall of socialism and is thereby proclaiming the socialist system in our own style as a unique brand of socialism. It is relevant here that the DPRK constitution was revised in 1992, substituting the phrase "Korean Workers' Party's Juche thought, which is the creative application of Marxism-Leninism, to our reality" with "Juche thought is the revolutionary thought with human-centered worldview for the realization of autonomy of the people."

Second, although the objective of nationalism has been to emphasize independence, the word independence here means maintenance of the North Korean socialist system by blocking the mainstream of reform in the socialist bloc.

Third, it should be pointed out that in North Korea the term nation neither includes South Korea nor posits the South as the object of the North Korean "nation." The definition of the nation as common lineage, language, and land is to emphasize only that North Korea has nothing in common with the other socialist states.³⁶

As is Juche thought, supremacy of the Korean nation is also linked to the logic of Kim Il Sung idolization. How is the Korean nation different, and what does "supremacy" mean? It does not refer to the affluent material life, social security nor democracy

35 Rhee Kyu Rhin, "An Understanding of the Concept of Nation Clarified by Our Dear Leader Kim Jong Il," *Social Science* (in Korean) (February 1986) p. 6.

36 On 1 August 1991, Kim Il Sung did refer to South Korea in his address titled "Let's Achieve the Great Reunion of Our Nation" before responsible members in the Committee for Peaceful Unification of the Fatherland and northern-branch members of National Unification Pan-National Association, but this reference seems minor.

but to the benefit of Kim Il Sung's Juche thought and North Korean socialist institutions.

The kernel wellspring of strength comprising the supremacy of our nation lies in our nation's dignity and pride in serving our Great President and Leader. Honorable comrade Kim Il Sung has for the first time in history posited the people as the master of the world and of their own fate. He is the Greatest President and people's true President who is devoting the people to the revolutionary achievement in order that they pioneer their own fate....Our nation serving the truly respectable President Kim Il Sung is the world's most glorious, happy and dignified nation....Dear Leader Kim Jong Il, the true leader and people's teacher, succeeds the thought and guidance of honorable President Kim Il Sung. He initiates many projects, makes them affluent and shining, and leads us to the ideal society where full self-reliance is realized.³⁷

Supremacy of the Korean nation, like Juche ideology, plays the ideological role of obscuring present economic difficulties by comparing the current North Korean situation with that of the Japanese Imperial period and portraying any grievances of North Korean residents as unrealistic perception.

Today, we live in an era of great progress. The country had previously lost luster on the world map but now is "the paragon of socialism" pioneering the road to communism, the ideal of mankind, under the high banner of Juche thought at the center of the world, and illuminating the fatherland of Juche thought as a land of heroes unique in the world. With the great national dignity and pride to have been born as the people of the Korean nation, today our people are struggling with full vigor to proliferate our nation's glory and pride in the world.³⁸

37 Goh Yong-hwan, *The Supremacy of Our Nation* (in Korean) (1985.10) p. 138.

38 Kim Il Sung, "Our Dignity and Pride of Serving the Great Dear Leader Kim Il Sung as the President Is the Quaint-Essence of the Spirit of the Supremacy of the Korean Nation," *Study on Philosophy* (in Korean) (February 1991). p. 2.

Conclusion: the Characteristics of North Korean Nationalism and Our Tasks for Unification

Based on the historical root of Juche thought in the anti-Japanese nationalist movement, "the socialist system of our own style" and the "supremacy of the Choson (Korean) nation," both very similar to the Juche of the late 1950s, serve to reinforce severance from the outside world by deepening its anti-foreign idea especially from the newly reformed socialist bloc. When nationalism is viewed as resistance against foreign powers, Juche thought can be understood as ultra-nationalism. Since it also applies against South Korea, however, we can say that Juche thought is anti-nationalist to the Korean nation as a whole.

The most important lesson of this article is that nationalism should be an ideology contributing to the national interest as a whole rather than for a particular person or regime. Could there be any other reasons than the maintenance of dynastic Kim regime for Juche thought to argue for severance? Do policies of isolation protect the economic development model? The answers can only be no. The most important function of Juche thought then, is to justify severance and closing and mobilize people to maintain the Kim Il Sung regime, a typical regime ideology rather than a nationalist idea.

What could be our tasks to expedite unification? How can we overcome North Korean isolation? First, North Korea needs to purge Juche thought of its element of severance and participate with us in our pursuit of mankind's universal value. This is the only way to reunify into one nation of common blood, language, culture and history. It is fortunate that North Korea has begun to reemphasize nationalism even though it was attempting to moderate proletariat internationalism and further cut itself off from the outside world.

Inducing North Korea to pursue universal values together with the rest of the international community is one way to prevent the outbreak of another Korean War, which would be

tantamount to national suicide. The task of Korean nationalism, therefore, is to realize on the Korean peninsula the conciliatory international trend after the Cold War. It should thus deepen cooperation between the two Koreas and take a step towards co-existence and co-progress of the Korean nation.

Second, although North and South Korea have not yet accomplished political unification, mutual cooperation for the greater national welfare is one way to overcome North Korea's policy of severance. The world today is undergoing a transitional era from military to economic competition. The two Koreas by shifting from the relationship of antagonism to cooperation could gain much mutual economic benefit. South Korea's capital and technology with North Korea's labor force could improve the welfare of the whole nation without too much cost and provide an opportunity for Pyongyang to revise Juche thought, which has fallen into the logic of severance and closing. To achieve this, we need a practical strategy to persuade North Korea that national independence in today's international society translates into economic competitiveness.

빈 면

North Korea: A Statistical Glimpse into a Closed Society

Nicholas Eberstadt*

From the standpoint of statistical data, North Korea—formally, the Democratic People's Republic of Korea (DPRK)—remains a modern-day hermit kingdom. Although all centrally planned Leninist states have made a point of controlling and limiting the data they release to the outside world, North Korea's controls have been far stricter over the past generation than those of virtually any other Communist country. Since the early 1960s, even such seemingly mundane tidbits as national population totals have been routinely and carefully suppressed.

In 1989, however, Pyongyang broke a quarter century of silence by providing the United Nations Population Fund (UNFPA) some details about demographic and social trends within the country. These data were released as a condition for UNFPA technical assistance with the DPRK's first-ever population census, prospectively scheduled for 1992. Though limited in scope and attended by certain ambiguities, these figures nevertheless provide a basis for reconstructing certain important trends in this largely uncharted society.

* I wish to thank Dr. Judith Banister of the US Bureau of the Census for her helpful comments. Andrea Miles assisted with many of the tables and figures in this paper. Special thanks is due to Mr. Jonathan Tombes who has been of great help throughout this project.

This paper will review some of these findings, particularly as they pertain to North Korea's population and labor force.

Background

UNFPA officials were informed that North Korea's demographic data are compiled principally through its household registration system, which is administered jointly by the Ministry of Public Security (MPS) and the Central Statistics Bureau (CSB). (Certain series, such as reported trends in vital rates, appear to be prepared separately.) North Korea's population and employment data are meant to reflect the situation at year's end, rather than mid-year or for the year as a whole, as is customary elsewhere.

After North Korea's long statistical blackout, questions might arise about the accuracy of the data newly released. Analysis of the figures and series reveal a number of shortcomings (infant mortality, for example, appears to be seriously underestimated) and various peculiarities of presentation (such as the removal of the military population from the total national count after 1970). On the whole, however, the figures appear to be reported as collected, without any obvious alterations. The problems with North Korea's demographic data appear to be similar to those observed in non-Communist, less developed countries.¹ Our analysis of the data concluded that the released data were not invented or falsified.

Three items divulged have been of particular importance in reconstructing North Korea's demographic trends. The first are reported population totals for men and women for selected years in the post-partition period. The second is an age-sex structure for the country's civilian population for year-end 1986. The third is a series of reported vital rates for various years since the

1 For further discussion, see Nicholas Eberstadt and Judith Banister, *The Population of North Korea* (Berkeley, CA: Institute of East Asian Studies, Korean Monograph Series; 1992), pp. 8-12.

Korean War. Meager though these data would appear to the demographer accustomed to working with complete census returns, they are adequate for conducting a reconstruction of basic trends from 1960 to 1987, and for projections beyond.

Reconstructing Population Trends from Available Data

As demographers will immediately appreciate, reconstruction of North Korean population dynamics from available data cannot proceed until one clears a hurdle—and an imposing one at that. Pyongyang has to date divulged just one age-sex structure for the country's population; without another for some earlier date it would be impossible to produce constrained estimates or projections. It was therefore incumbent upon us to create a hypothetical, but reasonably reliable, population structure for a base year.

In theory, this could have been an onerous and frustrating task; in practice, it proved to be surprisingly manageable. We ended up creating three alternative base populations, each of which incorporated somewhat different assumptions about fertility, mortality, and population composition. Despite their differences, all of the models produced results that matched most available official data rather well. But there are some inconsistencies and problems in the reported statistics. By allowing our various models to deviate from the reported data in slightly different ways, we were in effect able to test the sensitivity of our modeling procedures to the assumptions underlying them.

Though all three models produced results generally consistent with one another, what we called Model 1 produced results that conformed most closely to the available North Korean demographic data. The analysis in this paper is based upon reconstructions and projections relying upon that particular model.

Model 1 presented a hypothetical population structure for the DPRK for 1960, based upon South Korea's 1960 census. Our working hypothesis in this model was that historic Korean pat-

terns of fertility and mortality, and the impact of such crises as partition and the Korean War, would be reflected in the age-sex structures of both the North and the South.

For females, we simply applied an adjusted 1960 South Korean female age structure (smoothed to take "heaping" and age misreporting into account) to the reported 1960 female population total for North Korea. Preparation of the male age structure was more complex. Male losses during the Korean War period, whether by death or emigration, were apparently much greater in the North than the South; whereas the reported 1960 sex ratio for South Korea was 101, it was only 94 for North Korea.

We assumed these wartime losses were drawn exclusively from the cohort aged 20 and older as of 1960: that is to say, men 13 years of age or older at the time of the Korean War's 1953 armistice. We could then create a hypothetical base population for North Korean males under 20 years of age in 1960 on the basis of corresponding female cohorts previously estimated and the age-specific sex ratios derived from a United Nations "Far Eastern" model stable population. The male population aged 20 and older was obtained as a residual: total reported male population for 1960 minus total estimated male population under 20 for the same year. That residual was distributed among North Korea's adult cohorts in accordance with the patterns of the South Korean 1960 census.

Since no life tables are available for North Korea, Model 1 used UN Far Eastern model life tables in estimating mortality trends between 1960 and 1987. These worked well until the late 1970s, when there was no longer a sufficient differential between male and female infant mortality in the life tables to reproduce faithfully North Korea's reported childhood age-sex structure of 1986. We retained the Far Eastern mortality pattern, but slightly modified its infant mortality structure.

Fertility levels for Model 1 were estimated from the reported crude birth rates and the 1986 population structure at ages 16 and below. No age-specific fertility rates have been reported for

North Korea, so we assumed that South Korean patterns for similar levels of fertility were applicable.

In general, North Korea has been enough of a closed population since the end of the Korean War that it is reasonable to assume zero net international migration. In Model 1 we assume no net migration for most years. But in the late 1950s and early 1960s, over 80,000 ethnic Koreans were repatriated from Japan to North Korea. Since we were unable to obtain data on the age-sex structure of this migrant group, we simply assumed that half the returnees were male and half female, and that the age structure for immigrants conformed to that of the base population by sex.

Table 1
North Korea, Estimated Total Population Size and Growth,
1960–1990 (Population in thousands)

Year	Total pop.	Males	Females	pop. sex ratio	pop. growth (per 1,000)
1960	10,568	5,094	5,475	93.0	27
1965	12,172	5,894	6,278	93.9	31
1970	14,388	7,012	7,376	95.1	36
1975	16,480	8,070	8,410	95.9	19
1980	17,999	8,838	9,161	96.5	18
1985	19,602	9,650	9,952	97.0	17
1990	21,412	10,568	10,844	97.5	19

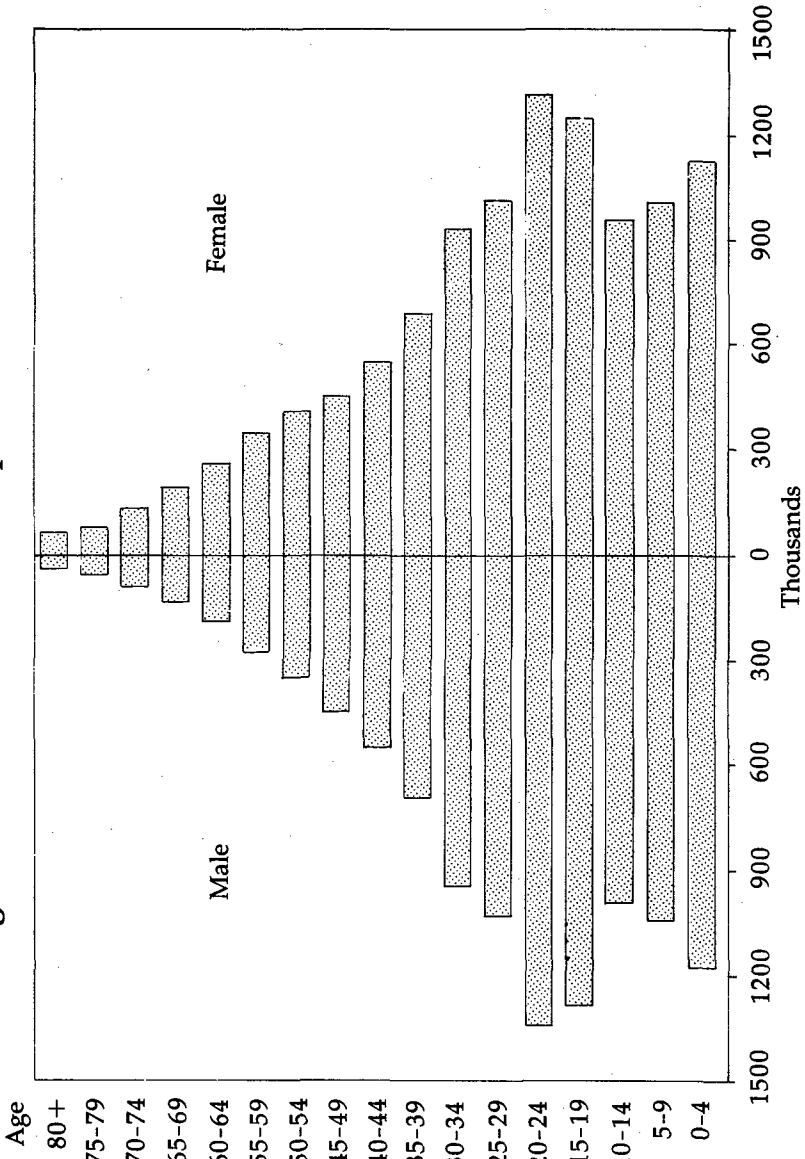
Note: This table includes the military population. Population totals refer to midyear. Sex ratio is the number of males per hundred females in the total population.

Source: Model 1, computer population reconstruction produced at the Center for International Research, U.S. Bureau of the Census, derived from official DPRK data. Nicholas Eberstadt received permission from officials of the Central Statistics Bureau to cite the statistics in this table, Pyongyang, 25 May 1990.

Total Population

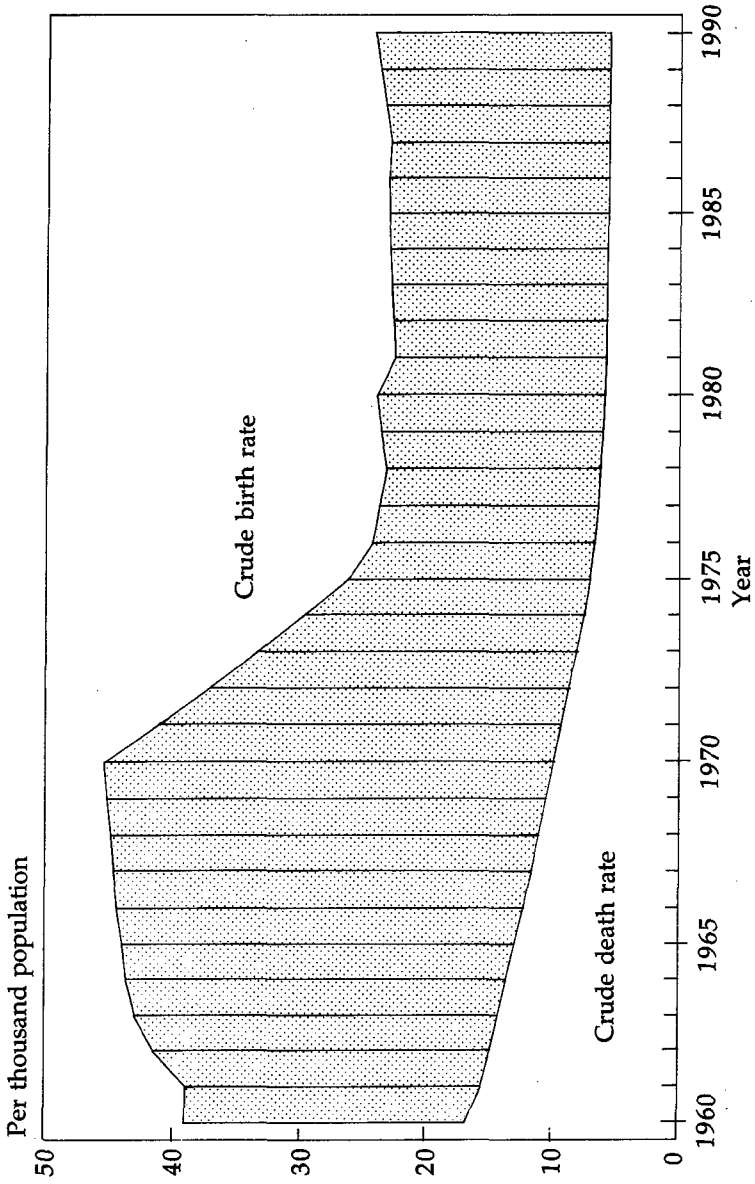
North Korea's midyear 1990 population is estimated at 21.4 million persons (Table 1), about half the corresponding total for

Figure 1. North Korea 1990 Population Structure



Source : Eberstadt and Banister, 1992

Figure 2. North Korea, Estimated Vital Rates, 1960-1990



Source : Eberstadt and Banister, 1992

South Korea. The DPRK's sex ratio, or number of males per 100 females in the population, is estimated at 97.5. This would be roughly four points lower than for the South, where the ratio is reportedly 101.6. The difference is significant, and speaks to the continuing impact of the Korean War on North Korea's population structure. As already mentioned, male losses—through both combat and emigration—were more substantial for the DPRK than for the Republic of Korea. Nevertheless, a demographic recovery has long been underway; since 1960, the country's sex ratio has increased by an estimated four and a half points.

Age-Sex Structure

North Korea's estimated midyear 1990 age-sex structure is depicted in Figure 1. Like other societies in the later phases of the so-called demographic transition, North Korea's age-structure has progressed from "pyramid" to "Christmas tree." North Korea's "tree," of course, has been clipped unevenly at the top, largely by the Korean War. Its branches extend furthest for the cohort born in the late 1960s; subsequent cohorts are all smaller. This indentation reflects a radical shift in the country's vital trends since 1970.

Vital Rates

Estimated and projected vital rates for North Korea for the years 1960 to 1990 are presented in Figure 2. The upper line represents North Korea's crude birth rate (births per 1000); the bottom line represents the crude death rate (deaths per 1000); the darkened area between them represents the contemporaneous "rate of natural increase."

North Korea's estimated crude death rate fell dramatically between 1960 and 1980, from almost 17 per thousand to under 6 per thousand. Since then, a further drop in the crude death rate has taken place, but only a marginal one. Birth rates, for their part, appear to have risen during the 1960s, perhaps reaching a

peak of over 45 per thousand in 1970. During the 1970s, they are estimated to have dropped radically; that decade is thought to have witnessed virtually a 50 percent decline in the crude birth rate. During the 1980s, North Korea's birth rate is estimated to have dipped slightly, and then to have risen slightly. Our projections for 1990 suggest a crude birth rate almost exactly the same as for 1980, at about 24 per thousand.

The DPRK's rate of natural increase appears to have been fairly high in 1960; we estimate a rate of about 22 per thousand a year. With rising birth rates and falling death rates, the tempo subsequently accelerated, until it topped 35 per thousand a year in 1970. Thereafter it fell sharply. Between 1970 and 1976, by our estimates, it came down from over 35 per thousand to under 18 per thousand. Since then, North Korea's population growth rate seems to have held relatively constant, fluctuating between about 17 and 19 per thousand.

The abrupt and dramatic decline in North Korean birth rates estimated for the early 1970s begs the question of policy interventions. At much the same time the People's Republic of China experienced a similar drop in its birth rates, partly due to the pressure of a forceful and comprehensive antinatalist campaign. North Korea has never announced an antinatal population policy. To the contrary: to the limited extent that the issue has been broached by international organizations and through academic exchanges, North Korean officials and researchers have implied that their government takes a neutral posture toward population growth, or may even positively wish to accelerate its increase.² But interviews with North Korean defectors paint a very different picture.³ These consistently indicate that a strict antinatal policy went into effect in the early 1970s; and has been continued

2 For more details, see *ibid.*, pp. 69–72.

3 See, for example, National Unification Board, *A Survey of Heterogenization in North Korea* (Seoul: NUB, 1978), especially interviews with defectors #61–68. (in Korean).

since then. One representative of a quasi-official pro-DPRK group in Japan stated, in 1984, that North Korea was then implementing a "two-child norm;"⁴ his comments, however, have not been subsequently corroborated. One may note, however, that North Korea would not be the first Communist country to enforce restrictive birth controls in almost total secrecy, if this in fact were what she were doing. China executed a quiet but muscular anti-natal drive in the early 1970s, even as Beijing was officially proclaiming the doctrinal concordance of population growth and socialism.⁵

Fertility

Crude birth rates are a less than fully satisfactory measure of fertility, insofar as they are affected by a population's age-sex structure. More intuitively pleasing perhaps is the "total fertility rate" (TFR)—the number of children born per woman of child-bearing ages. Our estimates are for period-specific TFRs—which is to say, synthetic "snapshots" of fertility for women of all age groups in a given year.

According to our reconstruction, fertility was already fairly high in 1960, but it rose significantly thereafter. By 1970 North Korea's TFR may have been approaching seven children per woman—a level rather higher than was commonly known to preindustrial Asian societies, and in fact more consonant with the high-fertility regimens in the contemporary sub-Saharan. Between 1970 and 1975, by our estimates, North Korea's TFR dropped by over three children per woman. By 1980, the DPRK's total fertility rate was down to about three children per woman; by 1987—the last year for which we have hard data—it was

4 Author's interview with Choe Kwan Ik, International Department, General Federation of Korean Residents in Japan; Tokyo, 28 September 1984.

5 See, for example, Judith Banister, *China's Changing Population* (Stanford, CA: Stanford University Press, 1987), pp. 165–166.

about 2.5. (We have projected that rate forward to 1990; for later projections, we have arbitrarily assumed a gradual decline to 2.0 in the year 2010).

It is instructive to compare North and South Korean TFRs (see Table 2). In the early 1960s South Korean fertility levels may have been roughly similar to those in the North, or perhaps even somewhat higher. In the early 1960s, however, South Korea's TFR began what has been a steady decline; it dropped below replacement in the mid-1980s, and is currently thought to be lower than in such places as the United States or Canada. Though North Korea's fertility decline began later, and apparently has yet to hit the line of net replacement, it nevertheless seems to parallel the pattern in the South: in both regions, for example, TFRs have dropped by nearly two-thirds over the past twenty years.

Table 2
Total Fertility Rates, North and South Korea, 1966–1988
(Children per woman)

Year	North Korea	South Korea
1966	6.5	5.4
1971	6.3	4.7
1974	4.5	3.6
1976	3.5	3.2
1982	2.8	2.7
1985	2.6	2.1
1988	2.5	1.6

Note: Fertility estimates for South Korea are from a series of national surveys on fertility and family planning.

Source: H.S. Moon et al., "1985—Fertility and Family Health Survey," in 1985 *KIPH Research Abstract*, (Seoul: Korea Institute for Population and Health, 1985), p. 8; "Prevalence of Contraceptive Use and Fertility," *KIPH (Korea Institute for Population and Health) Bulletin*, No. 16, June 1989, p. 1.

Life Expectancy

Just as the total fertility rate may be preferred to the crude birth rate for a measure of a population's childbearing, so life expectancy at birth may be seen to provide a less ambiguous measure of survival chances than the crude death rate.

Generally speaking, North Korea appears to have made considerable progress in mortality reduction over the past three decades. Our estimates and projections suggest that life expectancy at birth in North Korea may have risen by as much as 20 years between 1960 and 1990: from about 46 to about 66 for men, and from about 52 to about 72 for women. Our figures, however, suggest that improvements in life expectancy have slowed down markedly in recent years: whereas we reconstruct an increase in life expectancy of about ten years for the 1960s, our figure for the 1980s is about three years. In the late 1980s, North Korea's estimated life expectancy at birth would have been similar to projections for such places as Mexico or Mauritius.⁶

It would also be very close to the estimated life expectancy for the population of South Korea. Indeed, the similarity is striking (see Table 3). To be sure: mortality estimates for South Korea are more problematic than is generally appreciated.⁷ On more than one occasion, these official estimates from Seoul seem to have been shaped by political pressures. For what they are worth, however, independently reconstructed estimates of life expectancy at birth for men and women seem to track amazingly well in divided Korea over a period of decades. The similarity is

6 See, for example, the most recent United Nations projections (1992 round) for the years 1985-1990 in United Nations, *World Population Prospects: the 1992 revision* (New York: UN Department of International Economic and Social Affairs, forthcoming).

7 As Choo Hakchung once put it, "The existing reality of the health data and information system in Korea is much more serious than a casual observer can imagine." "National Health Data and Information System," in Chong Kee Park, ed., *Human Resources and Social Development in Korea* (Seoul: Korea Development Institute, 1980), p. 170.

perhaps all the more surprising in view of the almost complete separation of the two populations, and the well-known differences in their "development strategies."

Table 3
Expectation of Life at Birth for Prepartition Korea and for
North and South Korea, 1940-1986

Year	Both sexes	Male	Female	Both sexes	Male	Female
Prepartition Korea						
1940-1945	43.4	42.0	44.8			
North Korea			South Korea			
1955-1960	NA	NA	NA	49.6	46.9	52.5
1960	49.0	46.0	52.1	NA	NA	NA
1960-1965	51.9	48.9	55.0	50.7	48.1	53.5
1970-1975	61.3	58.2	64.6	61.5	59.2	64.0
1978-1979	65.2	62.1	68.4	NA	62.7	69.1
1980	65.7	62.7	69.0	64.9	61.2	68.8
1985	67.2	64.1	70.4	NA	64.9	71.3

NA: not available

Note: Estimates for prepartition Korea are for the country as a whole. For North Korea, the life expectancy estimates given for 1960-1965 are our 1963 estimates; for 1970-1975, our 1973 estimates; and for 1978-1979, our 1979 estimates.

Source: *The Population of North Korea*, p. 48.

A generation of research into the economics of "human capital" has illuminated the connection between health and productivity. The relationship is general; it is in no sense mechanistic or tight. Similar levels of mortality do not necessarily imply equal levels of productivity for the populations in question. Indeed, similar levels of mortality do not even necessarily suggest similar overall patterns in health. The modern world is familiar with populations characterized by low levels of mortality, yet high incidences of morbidity: Sri Lanka is one that comes to mind immediately.

Recent reports about pervasive food shortage and other difficulties in North Korea⁸ may seem to call our assessment about levels of life expectancy in North and South Korea into question. We should therefore emphasize that similar levels of life expectancy at birth could be consonant with markedly different patterns of public health or levels of economic productivity.

Urbanization and Mobility

North Korea released a certain amount of data on urbanization and migration to the UNFPA. Definitions for "urban" and "rural" areas, unfortunately, were not provided. Subsequent discussion with population researchers and CSB officials in Pyongyang revealed that there is not, in fact, a single standard definition for these terms. At present, urban blocks or "dong" are generally defined as areas in which three thousand industrial "workers" are employed—but not always. The ad hoc nature of statistical classifications demonstrated in designations of urban and rural areas is well to keep in mind when examining other social and economic figures from the DPRK.

Whatever the problems with underlying definitions, North Korea appears to have undergone substantial urbanization since the end of the Korean War (see Table 4). Between 1953 and 1987, registration system figures indicate that North Korea's rural population increased by less than one million, while its urban population grew by over ten million. In 1953 less than one fifth of the DPRK's population was defined as urban; by 1987, almost three fifths of its civilian population was said to be urban.

8 See, among many other reports, O Tae Chin, "North Korea's Crisis, the Rice Has Run Out" (in Korean), *Wolgan Choson*, March 1991, translated in *United States Foreign Broadcast Information Service (FBIS)*, EAS-91-063, 2 April 1991, pp. 33-38.

Table 4
North Korea, Civilian Population by Urban and Rural
Residence, 1953–1987 (in thousands)

Date, year-end	Urban	Rural	Percent urban	Tempo of urbanization
1953	1,503	6,988	17.7	
1956	2,714	6,645	29.0	21.4
1960	4,380	6,409	40.6	12.9
1965	5,894	6,514	47.5	5.6
1970	7,924	6,695	54.2	5.4
1975	9,064	6,922	56.7	2.0
1980	9,843	7,455	56.9	0.2
1982	10,362	7,412	58.3	2.9
1985	11,087	7,705	59.0	1.0
1986	11,265	7,795	59.1	0.4
1987	11,530	7,816	59.6	2.1

Note: The original table included the following note from the Central Statistics Bureau: "Urban/rural areas and populations are divided according to the administrative units regardless of the nature of people's life, food supply, or occupation. Cities also include some rural *ri*. In this table, 'urban' does not include the people living in the city's *ri*. These people are accounted as rural." The "tempo of urbanization" is the difference between the exponential growth rates of the urban and rural populations.

Source: Nicholas Eberstadt received permission from officials of the Central Statistics Bureau to cite the statistics in this table, Pyongyang, 25 May 1990.

Of the 11.5 million civilians said to be living in urban areas in 1987, about 7.7 million were reportedly living in 23 North Korean cities with populations of 89,000 or more. (Why figures were released for such a seemingly arbitrary grouping is unclear.) The size of these populations is depicted in Map 1. As may be seen, Pyongyang, the capital, is by far the DPRK's largest city; the second most populous, Hamhung, is reportedly less than a third as big. Pyongyang, on the other hand, accounts for a rather smaller proportion of urban, and total, population in the North than does Seoul in the South. Discussions with researchers and

officials in Pyongyang seemed to suggest that this difference spoke to deliberate policy decisions in the North—decisions that had been affected by both economic and security considerations.⁹

Table 5
Indicators of Urbanization in North and South Korea, 1935–1985

Year	Percent urban		Period	Tempo of urbanization	
	North Korea	South Korea		North Korea	South Korea
1935	4.9	6.0	1935-44	9.8	9.1
1944	10.6	12.3		1944-49	
1949	NA	17.1	1944-53	6.1	
1953	17.7	NA	1949-55		7.1
1955	29.0 ¹	24.5	1953-55	21.4	
			1955-60	12.9	3.5
1960	40.6	28.0	1960-65	5.6	4.5
1965	47.5	33.5 ²		1965-70	5.4
1970	54.2	41.1	1970-75	2.0	5.9
1975	56.7	48.4		1975-80	0.2
1980	56.9	57.3	1980-85	1.7	6.9
1985	59.0	65.4			

¹1956 ²1966

NA: not available

Notes: In the prepartition period, "urban areas" were defined as cities and towns with over 20,000 population within their administrative boundaries. Since partition, for South Korea, urban areas have been defined as administrative cities with an urban population of 50,000 or more. The definition of the urban population for North Korea is unknown. The tempo of urbanization is defined here as the annual percent growth in the urban population size minus the annual percent growth of the rural population.

Source: *The Population of North Korea*, p. 28.

⁹ Author's discussions in Pyongyang, 22 and 25 May, 1990.

Trends in urbanization for North and South Korea can be compared (see Table 5); one must remember, however, that many areas that would be typed as "rural" in the South (e.g., administrative cities with populations of under 50,000) might qualify as "urban" in the contemporary North. Even so, the contrasts are intriguing. Since 1970, the pace of urbanization in the North seems to have slowed to a crawl; in the South, it continues to be brisk.

Table 6
Domestic Migration: Annual Number of Changes in Residence
as Reported Through Residential Registration Systems:
North and South Korea, 1980-1987

Year	North Korea		South Korea	
	Total (in thousands)	Percent of registered population	Total (in thousands)	Percent of registered population
1980	920	5.3	8,259	21.9
1982	927	5.2	8,616	22.1
1985	882	4.7	8,679	21.4
1986	997	5.2	8,660	21.3
1987	1,134	5.9	9,309	22.6

Note: Migration figures for North Korea refer to *ri*, administrative units with an average reported population in 1987 of 1,900, and *dong*, urban administrative units averaging 7,600 people. Migration figures for South Korea pertain to *gun* and *shi*, administrative units with an average reported population in 1987 of over 200,000.

Source: *The Population of North Korea*, p. 30.

North Korea has also released data on internal civilian migration: that is to say, on the number of persons who change their *dong* or *ri* permanent residence in the registration system from one year-end to the next. During the 1980s, about a million North Koreans registered such a move each year; that would amount to roughly five to six percent of the registered population in any given year (see Table 6). In the South, by contrast, between a fifth

and a quarter of the total population reported moving from their *gun* or *shi* in any given year. Since those administrative units are far larger than North Korea's *dong* and *ri*, these differences actually understate the difference in geographic mobility between the two populations.

One may discern an economic significance in these divergent urbanization trends and migration patterns. While North Korea's sharp slowdown in urbanization after 1970 might bespeak security concerns, it may also in part reflect economic difficulties. Moreover, to the extent that geographic mobility may play a role in the reallocation of human and other resources within the production process, North Korea's decidedly less flexible posture toward internal migration would not seem to be auspicious for the overall development of her economy.

Table 7
North Korea, Population Ages 16 and Over by Occupation,
1986 and 1987 (in thousands)

Year	1986			1987		
	Total	Male	Female	Total	Male	Female
State worker	6,830	2,990	3,840	7,135	3,134	4,001
Official	2,060	855	1,205	2,103	879	1,224
Farmer	3,141	1,305	1,836	3,167	1,312	1,855
Coop worker	110	41	69	112	42	70
Total	12,141	5,191	6,950	12,517	5,367	7,150

Note: "State worker" refers to people doing physical labor in state-owned industrial enterprises. "Official" refers to the officials in government agencies or other institutions. "Farmer" refers to those doing physical labor in cooperative agricultural units. "Coop worker" refers to those doing physical labor in cooperative industrial units. All civilians ages 16 and above are included in one of the above occupational categories, even if they are elderly, retired, disabled, etc. The military are excluded.

Source: Nicholas Eberstadt received permission from officials of the Central Statistics Bureau to cite the statistics in this table, Pyongyang, 25 May 1990.

Civilian Labor Force: Sectoral Distribution

For the first time in twenty-five years, the DPRK has released figures on the size and sectoral distribution of its labor force (see Table 7). These must be used with caution, for they are peculiar in a variety of respects.

For one thing, they seem to impute virtually 100 percent labor force participation rates to the country's adult population—that is, to those aged sixteen and older. It looks as if all adults were assigned the same occupational grouping as their household head. Unfortunately, discussions with population researchers and CSB officials in Pyongyang did not resolve the uncertainties about the methodology behind this table, and one should not discount the possibility that it devolves from some more arbitrary and unexplained taxonomy. If the table does reflect the breakdown of the adult population according to the occupation of the household head, it probably provides a less than accurate representation of actual distributions in the registered civilian labor force, insofar as sectoral differentials by age, sex, and household size may be presumed to exist within this country.

A second problem concerns the nature of the population surveyed. The breakdown in Table 7 explicitly refers to the civilian population alone. While this might not pose major difficulties to an analysis of manpower for most societies, North Korea happens to have an enormous and apparently growing military force. The force is sufficiently large that one would presume it must engage in economic activity to help support itself. In fact, there are frequent reports in the DPRK's press of army units participating in agriculture, industrial production, construction and the like. This aspect of North Korean employment, however, necessarily goes unrecorded in the official data released to date.

A final problem is intrinsic to the socialist statistical system. The CSB, like other similar apparatuses, is principally concerned with measuring activity in the "people's economy"—the socialist sector. In all Communist countries, a considerable amount of

ingenuity and effort expresses itself through gray or black markets; recent visitor accounts describe a brisk if illicit underground economy in North Korea.¹⁰ Whatever its share of gross domestic product may be, and whatever portion of total man-hours worked it may truly account for, it is completely undocumented in the figures the CSB has to date unveiled.

Table 8
Reported Classification of North Korean Population by
Occupation, 1960-1987 (percent)

Classification	1960	1963	1986	1987
Laborers (State workers)	38.3	40.1	56.3	57.0
Office workers	13.7	15.1	17.0	16.8
Farmers	44.4	42.8	25.9	25.3
Cooperative workers	3.3	1.9	0.9	0.9

Note: The 1964 source referred to "Composition of Inhabitants by Occupation." The military population was apparently included in the 1960s, but the 1986 and 1987 classification is for civilians only.

Source: 1960 and 1963 figures from *North Korean Central Yearbook 1964*, Joint Publications Research Service, No. 35, 218, 27 April 1966, pp. 197-98; 1986 and 1987 figures derived from Table 7.

These limitations notwithstanding, the new figures on civilian labor force do speak to the existing employment structure, and to trends over the past generation. By 1987 only about one quarter (see Table 8) of the North Korean adult population was classified as farmers. That same year, almost three-fifths of the adult population was classified as laborers—that is to say, employees in state enterprises, a category we might consider close to our designation for the "secondary" or industrial sector. About one-sixth were typed as office workers: performers of "non-productive labor" in the Marxist-Leninist taxonomy; in our own,

10 See, for example, Kim Tong-hyon, "Republic of Charcoal Trucks" (in Korean), *Wolgan Choson*, December 1990, translated in *FBIS-EAS91-056*, 22 March 1991, pp. 22-33.

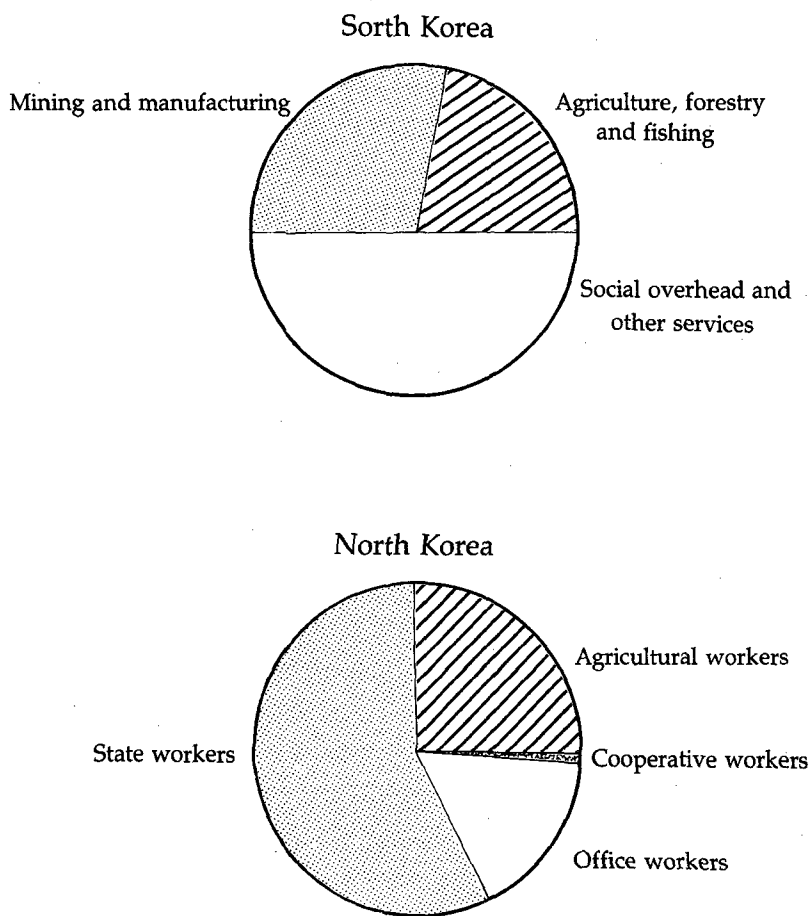
perhaps something like "tertiary" or service-sector workers. A tiny fraction—less than one percent—were registered as workers in cooperative enterprises, a designation perhaps meant to capture the officially sanctioned semi-private enterprise sector.

Figures on employment for the early 1960s and the late 1980s seem to have been compiled according to different methods, the earlier ones enumerating only actual paid employees, the latter including every adult in a given household. Irrespective of the distortions that may have been introduced by this change of technique, it is clear that a transition out of agriculture and into industry has proceeded over the past three decades. The share of "office workers" in the national economy, by contrast, is reported to have risen only slightly between 1963 and 1987, perhaps because official policy views this sphere a "non-productive" and thus a drain upon other sectors.

North Korea's reported occupational breakdown for 1987 can be compared with that of South Korea (see Figure 3). The comparison must be approached with caution, since the definitions for the sectors in question, and the procedures used to measure them, are so totally different. Moreover, South Korea's data on employment leaves much to be desired, as specialists in this area have long complained.¹¹ Yet the comparison remains illustrative. Figures from the two Koreas seem to suggest that agricultural activity accounts for roughly similar shares of the total workforce. In South Korea, however, the service sector appears to absorb over half the workforce, whereas in North Korea employment in state industries seems to be absolutely predominant. Figure 3 may provide a first, highly imprecise, glimpse of the sorts of sectoral adjustments workers in North Korea may expect to face if their country makes a transition to a market-oriented economy, or if their region is reunified with the rest of the peninsula on South Korean terms.

11 For one assessment, see David L. Lindauer, "Labor Market Behavior in the Republic of Korea," *World Bank Staff Working Papers* #641 (1984), pp. 71–76.

**Figure 3. Reported Occupations by Sector :
North and South Korea, 1987 (percent)**



Sources : Table 28 ; and Social Indicators in Korea 1988, pp. 92, 105, 110

Table 9
North Korea, Males Not Reported, 1975-1987
(in thousands)

Date, Year-end	Reconstructed (Model 1)	Reported	Total males missing	Missing in ages 16-54
1975	8,147	7,433	714	NA
1980	8,918	8,009	909	NA
1982	9,234	8,194	1,040	NA
1985	9,737	8,607	1,130	NA
1986	9,912	8,710	1,202	1,201
1987	10,090	8,841	1,249	NA

NA: not available

Note: The reported totals are the civilian male population of North Korea. The missing males constitute our estimate of the size of the male military population of the DPRK.

Source: Model 1, reconstructed by the Center for International Research, US Bureau of the Census.

Military Manpower

As already mentioned, North Korea's military absorbs an enormous amount of the country's able-bodied manpower. Until now estimates of North Korea's military forces were derived through Western intelligence, principally through "signals intelligence" and other technical means. North Korea's recently released data, however, provide an alternate basis for estimating the size of the country's armed forces. In brief, the procedure is to reconstruct an estimate for the total male population, and to subtract from this the reported total male civilian population.¹² (Until 1970, the CSB counted the country's entire population, but thereafter only civilians; this quirk permits us to estimate the size of the "missing male" cohort from 1975 to 1987). We assume that

12 For a fuller account, see Nicholas Eberstadt and Judith Banister, "Military Buildup in the DPRK: Some Indications from North Korean Data," *Asian Survey*, Vol. 31, #11, (1991).

this missing male contingent provides a minimum figure for North Korea's military population (see Table 9).

If these numbers roughly capture the dimensions of North Korea's military manpower commitment, the DPRK's armed forces would have accounted for over 6 percent of the country's estimated total population, over 12 percent of its estimated male population, and over 21 percent of its male population aged 16 and above as of 1987. If we assume that the soldiers in question are drawn overwhelmingly from the 16-28 cohort, they could have comprised as much as 42 percent of this grouping in 1987. (By way of rough comparison, South Korea's armed forces would have accounted for somewhat less than 11 percent of the corresponding cohort in 1985, on the assumption that 600,000 troops would have been drawn from its ranks.)¹³

The massive disposition of young male manpower into military channels necessarily constrains the mobilization of youths into the civilian labor force, and may complicate the upgrading of skills that is associated with the higher education system. These constraints may have a bearing not only on current economic performance, but also upon prospects for the future.

But as been mentioned already, it might be a mistake to treat North Korea's military manpower as a deadweight burden upon the national economy. The "juche" philosophy would certainly seem consonant with policies urging economic self-reliance upon the People's Army. In fact, some North Korean defectors have reportedly complained of the arduous non-military efforts to which they were seconded while under uniform.¹⁴ And if the military is a priority sector in North Korea, as there is every reason to presume, assigning economic tasks to it may be an

13 Derived from Economic Planning Board, *Korea Statistical Yearbook 1989* (Seoul: National Bureau of Statistics, 1989), p. 44.

14 See, for example, Yu Yong-won, "North Korean Military Structure Viewed" (in Korean), *Wolgan Choson*, December 1990, translated in *FBIS*, EAS-91-073-S, 16 April 1991, esp. p. 6.

effective administrative means of seeing to it that special targets are achieved. Unfortunately, until more is known about North Korea's military economy, very little can be said about its economic operations with any certainty.

Labor Force Participation Rates

In 1987 a North Korean publication stated that "today 8,950,000 all have a job and are engaged in creative labor."¹⁵ If this figure is taken to represent North Korea's actual population of economically active individuals at year-end 1986, it is possible to compute labor force participation rates for the country, and to compare them with rates reported elsewhere (see Table 10).

Table 10 provides two estimates for labor force participation rates for North Korea: the first on the assumption that the aforementioned figure excludes military workers, and the second—arguably less likely—on the assumption that the military is already subsumed within that number. By any reckoning, however, North Korea appears to be a society with a high degree of labor mobilization. Labor force participation rates in North Korea might well be higher than in such command-planning societies as the Soviet Union of the late 1970s or the Warsaw Pact states of the 1970s and the 1980s. (North Korea's rates might be slightly lower than those reported for China or Vietnam, but the latter two are predominantly rural agricultural societies, and their figures on labor force enrollment are correspondingly more ambiguous.)

By these indications, North Korea's labor force participation rate would be higher than for any of the Asian so-called newly industrializing countries—perhaps considerably so. A difference of almost twenty points, for example, might separate North and

15 Pang Hwan Ju, *Korean Review* (Pyongyang: Foreign Languages Publishing House, 1987), p. 78.

Table 10
Estimated Labor Force Participation Rates for North Korea and
Selected Other Countries (Percent)

Country or group	Total	Male	Female
Communist states			
USSR (1979; 20+)	73.3	82.8	65.8
Bulgaria (1985; 20+)	69.9	75.3	64.7
Czechoslovakia (1980)	67.8	75.5	60.8
GDR (1981)	67.5	76.2	60.0
Hungary (1980)	60.5	71.9	50.2
Poland (1978)	67.3	76.6	58.7
Romania (1977)	67.1	74.9	59.6
Yugoslavia (1981; 20+)	62.1	79.8	45.8
PRC (1982)	78.7	86.5	70.6
Vietnam (1989)	77.3	81.6	73.6
Cuba (1981)	53.4	72.8	33.8
Asian NIC's			
Hong Kong (1986)	66.4	80.9	51.2
ROC (1989)	60.1	74.8	45.4
ROK (1980)	56.5	75.1	39.5
Singapore (1980)	63.2	81.5	44.3
Developed Market Economies			
FRG (1988)	56.5	71.8	42.7
Japan (1985)	63.6	80.3	47.7
Sweden (1985; 20+)	64.9	70.6	59.5
USA (1980; 16+)	62.0	75.1	49.9
North Korea:			
Excluding military (1986/87; 16+)	73.7	NA	NA
Including military (1986/87; 16+)	67.8	NA	NA

NA: not available

Note: All non-North Korea figures come from census data, except for FRG and ROC, which come from labor force surveys. Unless otherwise indicated, labor force participation rate is for economically active population 15 years of age and older as a percentage of the total cohort. North Korean estimates based upon stated official figure for employment, plus reconstruction of population structure and military population. It is not clear if the reported employed population of North Korea includes the military or refers to civilians only, so we have calculated it both ways.

Source: For North Korea: Nicholas Eberstadt and Judith Banister, *The Population of North Korea* (Berkeley, CA: Institute of East Asian Studies, 1992); For Vietnam: Judith Banister, *Vietnam: Population Dynamics and Prospects* (Washington, DC: U.S. Bureau of the Census, Center for International Research, June 1991); For ROC: ROC Directorate-General of Budget, Accounting and Statistics, *Statistical Yearbook of the Republic of China 1990* (ROC: Executive Yuan, 1990), p. 57; For all other countries: *International Labor Office, Yearbook of Labour Statistics* (Geneva: ILO), various issues.

South Korea. North Korea's labor force participation rates also look to be much higher than those reported for some of the world's leading "developed market economies."

North Korea's labor force has not always been so thoroughly mobilized. Data for the year-end 1963, for example, suggest an estimated labor force participation rate for those fifteen and older of about 55 percent. By way of comparison, the labor force participation rate for those fourteen and older reported for South Korea in 1967 was also about 55 percent.¹⁶ The subsequent divergence of North and South Korean patterns underscores the degree to which the DPRK has relied upon an "extensive" growth strategy, and probably indicates the "success" of the long-enuciated drive to include North Korean women in the formal workforce.

North Korea's high estimated rates of labor force participation would seem to compound the difficulties that might be expected in a transition to a market-oriented economy, or in reunification on South Korean terms. It seems likely that many of the persons presently counted as "creative laborers" are in reality marginal employees, or persons who (for reasons of age or infirmity) should not be expected to pursue paid compensation. North Korea, unfortunately, will not bequeath such persons a pension-funding mechanism, much less the means to endow it. If North

16 *The Population of North Korea*, p. 82; *Economic Planning Board, Social Indicators in Korea 1985* (Seoul: National Bureau of Statistics, 1985), p. 118.

Korean employment patterns were to conform roughly to those reported in the present-day South, over a fourth of those persons in the civilian labor force in the late 1980s would no longer be receiving wages or salaries. (If the armed forces were added to this civilian population count, the fraction would be even greater—closer to 30 percent.) A shift to a market-oriented economy, at least in the short run, would probably mean that many people would have to shift jobs—but that substantially more people would be leaving their previous employ than would ultimately enter new positions. One may appreciate the possible social consequences of such a transition.

Prospective Growth of the Working-Age Population

How will North Korea's working-age population (ages 16–64) grow in the future—say, to the year 2010? Unlike so many questions about the future of the North Korean labor force, this one can be answered with a minimum of conjecture. Our reconstructions of the country's population for year-end 1986, after all, provide us with a stream of prospective entrants up to the year 2001; barring catastrophe, changes in survival schedules can have only a minimal impact on projected totals. Working-age aggregates will depend thereafter on fertility trends for the years 1987–1995, matters still in large measure unknowable. Even if our projections for fertility for these years are far off the mark, however, they will only slightly affect our projections for total working-age population for 2010, since that cohort stands to compose only a small fraction of the country's adults.

Estimates and projections for North Korea's working age population may be seen in Table 11. As of midyear 1990, by our estimates, about 13.9 million adults fell within the 16-64 cohort. Of them, over half were under 30, and nearly 5 percent were 16 years of age. By 2010, under our projections, the working-age population will have grown by almost two-fifths, to about 19.2 million. Its composition, however, will be very different. Less

than a third of this grouping is projected to be comprised of persons aged 16-29, and less than 3 percent would be 16 years of age. If our fertility projections are too high, as some might argue, North Korea's future population will be even grayer than these figures would suggest.

Table 11
North Korea, Estimated and Projected Population in Labor
Force Ages, 1986-2010 (in thousands)

Age group	1986	1990	1995	2000	2005	2010
16	585	470	387	415	469	526
16-29	6,273	6,804	6,706	6,054	5,747	6,351
30-64	5,995	7,086	8,474	10,327	11,928	12,821
16-64	12,268	13,890	15,180	16,381	17,675	19,172

Source: Model 1 reconstructed and projected at the Center for International Research, US Bureau of the Census.

Because North Korea's fertility rate has yet to fall below the replacement level, working-age population will continue to grow throughout the foreseeable future. By our estimates and projections, it will increase at a rate of roughly 1.7 percent a year during the 1990s, and by about 1.6 percent annually in the decade thereafter. The younger portion of this cohort (16-29), however, will be smaller in the year 2000 than it was in 1990, and will almost certainly be smaller in 2010 than it was in 1990 as well.

Like many aspects of population change, the prospective trends in working-age population growth have economic implications. The greying of the North Korean population may be expected to make the transition to a market economy somewhat more difficult. This is because lower fertility rates make for lower replacement rates within the working-age population. Though older workers tend to be more productive in any given cross-section of the labor force, younger persons may tend to be more flexible. In any event, it is typically at younger ages that persons absorb the education and develop the attitudes that affect pro-

ductivity in later life—not the reverse. Although retraining and resocializing North Korea's adult population would surely offer some opportunities for improvements in labor productivity under a future order, wholesale replacement of the previous labor force by one with nothing to "unlearn" might contribute even more. The impending decline in the younger cohort within North Korea's working-age population means that this process of replacement will be slower than it would have been at earlier junctures in DPRK history.

Concluding Observations

To the extent that this paper has attempted to peer into the future, it has commented upon potential or impending economic difficulties that may be divined from the newly released data on North Korea. These are genuine enough, but to focus upon them alone might risk painting an inadequate picture of possibilities for the future. South Korea's post-partition experience, for example, attests to the flexibility the local population could demonstrate in responding to new economic opportunities—even among cohorts that had entered middle age or later life at the time that the "economic environment" had begun its dramatic change.

Labor market responses in the DPRK cannot be measured with data available, but relieving some of the existing distortions imposed under the current regimen would surely be expected to contribute to productivity improvements. North Korea's ratio of wages and salary to GDP, for example, may be one of the very lowest in the world today; personal consumption as a proportion of national income looks to be abnormally low, even for a communist state.¹⁷ Under these circumstances, even such modest

17 This phenomenon, moreover, may not be new for the DPRK. One recent study has estimated that consumption accounted for an astonishingly low 35 percent of North Korean GDP (on an "adjusted factor cost" basis) for the year 1959; the comparable estimate for the USSR for 1955 was 59 percent! Fujio Goto, *Estimates of the North Korean Gross Domestic Product 1956–1959* (Kyoto: Kyoto Sangyo

changes as the introduction of "inducement goods," or the advent of rationing by means of the currency system, might be expected to have significant and dynamic consequences for labor productivity.

Aphorisms notwithstanding, demography is not destiny—at least not for the individuals in question. It is instead the human factors—some of them unquantifiable—that tend to shape performance, and even events. At the moment, however, all too little is known about the qualities, capabilities, and motivations of the individuals within the DPRK who are necessarily examined by demography only in the aggregate.

빈 면

Elite Politics and Policy Making in North Korea: A Policy Tendency Analysis

Yinhay Ahn

Despite the collapse of the former Soviet Union and the Eastern European countries, China has managed to maintain its political system yet adopt open economic policies that have transformed the economy into a great success. China has changed chiefly due to the leadership role played by Deng Xiao-peng and other practical and reform-minded leaders in the political forefront, as well as due to a change of perception at the political-elite level.¹

North Korea, desperately looking for ways to consolidate leadership succession and escape its current economic impasse, is known to be actively preparing the Chinese model of economic reform and open-door policy.² It could be said that North Korea's ability to push its reforms through Chinese-style depends largely

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- 1 Ahn Yinhay, "Chinese Power Elites and Policy Competition in Reform and Open-door," *Journal of Korean International Studies Association*, Vol. 32, No. 2, 1992, pp. 271-92.
 - 2 For a study on the Chinese model of reform and open-door policy, see Ahn Yinhay, "Policy Conflict and Chinese Power Elites: A Case Study of Yangpu Special Economic Zone in Hainan," *Journal of Korean Political Science Association*, Vol. 26, No. 2, 1992, pp. 325-44.

upon how the top political leaders view the open door and how they perceive reform and, subsequently, upon their policy making.

The first-generation revolutionaries in North Korea are beginning to retreat and the technocrats are emerging as a dominant group. How should we understand the policy making in the North during the leadership succession from Kim Il-sung to Kim Jong-Il? In the monolithic leadership structure of North Korea, are the policy preferences of the top political leaders being reflected in policy making? Can the North Korean political elite conceivably be categorized by their policy tendencies? By applying the framework of policy-tendency analysis to the case of North Korea it is in fact possible to understand policy tendencies and something of the policy making itself,³ and we may be able to forecast the direction of North Korean reforms and opening.

Existing studies on the North Korean political elite have been hampered by the difficulties of gathering adequate data; so far only unidimensional studies on socialist power elites have been available, and either the totalitarian model or a power model based upon factionalism have been used. The totalitarian model, however, is being abandoned in the study of socialism due to the downfall of the Soviet Union and the Eastern European countries.⁴ Factionalism is a common phenomenon there as well as in China, and it is regarded as prevalent where multi-party systems have developed in democratic-capitalistic countries.⁵

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- 3 For a more in depth study see Ahn Yinhay, "Policy Tendency and Policy Making of North Korean Top Elites," *Social Science and Policy Research*, Seoul National University, 1993, forthcoming.
 - 4 Janos Kornai, *The Socialist System: The Political Economy of Communism* (Princeton: Princeton University Press, 1992); Ota Sik, ed., *Socialism Today? The Changing Meaning of Socialism* (New York: St. Martin's Press, 1991); David M. Kemme and Claire E. Gordon, eds., *The End of Central Planning? Socialist Economies in Transition* (Institute for East-West Security Studies, Hellenic Foundation for Defense and Foreign Policy, 1990).
 - 5 Raymond Taras, "Political Competition and Communist Leadership: A Historiographical Introduction," in Raymond Taras, ed., *Leadership Change in Communist States* (Boston: Unwin Hyman, 1989), p. 4.

Pyongyang, however, has long maintained a single leadership system, eliminating factions through political purge.⁶ The country thus lacks any tradition of competitive policy lines advocated within a group leadership system managed by long-time revolutionary comrades as is the case in China. Moreover, North Korea has yet to experience a power transition since the establishment of the Democratic People's Republic of Korea in 1948 by Kim Il-sung, a big contrast to China with its succession of leadership changes and shifts in policy lines since the death of Mao Tse-tung.⁷

The totalitarian model of analysis depends on the assumption that North Korea is under the single, solid leadership of Kim Il-sung and Kim Jong-il, so that no other policy lines or conflict groups exist; in other words, there should be no policy confrontations among the political elite in North Korea, and only those political decisions made from the top would carry any weight in policy making. Yet in reality North Korea faces the daunting tasks of leadership succession and economic revitalization and, in this context, from the trials and errors made in the process of economic liberalization we can indeed see differences in policy tendencies of the top political leaders.⁸ Those tendencies can be deduced from discrepancies between orders from the party and the Supreme Leader—which are to be obeyed at any cost—and the actual policies implemented under a particular leader. The

6 Chun Hyun-joon, Ahn Yinhay and Lee Woo-young, *A Study on North Korea's Power Elites* (Seoul: RINU, 1992), pp. 10–67.

7 Kim Ha-ryong, "The Character and Limits of Chinese Reform Policy," Suh Jin-young ed., *Socialist Reform and North Korea* (Seoul: Korea University Institute of Asian Studies, 1992), pp. 80–84.

8 Some scholars argue that there exists a conflict between the conservatives and reformists, and that they are divided over the issue of criticizing the South. Some high officials who are considered "practical" are Kim Dal-hyun who toured South Korea's industrial complexes and Yon Hyong-muk who concluded the "Supplementary Agreement" at the eighth South-North talks. Yeo Young-moo, "The Conflict between the Conservatives and the Reformists in North Korea," *Dong-a Ilbo*, 27 September 1992.

method may be crude, but given that North Korea is so closed, comparing various after-the-fact leadership styles of certain policy decisions by Kim Il-sung or Kim Jong-il pioneers a new perspective on the study of the North Korean policy-making process.

Policy Tendencies of the Top Political Leaders in North Korea

For this study "top leadership" includes those among the elders and "generalists" who hold the ultimate responsibility over actual policies, especially the premiers during the 1980s of the Administrative Council: Li Jong-ok, Kang Song-san, Li Gun-mo, and Yon Hyong-muk. A comparison of the policy tendencies of these four individuals and the outcomes of those policy tendencies is analyzed here.

Among the North Korean power elite there is an implicit consensus that for the country to overcome its current difficulties limited economic reform will be necessary as well as an opening to the outside world—but only to the minimum degree that system collapse can be prevented. It is difficult to predict whether economic reform without political reform will succeed. Nevertheless, it is clear that the members of the elite differ on the speed and scope of limited reform although they do agree on its necessity, and we can categorize their policy positions on economic policy and political stance.

Through the monolithic structure of North Korean politics it is difficult to discern in written texts any differences of opinion about national policy. The study relies on content analysis of various leaders' policy speeches published in North Korean official journals, together with their individual backgrounds. Verbal testimony from North Korean defectors to the South were also used as primary sources.⁹ The criteria used were (1) educational

9 The data was gathered from interviews conducted by the writer. It was necessary to conceal the sources of some interviews due to requests for anonymity.

background, (2) official positions held previously, (3) experience of having been purged, (4) experience of overseas travel, and (5) personal relationship with Kim Il-sung.

Li Jong-ok

Position on economic policy—After graduating from Harbin Technical University Li Jong-ok worked in the heavy industry sector until his appointment as premier.¹⁰ He conducted quite a bit of research on the Soviet and East European economic models.¹¹ Since their communist governments collapsed, however, he has developed an interest in the Chinese model, which he had a chance to observe during a trip accompanying Kim Il-sung in December 1991.

Li argues that the basic policy line of a socialist country must be the simultaneous development of heavy industry, light industry and agriculture,¹² but in practice he leans towards the heavy industries.¹³ He continues the revolutionary spirit by solidly favoring national economic development through independent effort: "in revolutionary enterprises as well as in others, we must rely on our own power to build our economy."¹⁴ He contends that only an independent national economy can deal with other economies on an equal and autonomous basis, that it can "effectively repeal the invasions of imperial colonialists and other

10 He became Minister of Industry in 1965 as well as chairman of the Heavy Industries Commission in 1960, of the metallurgical industry in 1962, of the Science Institute in 1965 and of the resources industries in 1971.

11 In 1984 he accompanied Kim Il-sung to the Soviet Union, Poland, East Germany, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, and Romania.

12 Li Jong-ok, "A Self-supportive and National Economy is the Firm Base of the Republic's Prosperity," *Gunroja*, Vol. 9, 1978, p. 35.

13 *Ibid.*, p. 38-39.

14 Li Jong-ok, "The Juche Ideology on Economic Development Set Forth by the Great Leader Kim Il-sung, and its Practice," *Gunroja*, April 1987, p. 46.

aggressors."¹⁵ As he strongly favors an independent stance in national economic matters, he is considered passive about opening the country.

Political Stance—Since participating in the communist movement in 1940 and organizing the Communist Party in his hometown of Song Jin in 1944, Li has been known as a relatively incorruptible bureaucrat, and he is respected by the local people.¹⁶ From June 1989 until now, he has been the Chairman of the National Degree Award Commission, and is known to have a deep personal relationship with Kim Il-sung. He is said to be more trusted even than the current Vice President Pak Sung-chul.¹⁷ He could well harbor a latent progressive tendency but he has become absolutely loyal to communism after having once been purged, and is conservative now.

Kang Song-san

Position on economic policy—A top graduate of the Mankyongdae Revolutionary School in the 1950s and a solid economic technocrat,¹⁸ Kang Song-san once declared that the Party's primary priority should be the continuous effort to increase the popular standard of living.¹⁹ He argues that the ultimate objective of

15 Li Jong-ok, "A National, Self-supportive Economy is the Firm Base of the Republic's Prosperity," *Gunroja*, Vol. 9, 1978, p. 33. See also Li Jong-ok, "The Immortal Monument that Created the Chollima Movement," *Gunroja*, April 1990.

16 An interview by the author with a Chinese economic expert on North Korean issues, 13 February 1993.

17 Kim Jung-min, interview by the author, 28 January 1993.

18 Kang Song-san's expertise as an economic technocrat comes from his study abroad at Prague Technical University in 1954. In 1984 he was elevated to the position of premier but was demoted to secretary of the North Hamkyung Provincial Party and chairman of the local People's Committee. But he made a comeback in December 1992 as premier. He is considered as one of the few top economic elite in North Korea.

19 Kang Song-san, "Our Party's Supreme Principle is to Increase the Cultural and Material Livelihood of the People," *Gunroja*, March, 1977, p. 48.

socialism and communism is to free all the shackles of the average worker, giving him "an independent and creative, rich and cultured life," to be accomplished through "continually increasing the material and cultural livelihood of the people." These, he said, are proofs of the success of the socialist way of life.²⁰ This tendency in Kang is seen as an active willingness to opt for reform, especially after his many travels overseas.²¹ It is believed that his views and experiences on reform were the key factors that led to his recent renomination to the premiership.

Political Stance—Kang has a reputation as a taciturn character, and people say he is hard on his subordinates.²² He is also known to be inflexible over principles. He is a relative of Kim Il-sung and a trusted loyalist of Kim Il-sung ideology.²³

20 Ibid., p. 47.

21 Kang Song-san visited Bulgaria as head of the North Korean delegation in October 1981, accompanied Kim Il-sung to the Soviet Union and Eastern Europe in May 1984, was head of the North Korean delegation to Romania in August 1984, participated in the founding ceremony of Ethiopia's Labor Party as representative of North Korea, served as North Korea's representative at Yuri Andropov's funeral, visited the Soviet Union to exchange friendly relations in December 1985, participated in the Soviet Communist Party Forum as representative of the North Korean Workers' Party, and he visited China in May 1990 as Workers' Party representative. It is believed that his views and experiences on reform were the key factors that led to his recent renomination to the premiership.

22 Testimony of Koh Young-whan, February 1992.

23 For articles that reflect Kang Song-san's political views, see "The Basic Operation of the Party is the Interaction between People," *Gunroja*, October 1972; "Let's Decorate Pyongyang Red in Revolutionary Splendor," *Rodong Shinmun*, January 1973; "A People's Regime is the Most Effective Weapon to a Juche Ideologized Society," *Gunroja*, September 1983, "The Workers' Party is the Revolutionary Party That Carries on the Great Tradition of Juche," *Rodong Shinmun*, June 1985; "Party Organizations and Members that Act According to the Party's Directions are the Greatest Source of Strength of Our Party," *Rodong Shinmun*, January 1990; "Party Leadership is the Required Prerequisite for the Maintenance of Revolutionary Principles in the Implementing of Socialist Endeavors," *Gunroja*, November 1990.

Li Gun-mo

Position on economic policy—An important listing in Li Gun-mo's resume is his experience as chief secretary and chairman of the People's Committee of South Pyongan province, beginning April 1977, and chief secretary and chairman of the city of Nampo in September 1981.²⁴ He was appointed as premier for the leadership he showed in Nampo, but was demoted because his economic policies brought no significant results.

Nampo is a port city. Along with Chungjin, Wonsan, Hamhung, Shinuiju and Haeju it has been exposed to foreign influence brought by trading ships. The city was open to foreigners and capitalist ideas until 1986, and the experience in its administration most likely influenced Li,²⁵ for he shows a positive attitude over economic liberalization.

Political Stance—As Li was exposed to capitalist ideas in Nampo, he also shows a progressive tendency in politics.²⁶ He has a direct and active personality, and it is said that he resigned from the premiership in 1988 because he felt he could not take responsibility of the possible after-effects of the Thirteenth Pyongyang World Youth Festival that was to be held in 1989. It is also rumored, however, that he was fired as a result of a remark at an official meeting in 1988 that the "President's Fund" allow-

24 Li Gun-mo graduated from Kim Il-sung University and became involved in economic matters as Minister of Mechanical Industries in 1964, and Chief of the Second Mechanical Industries Commission in July 1970; finally he became premier in September 1973.

25 Li Gun-mo's acquisition of knowledge about foreign cultures and economies is vicarious, but he has not traveled abroad much. In November 1987, he visited China as representative of the DPRK government, and in February 1988 he was head of the government delegation to India.

26 His writing cannot be expected to show much reformism. Major articles are "The Great Leader's On-site Guidance is a Great Example of Communist Leadership," *Gunroja*, April 1978; "Loyalty to Our Dearest Leader Comrade Kim Il-sung is the Spiritual Source of Continuing the Legacy of Revolution in Choson," *Gunroja*, April 1985; "The Great Achievements of Our Dearest Leader Kim Il-sung in Building the Revolutionary Regime," *Gunroja*, April 1987.

ing unlimited allowances to Kim Il-sung and Kim Jong-il be abolished.²⁷ He was reinstated last December, and is currently the chief secretary and chairman of the People's Committee of Northern Hamkyong province as well as member of the Central People's Committee. Among the power elites Li is at present the one with the most progressive policy tendency.²⁸

Yon Hyong-muk

Position on economic policy—Yon Hyong-muk became premier thanks to the knowledge he gained from his work in the heavy industries sector.²⁹ He was sent to Yugoslavia as Pyongyang's representative to the Ninth Non-Alliance Chief Executive Meeting³⁰ and also to Thailand, Indonesia, and Malaysia in January 1990 where he was able to observe their economic development. Probably these travels overseas have made him aware of the need for broader reforms. He was demoted from his position as premier last December for lack of success in North Korean foreign policy vis-à-vis the South, as well as in external economic policies. Currently he is the chief secretary and chairman of the People's Committee of Chagang province. Yon is considered

27 From an interview with a North Korean defector on 13 February 1993.

28 Kim Jung-min, interview with the author on 28 January 1993.

29 Yon graduated from the Mankyongdae Revolutionary School and studied in the Department of Mechanical Engineering at Prague Technical University. Since his appointment as vice deputy of the Heavy Industries Commission in 1960, he has worked mainly in heavy industry. In December 1986 he became chief secretary of the Heavy Industry Commission. His interest in economic policies is reflected in his article "Sokdo-chon is the Principle of Warlike Conduct in Implementing Revolutionary Juche Objectives," *Gunroja*, February 1976.

30 In October 1989, he was head of the North Korean delegation to East Germany's Forty-Year Anniversary Celebration, also in November he participated in the Fourteenth Romanian Communist Forum where he could see the advanced economic status of Eastern European countries.

someone without much vision in economic policy, a follower of existing trends rather than an innovator.³¹

Political Stance—Yon Hyong-muk has become a widely recognized North Korean official from his role in the South-North talks. He is said to have a calm and rational mind, as well as an engaging personality that makes him quite popular.³² His family nursed Kim Il-sung from sickness during the partisan guerilla movement and has since been a Kim protege.³³

He enjoys the trust of Kim Jong-il as well, and among Kim's clique he is the one who most frequently accompanies the junior Kim's administrative travels. Because of his special relationship with the two Kims, Yon has written a thesis "Suryongron" (Ideology of the President), which none of the other premiers have ever attempted. He argues that *suryongron* must be "based on a spiritual and moral foundation whose aim is the achievement of a single organizational center and ideological base," and that it is the "crucial guarantee for the realization of organizational unity and solidarity which aims at unification and consolidation, a revolutionary effort led by the Party and President."³⁴

Although he exhibits absolute loyalty to Kim Il-sung, he witnessed as premier the collapse of the former Soviet Union and Eastern Europe as well as the success of Chinese reform and

31 Interview with a Chinese expert on North Korean affairs, February 1993.

32 Yon Hyong-muk is known to have a social personality. He speaks Russian, Japanese and French. *Dowon*, Vol. 1, May, 1987. But he gives an impression as being excessively loyal and unbending; according to people who have met him he does not seem popular.

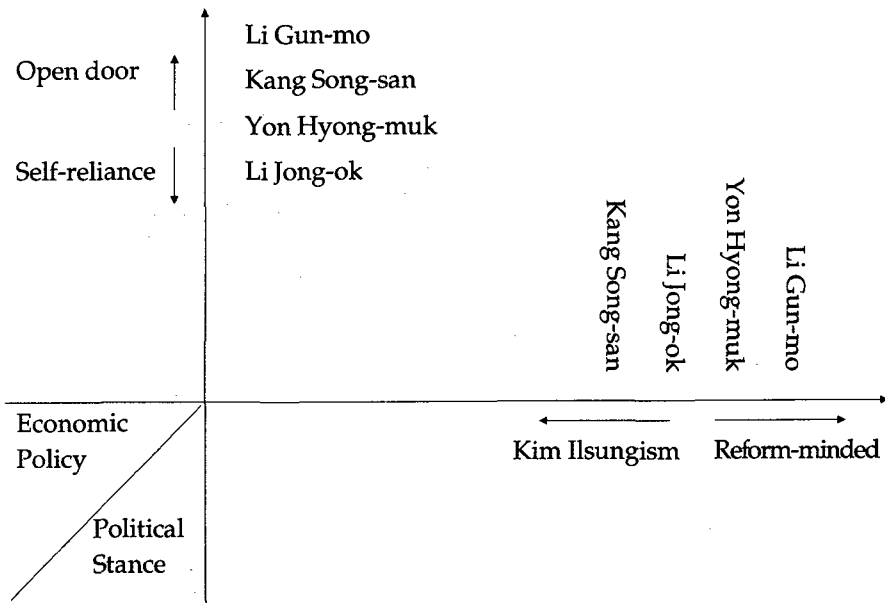
33 Because of his connection with Kim Il-sung, he was re-admitted to the Politburo in 1980 even after having been demoted to a provincial post.

34 For Yon's Theory on Suryong (leader), see "Our Revolutionary Invincible Solidarity Centered on the Party and Our Suryong," *Gunroja*, February 1982, p. 26. See also "The Three-Revolutionary Line Presented by Our Great Leader Comrade Kim Il-sung is the Invincible Standard to the Completion of the Juche Revolutionary Objectives," *Gunroja*, April, 1975, "Party Leadership is the Basis for the Victory of Socialist Economy Building," *Gunroja*, February 1987, "The Revolutionary Optimism is the Legacy of Our People's Revolutionary Spirit Which Has Led the Revolutionary Way to Victory," *Gunroja*, July 1988.

liberalization. He also seems to have acquired through the many South-North talks an open attitude on the need for change in North Korea.³⁵

Considering the four premiers' positions on economic policy and politics, we can categorize this way: on economic policy their positions range from Juche to opening, and on political issues between strictly upholding the Kim Il-sung ideology and relatively liberal views.

Policy Tendency Classification of Former Four Premiers in North Korea

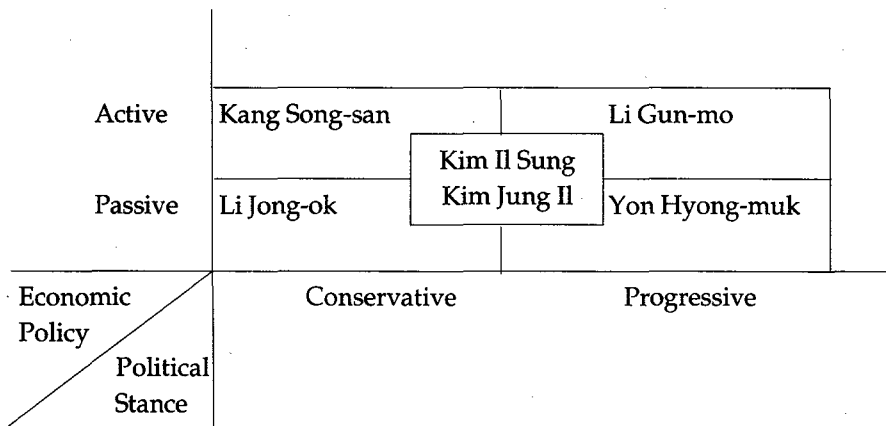


35 Yon Hyong-muk showed a practical tendency towards policy when he suggested to Kim Il-sung a curtailment of the 1989 Pyongyang Festival in order to minimize the sacrifices made on the people's livelihood.

The above figure shows the two positions on economic policy and the two positions on politics entered on perpendicular lines, vertical for economic policy views and horizontal for political stances. Up represents open economic policies and down represents views in favor of Juche economy. The left side represents Kim Il-sung ideology and the right side represents progressive views.

The two Kims are in the middle of this next figure where they exercise a mediatory influence among the four policy tendencies.

Policy Tendency Comparison of Top Political Leaders



Policy Making of the North Korean Top Leadership

Based on this analysis, we examine the policy results under each of the four premiers and see some differences in North Korean policies. Lack of reliable data, of course, makes it difficult to research differences of position based on various political orientation. This paper relies on events or issues where political positions could be detected from economic policies that were implemented.

Pro-light industry policy

Li Jong-ok, premier from April 1982 to January 1984, has quite an interest in the welfare of the people and a healthy economy, and a willingness for reform. Although not in a position to recommend it to Kim Jong-il, if circumstances change, he would likely play an active role in leading the economy towards reform.³⁶ However, he did have a rather one-sided interest in the development of heavy industries when he was premier. Moreover, as he was purged once in the past, he might have limited influence in policy making.

Kang Song-san, who was premier from January 1984 to December 1986, enacted the unprecedented Joint Venture Law in January 1984 and tried to draw in foreign capital and technology. Such measures reflected the policy tendency of the North Korean elite at that time as they searched intently for measures to develop light industry. An article reflecting the opinion of the time says, "a new turnabout for the production of consumer goods by following the revolutionary measures for the development of light industries" is necessary to increase the standard of living, and "specialization in the production of major consumer goods is an important issue that arises during the efficient management of the production structure and production potential of the people."³⁷ This emphasis on light industries stems from the need for "the state to be responsible for and provide for the material-cultural livelihood of the people" although the superiority of socialism is already obvious in every aspect of society.³⁸ The major principle that serves as the party's drive to revolutionize

36 Testimony of Koh Young-whan, February 1992.

37 Li Dong-ho, "The Specialization of Production and Revolution of the Light Industry," *Gunroja*, December 1984, p. 37.

38 Li Gil-du, "The Revolution of the Light Industry is a Glorious Enterprise for Increasing the Cultural and Material Livelihood of the People," *Gunroja*, April 1986, p. 56.

light industry is "the fulfillment of the material demand of the people by increased production of consumer goods through the means of our own resources, technology and power."³⁹

Moreover, the article emphasizes the role of the army⁴⁰ in eliminating the class gap and economic differences between the city and the provinces, between workers and farmers, by pointing out the role it plays in providing the urban-provincial links and its importance as the center of regional economic development. We can see a strong will for regional development and improvement in the living standard.

Li Gun-mo was premier from December 1986 to December 1988. Appointed for his role in completing the Nampo Drydocks, he achieved no significant results in economic policies as premier and was fired. Nevertheless, many articles were published that dealt with the importance of light industry and regional economic development that probably reflected the policy tendency of the time Li was premier. They all have the common theme of "increasing the common living standard through revolution in light industry"⁴¹ and an emphasis on agriculture, regional eco-

39 In order to adhere strictly to Party policies on revolutionizing light industry, (1) the workers and laborers must have a correct attitude about light industry, (2) the economic advisors must produce and implement a well-organized workers' structure, (3) resources must be used effectively and productions of raw materials must be encouraged, (4) the revolution of technology must be fully utilized. Ibid, pp. 57-58.

40 On the role of the army, the March 1985 issue of *Gunroja* suggests much. Kim Jong-il's 20-year-old undergraduate thesis titled "The Role of the Army in the Building of Socialism" is reprinted in this issue. Other articles dealing with the army are also featured: see the articles of Kim Gyun-ju, "Our Party's Great Capability in Utilizing the Army as the Unit to Develop Regional Industries," and Cho Byong-chan, "Advice on Agricultural Enterprises is the Main Objective of the Military Commission." We can surmise from this that around this time efforts were made to augment the influence and role of the army.

41 Choo Gil-bon, "To Increase the Revolutionary Spirit for Self-support is an Important Measure to Support the Revolution of Light Industry," *Gunroja*, January 1987, p. 68.

conomic development and development of regional infrastructure, and of the army.⁴²

Yon Hyong-muk also stressed the development of light industry while presiding as premier December 1988 to December 1992, as did Kim Il-sung himself in his new year speech of 1989 about the importance of light industry in the construction of a socialist economy. It was expected that "a new phase of revolutionary promotion of light industry by designating the entire year as Year of Light Industry" would occur.⁴³ However, as the socialist world experiences political turmoil in the 1990s, the number of articles promoting light industry is rapidly declining. This is probably well reflective of domestic politics.

Expansion of foreign economic relations

It was the success of China's economic reforms that led North Korea to become more receptive towards external economic expansion. Efforts to expand ties with outside economic interests began under Premier Kang Song-san with the enactment of the Joint Venture Law in 1984 and the "Kim Jung-suk Area." Active discussion of possible North-South economic cooperation ensued. Thus, slogans such as "economic cooperation and exchange between North and South are the single greatest desire of the entire nation" appeared, which put much emphasis on

42 The March 1986 issue of *Gunroja* held articles such as "To Augment the Role of the Army is the Basis of Developing the Regional Economy," suggests that even under Premier Li Gun-mo the role of the army was emphasized. See also Li Man-jo, "Let's Increase the Role of the Army to Create a New Turn for the Development of Regional Economy," *Gunroja*, August 1987.

43 Li Gil-du, "Let's Promote the Development of the Light Industries to Create a New Phase in the Production of Consumer Commodities," *Gunroja*, February 1989, p. 571. Also, see Kim Chang-sok, "The Main Enterprises to be Conducted in the Development of Light Industry," *Gunroja*, September 1989. However, the journal also carries articles that emphasize agriculture and heavy industry.

economic revitalization as the appropriate precondition for national and peaceful unification.⁴⁴ The argument coming from the North was that "there is no reason why the North and the South cannot have national economic cooperation and exchange" when the economies of the world are so engaged.⁴⁵ Kang Song-san, who had been chief secretary of North Hamkyong province, was also active in promoting the ideas behind the Tumen River Special Development project as well as other policies on limited opening of the economy. Kang's leadership in these matters reflected the elite's awareness that national economic development is closely linked with the economies of other nations. As natural and economic conditions, productivity levels, and technological developments are different in each country, the leadership in North Korea acknowledges that "it is imperative that exchanges of information and experiences of the production of commodities, scientific technology and production technology occur between countries" and that "this is a realistic need for the construction of a socialist economy."⁴⁶ By acquiring new technology, then, the people's economy can become modern and scientific without losing its independence. Unfortunately, these efforts at inducing foreign economic cooperation failed from the characteristically closed North Korean society, and Kang was fired from his premiership because the army was dissatisfied.

Li Gun-mo, who succeeded Kang, is known to have said that "North Korea's only way to survive is to follow the Chinese reform model,"⁴⁷ which angered Kim Jong-il, and he was fired from his post as well as stripped of his membership in the

44 Kong Je-min, "North-South Economic Joint Ventures and Exchanges Must Be Carried Out," *Gunroja*, May 1985, p. 84.

45 *Ibid.*, p. 85.

46 Chun Il-chun, "The Strengthening of External Economic Relations is an Important Need for Socialist Economic Development," *Gunroja*, April 1986, p. 51.

47 Testimony of Koh Young-whan, February 1992.

Politburo and Central People's Committee.⁴⁸ At that time, North Korea actively encouraged policies of economic cooperation with the outside. The main arguments behind these drives were that "the most important thing for increasing the speed of the Great Development, which is to raise the standard of the people's livelihood, is to adhere to the principle of national and independent economic development and to conduct economic relations with other countries on an equal and fair basis."⁴⁹ Hence North Korea "should conduct trade on the basis of mutual need," considering carefully the differences in national economies.⁵⁰ Since joint venture and joint management are forms of economic cooperation that utilize the profitable elements of technology and resources of both the investor and the recipient, Pyongyang argued that "because North Korea has achieved a successful socialist economy, many countries want economic exchanges with our country" and that is why the country is promoting economic joint ventures.⁵¹

Li was reinstated as chief secretary of North Hamkyong province in December 1992; it is believed that his reappointment was an effort to introduce Chinese-style economic reform in limited areas such as the Najin and Sunbong special economic zones.⁵²

48 In order to dismantle the cooperative farming method of the 1980s and to encourage individual work of the farmers, Li Gun-mo participated in the "Kim Jung-suk Army" Special Zone plan with Kim Hwan. *Segye Times*, 10 January 1993.

49 Kim Bok-sin, "The Development of External Trade is an Important Demand for Consolidating the Economic Independence of the Country," *Gunroja*, July 1988, p. 61.

50 *Ibid.*, p. 62.

51 Chung Song-nam, "Joint Ventures and Joint Managements are Important Forms of Developing Cooperative Economic Relations with Other Countries," *Gunroja*, November, 1988 p. 70.

52 North Korea's top leadership consists of Kang Song-san, premier, and Kim Dal-hyun, candidate member of the Politburo who were both deeply involved in the Tumen River Special Economic Zone project. Kim Hwan, vice premier and minister of chemical industries, participated in the "Kim Jung-suk Army" with

Also, it is believed that behind his reinstatement was the fact that Kim Jong-il had acknowledged Li's expertise as the top economic expert among the core economic elite which numbers around only twenty people.

The next successor, Yon Hong-muk, carried on a more aggressive policy of expanding external trade. He was instrumental in improving North-South relations by concluding the South-North Agreement, simultaneous memberships in the UN, and agreement on simultaneous nuclear inspections. Also, he made efforts to improve relations with the United States as well as to conclude diplomatic ties with Japan. These efforts were justified as "movements to consolidate building of the socialist economy and improving the authority of the country vis-à-vis others, and to bring about the absolute victory of socialism by aggressively expanding external trade, which will strengthen and expand our independent national economy."⁵³ However, Yon did not make any significant progress in North-South relations nor in relations with the United States and Japan; he thus seems to have received much criticism from the hard-liners.⁵⁴

The dismissal of Yon Hong-muk in December 1992 was probably due to dissatisfaction with his economic policies, which were below expectations, and his relatively long term of office.⁵⁵ Yon was demoted to the position of chief secretary and chairman

Li Gun-mo in the past. These appointments suggest that North Korea is imitating the Chinese way of reform. *Segye Times*, 10 January 1993.

53 Kim Dal-hyun, "The Development of External Trade is Very Important to Hasten the Development of Socialist Economy," *Gunroja*, Feb., 1989, p. 65. Kim Dal-hyun, "Let's Develop Our External Trade in Line with Demand for Realistic Development," *Gunroja*, September 1989.

54 *Choson Ilbo*, 14 December 1992.

55 According to North Korean defectors to the South, Yon Hyong-muk made some remarks that displeased the top leadership and was thus forced to give up the premiership. (Interview with the author on 10 February 1992.) Some feel it was because Yon is closer to Kim Il-sung rather than Kim Jong-il that he was demoted.

of Chagang province and its People's Committee, and to candidate member down from member of the Politburo.⁵⁶

Kang Song-san, who had been demoted from premier by Kim Il-sung, was made chief secretary of North Hamkyong province in March 1988. In four years, he transformed the province into the most developed region in North Korea; Kim Il-sung showed great satisfaction in his July 1991 tour there.⁵⁷ Kang showed exceptional leadership in its development, especially in the Tumen River project. As North Korea needs desperately to strengthen its external economic ties and do so immediately,⁵⁸ it seems that Kang's performance in North Hamkyong led Kim Il-sung to appoint him as premier once again.⁵⁹

The appointment of Kang Song-san, who considers the economic revitalization of North Korea as his top priority, signifies that the country will pursue more open policies.⁶⁰ Kang is a relative of Kim Il-sung and enjoys his trust, but at the moment he does not seem to be carrying out his duties as premier.⁶¹ His

56 This is in contrast to Kang Song-san's case, where he retained membership in the Politburo when he was demoted to the position of secretary of North Hamkyong province. Yon's ranking in the party declined from fourth to number eighteen; it seems his political comeback will be unlikely for a while. *Dong-a Ilbo*, 14 January 1993.

57 Comment by Yun Gi-bok, November 1991.

58 *Dong-a Ilbo*, 14 January 1993.

59 Although North Korea seems to have solidified the succession of Kim Jong-il, the opinion of Kim Il-sung is reflected in the promotion or demotion of important posts such as the premier. For instance, the reappointment of Kang Song-san after the firing of Yon Hyong-muk was made at Kim Il-sung's suggestion. *Joongang Press*, 12 December 1992.

60 *Hankook Ilbo*, 12 December 1992. The fact that economic technocrats Kang Song-san and Kim Dal-hyun were promoted suggests that North Korea is placing heavier emphasis on external economic policies as well as economic liberalization.

61 Kang's poor health is preventing him from taking on the full duties as premier. He did not come to some important official functions such as the National Legal Workers' Forum (17-19 December 1992), the Seminar Commemorating the 75th Anniversary of Kim Jung-suk's Birth (24 December 1992), the Seminar on the Occasion of the Declaration of the Socialist Constitution's 20th Anniversary (26

appointment suggests that the leadership in North Korea will be more politicized than in the past under Yon Hyong-muk, but it can be also expected that North Korea will pursue more aggressive North-South economic cooperation.⁶²

Nevertheless, if the example of North Korea's creating an international political crisis by withdrawing from the NPT treaty suggests anything, it is extremely difficult to understand how policy is made by the top elites there.⁶³ It is known that the withdrawal from the NPT was Kim Jong-il's decision. How North Korea will link the NPT issue with its economic interests will be quite something to note.

Conclusion

Although North Korea officially insists it will maintain its unique system, change is inevitable if it is to survive in the rapidly changing political-economic circumstances of Northeast Asia. This awareness was reflected in the Socialist Constitution enacted on 9 April 1992. There are three major goals to which the top political leaders are adhering in policy making: consolidation of Kim Jong-il's succession as leader, administrative reforms to overcome the North's economic impasse, and measures to open the country for foreign capital and technology.

First, we observe from the classification of the North Korean power elite an emergence of highly competent technocrats into

December 1992) and New Year's Greetings (31 December 1992), *Dong-a Ilbo*, 31 January 1993. But he has reportedly participated in Kim Jong-il's birthday party which was 17 February 1993.

62 *Hankook Ilbo*, 12 December 1992.

63 Premier Kang Song-san said that if South Korea accepts its four demands according to the "Ten Directives" presented at the Supreme People's Assembly, a new breakthrough in North-South unification efforts will come: (1) abandon South Korean dependence on external powers (2) American troops in the South must declare their intent to withdraw (3) discontinue Team Spirit (4) come out from beneath the US nuclear umbrella. Joongang Broadcast, editorial, 8 April 1993.

the leadership forefront. Appointments of relatives and trusted acquaintances are also noteworthy. Such measures are designed to consolidate Kim Jong-il's position and ease the leadership transition.

Second, in its efforts to overcome acute economic crisis, North Korea is giving more favorable treatment to economic technocrats such as Li Gun-mo and Kang Song-san than to other bureaucrats. Relevant ministries in the Administrative Council are being expanded and frequent personnel changes are conducted.

Third, the willingness to open up the country for economic development has been well reflected in policy making at the top level. Recent developments such as the Tumen River Development project, designation of Najin and Sunbong as special economic zones, signing of the South-North Agreement, simultaneous entry into the UN, and moves to improve relations with Japan and the United States can all be interpreted as efforts on the part of the top elite to deal with surrounding economic and political changes.

This paper has tried to predict changes in policy making through policy tendencies of the elite. It may have glossed over the fact that external changes (the collapse of the former Soviet Union and Eastern Europe) influenced the North Korean leadership more than did the success of China's economic reform policy. Nevertheless, if we assume that the political changes in the former communist camp affected North Korean leaders, then ultimately these surrounding political circumstances did affect the policy tendencies of the top leaders, which then led to changes in actual policy making.

The major issue that premier Kang Song-san will face is how to harmonize the conservative tendency in politics and the active and flexible tendency in economic policy. What does this policy tendency analysis suggest? North Korean policy for economic development is subject at any moment to being hampered by political factors, and thus is difficult to predict. For example, the

current political tension over the NPT issue highlights the reality that economic difficulties are overlooked for political expediency.

Considering Pyongyang's desperate will to stay nuclear and its efforts to revive the economy versus the firm willingness on the part of the United States and the West to stifle the North Korean nuclear ambition, what should South Korea do?

It has been frequently pointed out that North Korea's economic difficulties can be overcome only by opening up the economy, not by any self-made efforts of Juche economy. Yet such a drastic shift in economic orientation rests on a big change of attitude by the top political elite. North Korea will find it difficult to conduct economic exchanges without resolving the NPT issue. Moreover, even if North Korean leaders decide to clear international suspicion over their nuclear ambitions, it does not mean that they will allow a major turnabout in economic orientation. Perhaps an exceptional case would be where South Korea offers "cooperation without malicious intent."⁶⁴ Seoul should induce Pyongyang to adopt open policies by offering genuine help instead of pursuing economic profit. Such measures will avoid creating chaos in the North Korean system. On the contrary they will suppress political turbulence and deal confidence to progressive North Korean leaders about the effectiveness of open policies. Only after measures that can build mutual confidence between South and North will the leadership in Pyongyang fully adopt open policies. This is one way for South Korea to avoid becoming the ultimate victim of North Korea's tightly closed policies.

64 Sakaiyu uses the expression "inducement without malicious intent," but the writer dislikes the ethnocentric perception of this perspective. "North Korea's Current Situation and Future Prospects: 'Reform' within 'Juche'," paper presented at the Social Science Institute of Aju University, 9 April 1993.

North Korea's Nuclear Problem: Current State and Future Prospects

Seong W. Cheon *

The refusal of the Democratic People's Republic of Korea (DPRK) to accept IAEA special inspections and its March 1993 announcement that it would withdraw from the NPT have drawn closer international attention to the Korean peninsula than at any other time since the Korean War. With the end of the Cold War, international efforts have intensified to ban the proliferation of weapons of mass destruction—nuclear, chemical and biological weapons. Such a firm resolution on the part of international society was shown by the United Nations Security Council in its sanctions against Iraq. Under the circumstances, North Korea's decision not to live up to the NPT makes a significant impact upon and is regarded as a serious challenge to the international non-proliferation regime.

After two consecutive rounds of bilateral negotiations between Pyongyang and Washington, North Korea's nuclear problem seems to be moving in an auspicious direction. In this paper the current state of North Korea's nuclear problem is analyzed and its prospects examined. The process of resolving the nuclear issue is examined with emphasis on important events between

* The author would like to express appreciation for his close colleague Dr. Kil Jeong-woo at RINU for his insightful comments and sincere encouragement. With Dr. Kil's cooperation, the contents of the paper have been substantially improved.

Pyongyang's signing of the IAEA fullscope safeguards agreement and the most recent, second, round of negotiations in Geneva between Pyongyang and Washington. Also discussed is how the three-track negotiations—DPRK vis-à-vis the IAEA, DPRK–Republic of Korea (ROK), and DPRK-US—are likely to evolve in the medium term.

Current State of North Korea's Nuclear Problem

North Korea's signing of the iaea fullscope safeguards agreement

The two Koreas signed the Joint Declaration on the Denuclearization of the Korean Peninsula on 31 December 1991. This declaration established eight principles for the denuclearization of the peninsula. Both sides would be prohibited from testing, manufacturing, producing, receiving, possessing, storing, deploying, or using nuclear weapons. The declaration also banned the operation of nuclear reprocessing and enrichment facilities and confirmed that nuclear energy would be used for peaceful purposes only. Immediately after signing the agreement, on 7 January 1992, South Korea announced that 1992 Team Spirit annual military exercises would not be conducted and simultaneously North Korea promised to sign the IAEA safeguards agreement and accept its inspections.

The North signed the IAEA fullscope safeguards agreement on 30 January 1992, and ratified it on 9 April. The IAEA carried out three ad hoc inspections of North Korean nuclear facilities in May, July, and September of 1992. Pyongyang also signed a subsidiary agreement with the IAEA on 10 July 1992. That North Korea agreed to the Denuclearization Declaration and accepted the IAEA inspections signified a retreat from previous rigid positions. The North originally wanted to turn the Korean peninsula into a nuclear-weapons-free zone that would effectively bar transit of US aircraft and ships to or through South Korea. After joining the NPT in December 1985, Pyongyang had not

fulfilled its obligation to sign within the 18 months an IAEA agreement and accept inspection of its nuclear facilities. These policy changes reflect its struggle to escape economic and diplomatic difficulties. North Korea had wanted to normalize its relations with the US and Japan and get economic help from them, but to do so was obliged to reduce tensions on the peninsula by resuming dialogue with the South and removing international suspicions over nuclear activities. The changes also make it possible to presume that the reformers got the upper hand over the hard-liners in the North Korean bureaucracy.

To verify denuclearization, the two Koreas will inspect objects or sites chosen by the state conducting the inspection, but agreed upon by both sides. A Joint Nuclear Control Commission (JNCC) was established on 19 March 1992, to negotiate and implement these reciprocal inspections. Until 30 September 1992 the two Koreas held eight plenary and five working-level JNCC meetings. But the negotiations were unsuccessful because the two sides disagreed on how to choose inspection objects and methods.¹ Nevertheless, the two Koreas did have in-depth discussions on the inspection regulations and reached some consensus on the verification of nuclear materials and facilities.²

Resumption of the 1993 Team Spirit Joint Military Exercises

Even though North Korea accepted three ad hoc inspections, South Korea and the United States believed that suspicions over the nuclear program had not been fully cleared. Seoul and Washington decided to resume the 1993 Team Spirit exercises unless meaningful progress were achieved in the JNCC negotiations on recip-

1 For more details on North and South Korean positions on reciprocal nuclear inspections, see Seong W. Cheon, "Verifying a Denuclearized Korean Peninsula: Current Negotiating Agenda," in Steven Mataija and J. Marshall Beier (eds.), *Multilateral Verification and The Post-Gulf Environment: Learning From the UNSCOM Experience* (Toronto: York University, 1992), pp. 173-86.

2 *Hankook Ilbo*, 20 September 1992.

rocal inspections. It seems that the South Korean and US Bush administrations felt that further pressure on North Korea would be effective. According to Selig Harrison, since the first DPRK-US high-level meeting in New York on 22 January 1992, Seoul and Washington abandoned the carrot-and-stick policy, "refusing to engage in further high-level dialogue or to discuss at any level what the size and content of the carrot would be."³

In response, rather than yielding to pressure North Korea strongly criticized the resumption of the Team Spirit exercises and stopped all North-South Korean dialogues except the JNCC. Pyongyang rejected the establishment of a hot-line between the two Korean military authorities and revoked scheduled meetings of four Joint Commissions including the Joint Military Commission.

At the subsequent JNCC meetings, North Korea continued to demand the cancellation of the Team Spirit exercises. Five plenary and three working level JNCC meetings were held from 14 October 1992 to 25 January 1993. Pyongyang argued that it would negotiate inspection regulations on condition that the Team Spirit exercises would stop, and thus no progress was achieved at all. On 26 January 1993, Seoul and Washington issued an official announcement that the 1993 Team Spirit exercises would be carried out as planned. North Korea reacted by declaring it would close all the North-South communication channels including the JNCC.

In spite of increasing tensions between the two Koreas, however, IAEA inspections of North Korean nuclear facilities continued. Three more ad hoc inspections were carried out in November and December of 1992 and February of 1993.

3 He further stated that "this approach has been completely insensitive to the internal debate in Pyongyang and has progressively undermined the position of the reform elements." Selig Harrison, "Korea at the Crossroads: Absorption, Confederation or Chaos?" paper presented at an international conference held by *Seoul Shinmun*, in Seoul, 9-10 April 1993.

IAEA resolution demanding special inspection over the North

At the initial report to the IAEA, North Korea declared that it extracted 90g of plutonium in March 1990. The IAEA is suspicious of the truthfulness of the North's report and is sure that Pyongyang extracted at least 148g of plutonium on three occasions (1989, 1990, 1991).⁴ In order to clarify this point, the IAEA requested inspection of two undeclared facilities. North Korea rejected the demand and a controversy came about over the special inspection.

The IAEA concluded that there existed "significant inconsistencies" between what Pyongyang reported to the IAEA and what the IAEA has found. In order to resolve them the IAEA demanded special inspection of the two undeclared sites believed to be nuclear waste sites. North Korea argued that they are military sites and thus not subject to the inspections. Pyongyang also warned that it would take "self-defensive measures" if further improper actions were taken against it. The IAEA took serious note of the significant inconsistencies and adopted resolution 2636 on 25 February 1993. It called upon the DPRK to cooperate fully and accept the special inspection within a month. North Korea argued that the request of special inspection infringed on its sovereignty and the IAEA had lost its fairness, that it would not accept the demand and would take self-defensive measures to protect its sovereignty.

Pyongyang refused to accept the special inspection saying that the IAEA has no right to use intelligence provided by a third country, and that military facilities not related with nuclear activities should not be inspection objects. The North Korean argument, however, is not justified.

Firstly, there is no provision either in the NPT or in the IAEA fullscope safeguards agreement that prohibits the use of infor-

4 Kim Hyeh-won, "P'yang agrees on IAEA examination of N-samples," *Korea Herald*, 6 March 1993.

mation provided by a third country. The IAEA with its lack of independent monitoring capabilities finds it essential to have nuclear-related information. For example, Hans Blix, the director general of the IAEA, said that intelligence from the member countries including the United States had been critical to find secret nuclear facilities in Iraq, and emphasized the importance of information.⁵

Secondly, it is not correct to say that the IAEA has no right to conduct inspections of military facilities not related with nuclear activities. Again, there is no provision either in the NPT or in the IAEA fullscope safeguards agreement that excludes military facilities from inspection objects. Facilities where nuclear material does not always exist can be inspected.⁶

With the IAEA adoption of the special inspection resolution, tension has greatly increased on the Korean peninsula. One day before the Team Spirit field maneuver began on 9 March 1993 North Korea proclaimed a state of semi-war.⁷ Subsequently, on 10 March 1993 North Korean Minister of Foreign Affairs sent an official report to the IAEA and refused its special inspection request.

North Korea's decision to withdraw from the NPT

Criticizing the Team Spirit military exercises and the IAEA's enforcing special inspection, the DPRK government announced that it would withdraw from the NPT to protect the supreme interests of its country. North Korea also argued that it would

5 *Arms Control Today*, Vol. 21, No. 9 (November 1991), pp. 3-6.

6 George Bunn, "Does the Non-Proliferation Treaty (NPT) require its non-nuclear weapon members to permit inspection by the International Atomic Energy Agency (IAEA) of nuclear activities that have not been reported to the IAEA?" *CISAC Working Paper* (Stanford: Center for International Security and Arms Control, Stanford University, May 1992), p. 12.

7 Pyongyang lifted the semi-war state on 24 March 1993.

counter any collective offensive and pressure expected from the UN Security Council.⁸

Although the decision to withdraw from the NPT was a surprise to international society, Pyongyang made it clear that it would not preclude the possibility of negotiation. In the withdrawal announcement, North Korea stated that it would not change its attitudes until the American nuclear threat ceased and the IAEA restored its impartiality. In addition, almost every statement issued by the North Korean authorities since the withdrawal announcement have emphasized settling the problem through bargaining with the United States. The North Korean ambassador in Geneva and deputy ambassador in the United Nations, for example, have listed the following conditions as *quid pro quo* for returning to the NPT: (1) termination of the Team Spirit exercises, (2) inspection of the US military bases in South Korea, (3) removal of the nuclear threat against North Korea, (4) no US nuclear umbrella over South Korea, (5) respect for North Korean socialism, (6) restoration of IAEA impartiality and neutrality.⁹

On the other hand, the IAEA repeatedly called for North Korea to accept the special inspections, and the North rejected the demand. Pyongyang further argued that it would take "strong self-defensive measures" if North Korea's nuclear problem were presented to the UN Security Council and pressure continued from there.¹⁰

8 Press conference of the First Deputy Minister of Foreign Affairs, Choson Central News Agency (Pyongyang: 12 March 1993).

9 *Segye Times*, 16 March 1993; *Mainichi Shimbun*, 17 March 21 April 1993.

10 A statement issued by the spokesman of the Ministry of Foreign Affairs, *Rodong Shinmun*, on 29 March 1993.

The UN Security Council resolution

On April 1, 1993, the Board of Governors of the IAEA accused the DPRK of non-compliance and submitted the North Korean nuclear problem to the UN Security Council. In response North Korea blamed the IAEA for attempting to liquidate her socialism and declared it would take "effective and strong self-defensive" measures.¹¹ Even having called for UN involvement and in spite of Pyongyang's vehement criticism, the IAEA made clear its willingness to hold consultations with Pyongyang.¹²

At the United Nations, extensive consultations and negotiations were held to find an optimal solution to settle the problem peacefully, and on 12 May 1993 the Security Council adopted resolution 825. It (1) calls upon the DPRK to reconsider the announcement that it would withdraw from the NPT, (2) calls upon Pyongyang to respect its nonproliferation obligations and to comply with the IAEA safeguards agreement, (3) requests the director general of the IAEA to continue to consult with North Korea, (4) urges all member states to encourage the North to respond positively to the resolution, and (5) decides to consider further Security Council action as necessary.

Pyongyang-Washington bilateral talks

After the Security Council adopted that first resolution, dialogue was activated among the concerned parties. In particular, just as North Korea had long been seeking, government-level talks were realized with the United States. A series of bilateral meetings were held in two consecutive rounds from June to July 1993.

At the first round, in New York on 2–11 June 1993, the DPRK government decided to suspend as long as it considers necessary

11 Press conference of the North Korean ambassador to Vienna, *Joong-ang Daily News*, 2 April 1993.

12 Press conference of Hans Blix, *Joong-ang Daily News*, 2 April 1993.

the effectuation of its withdrawal from the NPT. And both sides agreed on the following principles: (1) assurances against the threat and use of force including nuclear weapons, (2) impartial application of fullscope safeguards, (3) mutual respect for each other's sovereignty, (4) non-interference in each other's internal affairs, (5) support for the peaceful reunification of Korea.

They also expressed their support for the Joint Declaration on the Denuclearization of the Korean Peninsula. There were divergent assessments between Washington and Seoul on the result of the first round of the talks. US President Clinton praised North Korea's decision not to leave the NPT and stated that the talks were the first and important step to resolve North Korean nuclear problem.¹³ On the other hand, South Korean President Kim Young-Sam repeatedly indicated that the US should make no further concessions to North Korea.¹⁴

The second round of the bilateral meetings was held at Geneva on 14–19 July 1993. Despite hawkish remarks on the part of President Clinton,¹⁵ the two sides also produced some meaningful results. At the meetings, both sides agreed that full and impartial application of IAEA safeguards is essential to accomplish a strong international nuclear nonproliferation regime. They also reaffirmed the importance of the implementation of the North-South Denuclearization Declaration. North Korea promised to begin consultations with the IAEA on safeguards issues and to resume North-South talks on bilateral issues including the nuclear one. The United States specifically reaffirmed its commitment to the principle of assurances against the threat and use of force including nuclear weapons. Washington also made clear

13 *Joong-ang Daily News*, 12 June 1993.

14 *Han-kyoreh Shinmun*, 26 June 1993; *Choson Ilbo*, 3 July 1993.

15 During his visit to the Demilitarized Zone near the border between North and South Korea, he warned the North Koreans that if they ever use nuclear weapons, "it would be the end of their country as they know it." Ruth Marcus, "Clinton to North Korea: Forget the Bomb," *International Herald Tribune*, 12 July 1993.

its intention to support the conversion of the North Korean nuclear reactors from the current graphite moderated to light water moderated reactors (LWRs). The two sides agreed to meet again in the next two months. Unlike the first round of the talks, Seoul and Washington agreed that the second round made some important progress towards resolving the issue.

Prospects for Resolution of the North Korean Nuclear Problem

The first track: DPRK-IAEA talks

Since North Korea agreed at the DPRK-US talks to resume dialogue with the IAEA, consultations between Pyongyang and Vienna are expected to begin soon. The IAEA has welcomed the result of the second round of DPRK-US negotiations and has expressed its desire to resume discussions with Pyongyang on the inspection issues.¹⁶ Since the United States made it clear that they would hold no further discussions without seeing progress in this track,¹⁷ Pyongyang needs to make an effort to achieve something visible with the IAEA within the next two months.

Two inspection-related questions seem to have been discussed extensively during the talks. One is the ad hoc-routine inspection issue and the other is the special inspection issue; the first is simple compared to the second. North Korea does understand that *continuity* is important in verifying the absence of diversion regarding nuclear facilities. Based on this understanding, it seems, the North did allow three IAEA inspectors to conduct a limited inspection at Yongbyon in mid-May, 1993 and to allow the ongoing inspection activities to continue. Also there is no indication that Pyongyang has changed the fuel of its 5MW

16 Remarks from Hans Meyer, the spokesman for the IAEA. He also expressed hopes that everything is going well. *Han-kyoreh Shinmun*, 22 July 1993.

17 Said Robert Gallucci, the US chief delegate of the DPRK-US talks. *Joong-ang Daily News*, 19 July 1993.

reactor without IAEA participation. The North has a good awareness that any sign of the interruption of the ongoing IAEA activities at nuclear facilities, or the change of the 5MW reactor fuel without prior inspection, would vastly increase external suspicions and would greatly complicate the nuclear issue.

Thus, ad hoc-routine inspections are expected to continue and at least one such inspection is very likely to be performed before the third round of DPRK-US talks. However, inspection of the 5MW reactor core might not be carried out at such an early time. Since North Korea once promised to allow the IAEA to take samples from the core,¹⁸ sampling of the fuel rods at an ad hoc or routine inspection will be accomplished sooner, not later, than the special inspection.

The special inspection issue is far more complicated. North Korea has argued that the two undeclared sites are military sites not subject to inspection and that the IAEA lost its impartiality by using intelligence from a third country. The problem is aggravated by three points. Firstly, North Korea is the first country to which the special inspection provision has ever been applied. Secondly, the special inspection will prove that North Korea mistakenly or intentionally did not provide to the IAEA all relevant information on its nuclear activities. Either reason would be enough for the North Koreans to be humiliated internationally. Thirdly, at the moment, North Korean decision-makers have yet to decide whether to open the two sites and give up the nuclear card, or to develop nuclear weapons as a last-ditch support for their regime. Internal debate may be still going on among reformers and hard-liners.

The special inspection issue needs to be addressed in two parts, regarding modality and timing. For the modality of the inspection, the IAEA, South Korea, and the US are likely to work out ways to give North Korea a face-saving solution to allow the

18 There was an implicit agreement between the two sides that this would be done in the spring of 1993.

inspection of the two undeclared sites. Hans Blix mentioned that the IAEA would not insist upon the name "special inspection" so long as the two sites are inspected in practice.¹⁹ Pyongyang has insisted that they are military sites while demanding its own inspection of US military bases in South Korea. Taking these positions into account, it is probable that IAEA inspection of the two sites and DPRK inspection of US bases will be combined for implementation in some way or another—to be elaborated later.

For the timing of the inspection, North Korea is not expected to open the two sites unless it can assume that the ongoing US-DPRK talks will lead to the ultimate normalization of their relations. North Korea may announce its commitment to accept the inspection of the sites before the third round of DPRK-US negotiations. But Pyongyang can be expected to realize its commitment only if some tangible results on improving bilateral relations are obtained at the third or subsequent round of negotiations.

The second track: DPRK-ROK talks

During the second round of the DPRK-US negotiations in Geneva, North Korea promised it would resume dialogue with South Korea. Since Washington made progress in the second negotiation track a precondition for its own future talks with Pyongyang, Seoul-Pyongyang talks will resume in parallel with Pyongyang-IAEA talks.

The ROK Foreign Ministry stated that the second round of DPRK-US talks was important progress for the resolution of the North Korean nuclear problem.²⁰ The Foreign Ministry also noted that the North's recognition of the need for a non-proliferation regime and the importance of the Denuclearization Declaration

19 *Joong-ang Daily News*, 21 May 1993.

20 *Han-kyoreh Shinmun*, 21 July 1993.

as well as its willingness to begin consultations with the IAEA and South Korea are all on the right path to solve the current dilemma.

Since the North Korean NPT withdrawal announcement the two Koreas have attempted to meet and resolve the pending issues. On May 20, 1993, Seoul proposed that talks on the nuclear and other bilateral issues take place between the members of delegation of the inter-Korean High-Level Talks. North Korea, in response, came up with a counterproposal offering three stages of inter-Korean contacts: (1) working level contacts at the deputy minister level, (2) exchange of presidential emissaries to each side's capital, (3) an inter-Korean summit. South Korea accepted part of the North Korean proposal and offered to have a working-level meeting to discuss the nuclear and special-envoy issues together. North Korea insisted that at the working-level meeting, only the presidential emissary issue should be discussed and the nuclear issue could be an agenda for special envoys. In spite of subsequent offers and counter-offers, the two sides' positions were not narrowed. On June 26, 1993, Pyongyang unilaterally withdrew its proposal to exchange special envoys and the bilateral contacts stopped.

Since the first round of the DPRK-US talks, the ROK government's position on the North Korean nuclear problem was: (1) if North Korea accepts the inspection of the two undeclared sites, a breakthrough for the nuclear issue will be achieved and businessmen will be allowed to visit North Korea, (2) if the North-South reciprocal inspection regulations are agreed, bilateral economic exchanges can proceed fully.²¹ After the DPRK-US meetings in Geneva, the ROK government seems to be cautious but willing to promote active dialogue with Pyongyang. For example, Deputy Prime Minister of Unification Han Wan-Sang remarked that the government puts a high value on the results of the Geneva DPRK-US negotiations by praising

21 *choson Ilbo*, 23 June 1993.

North Korea's staying with the NPT and her reconfirmation of the importance of implementing the Denuclearization Declaration.²² Based on such judgments, he added, South Korea would try to resume bilateral talks soon. At the moment, the Seoul government stands by the principle that improving bilateral relations and economic exchanges and cooperation should be preceded by the resolution of the nuclear issue. South Korea would want to resume the Joint Nuclear Control Commission (JNCC) and resolve the nuclear issue at the JNCC.

The format of the future DPRK-ROK talks would depend on whether the North Korean suggestion to exchange special envoys is realized. Noting that Kang Sok-Ju, the North Korean chief delegate of the DPRK-US talks, reemphasized that the exchange of presidential emissaries for the inter-Korean summit should be held and the nuclear issue could be discussed during the exchange,²³ Pyongyang is expected to ask Seoul formally for such an exchange. The South Korean position is yet to be decided but there seems to be more flexibility on the issue than before.²⁴ Even if presidential emissaries are exchanged, only guidelines or some framework for inspection provisions can probably be agreed. Therefore, follow-on negotiations on detailed inspection regulations should be held regardless of the realization of the exchange of special envoys.

It is not clear whether the North has decided to accept the inspection of the two undeclared sites. It is presumed that intensive debates are going on in the North Korean bureaucracy. There is a good chance that Pyongyang will accept a modified version of the special inspection of the sites given that it receives reason-

22 *Han-kyoreh Shinmun*, 22 July 1993.

23 Kang's remarks during his press conference after the second round of the DPRK-US meetings. The Choson Central News Agency (Pyongyang: 20 July 1993).

24 For example, the Deputy Prime Minister of Unification stated that the format of the bilateral negotiation is a secondary issue although he viewed that the timing for an exchange of special envoys is not ripe. *Hankuk Ilbo*, 23 July 1993.

able benefits from Washington and Seoul including its own inspection of US military bases. The US and South Korea are willing to provide some concrete compensations for the North if the two sites are inspected regardless of the name and type of the inspection. The IAEA wants its reputation not to be damaged by failing to be able to exercise its special inspection right. At the same time, the IAEA has shown flexibility to an extent that it would not stick to the name of the special inspection so long as it is allowed access to the two sites. Based on these positions, as mentioned earlier, the IAEA and North and South Korea are likely to work out compromises to allow North Korea to save face.

Under the circumstances, an optimal solution might be found by associating the IAEA inspection with the North-South reciprocal inspection. To give a face saving solution to the North, who will be embarrassed by the discovery of nuclear materials at the supposed military facilities, it is likely that the IAEA inspection and the reciprocal inspection of the two undeclared sites and the two US bases in South Korea will be conducted simultaneously.²⁵ In this case, the IAEA's determination to exercise its special inspection right will not be undermined. On the other hand, North Korea could argue that it had only allowed the IAEA officials for a visit²⁶ and could give maximum publicity to her own inspection of US bases, which it has been long wanted.

25 After meeting Choi U-jin, the chairman of the northern side of the JNCC, in November 1992, Peter Hayes revealed that North Korea determined they would limit their inspections to perhaps one or two designated sites in the South. Peter Hays, *Nuclear Inspections in Korea: Rough Waters Ahead?* (Berkeley, CA: Nautilus Pacific Research, November 1992), p. 4. Previously, the North had insisted on simultaneous inspection of all US bases in South Korea. Although this issue was not discussed in depth between the two Koreas due to the controversy surrounding the 1993 Team Spirit military exercises, there is no sign that the North altered their position. Considering that two undeclared sites are in dispute, two US bases are likely to be the objects of the first reciprocal inspection.

26 Choi U-jin distinguished on 13 November 1992, the IAEA "officials' visits" from the IAEA "inspectors' inspection." Choi stated that the North had permitted visits to some of undeclared sites in order to extend a spirit of cooperation to the IAEA. Peter Hayes, *Nuclear Inspections in Korea: Rough Waters Ahead?* p. 3.

If the IAEA and the reciprocal inspections of the two Northern sites and two US military bases are conducted, there would be six possible inspection formats. In the case of the IAEA inspection, IAEA could inspect the two sites and the US bases together (option A) or inspect the two sites only (option B). As for the reciprocal inspection, there are 3 options: the South inspects the two sites and the North does the two US bases (option C); only the North inspects the two US bases (option D); and no reciprocal inspection occurs at all (option E). Combining these two sets of options makes six.

Six Possible Inspection Formats

Format	North Korea	South Korea	IAEA
1. (A and C)	○	○	△
2. (A and D)	○	×	△
3. (A and E)	×	×	△
4. (B and C)	○	○	○
5. (B and D)	○	×	○
6. (B and E)	×	×	○

Format 1: (A and C) — *The IAEA inspects the two undeclared sites and US military bases and reciprocal inspections are performed on the same objects.* The two Koreas would welcome format 1 (○), but the IAEA would not be enthusiastic (△) because the two US bases are obviously not related with nuclear activities.²⁷ A modified version of format 1 would let the IAEA inspectors participate in reciprocal inspections.

Format 2: (A and D) — *The IAEA verifies the two undeclared sites and the US bases and only North Korea is allowed to inspect two US*

27 The IAEA inspection of US bases was suggested by Leonard Spector of the Carnegie Endowment. *Choson Ilbo*, 18 March 1993. The IAEA would not take to the idea, however, in consideration of these two points: it is against the IAEA's long tradition not to inspect purely military bases, and IAEA inspection of the US bases could set a bad precedent for other regions. For example, countries in the Middle East might refuse inspections until the IAEA were to inspect military bases in Israel, which is believed to possess nuclear weapons.

bases. The North would like format 2 but the South would reject it because reciprocal inspections would not be realized. The IAEA would hold the same position as in format 1.

Format 3: (A and E) — *Only IAEA inspection of the two sites and two US bases.* Pyongyang would reject format 3 since it wants to inspect US bases, and Seoul would not accept it either for the same reason as in format 2. The IAEA would take the same position as in format 1.

Format 4: (B and C) — *The two undeclared sites and two US bases are inspected through reciprocal inspections and the IAEA would inspect only the two sites at Yongbyon.* The two Koreas would welcome format 4 and the IAEA would like it as well.

Format 5: (B and D) — *The IAEA inspects the two undeclared sites and North Korea verifies two US bases.* The North would like format 5 but the South would reject it because reciprocal inspections would not be realized. The IAEA would take the same position as in format 4.

Format 6: (B and E) — *Only the IAEA inspects the two sites at Yongbyon.* As in format 3, Pyongyang and Seoul would reject format 6 but the IAEA has no reason to refuse it.

Among the six possible inspection formats, format 4 is most likely to be realized since all three parties would be satisfied. If the IAEA inspection of the two undeclared sites at Yongbyon and the first reciprocal inspection are conducted, it is thus highly probable that the IAEA will inspect the two undeclared sites while South and North Korea, through reciprocal inspections, verify the two sites and two US bases, respectively.²⁸

28 North-South reciprocal inspections may not be as intensive as those by the IAEA, which allow inspectors to enter buildings and take samples. Until a certain level of confidence is developed between Seoul and Pyongyang, reciprocal inspections would permit mere visits of sites but not allow any buildings to be entered.

The third track: DPRK-US talks

Future talks between the DPRK and the US will depend upon North Korean attitudes. Unless the North begins to talk with the IAEA and the South, there will be no further meetings between DPRK and the US. Neither should Pyongyang withdraw from the NPT, reprocess plutonium, or refuse the IAEA's regular inspections in order for the third negotiation track to be maintained.²⁹

Although the US has insisted, and emphasized, that North Korea accept inspections of the two undeclared sites, it is noted that Washington did not set a time limit.³⁰ Such US leeway could be based on the following considerations.

First, during the two rounds of meetings Washington realized how strong is the North Korean objection to these special inspections. The US may not want to push Pyongyang into a corner and cause them to withdraw from the NPT.

Second, since the IAEA inspections are currently going on at nuclear facilities in Yongbyon, it would be impossible to make clandestine diversions of nuclear materials without detection by the IAEA inspection system.

Third, it is almost impossible to move any of the materials stored at the two undeclared sites. The material is believed to be highly toxic, and it would be virtually impossible to remove it in a short time or without being detected by US satellites.

Even without a definite time limit to inspect the two undeclared sites, the occasion of the IAEA Board of Governors' Meeting to be held late September 1993 would become an important time point regarding the resumption of DPRK-US talks. If some progress is to be achieved in the DPRK-IAEA consultations and the North-South talks, the third round of the DPRK-US talks would be held before the Board of Governors' Meeting. Pyongyang's allowance for full ad hoc-routine inspec-

29 A statement of the US Department of State, *Segye Times*, 21 July 1993.

30 *Joong-ang Daily News*, 23 July 1993.

tions, commitment in principle to permit inspection of the two undeclared sites, and at least some progress in the North-South talks will be minimum requirements for another round of the DPRK-US talks. Discussion over conversion of North Korean reactors could be held at a third round of meetings. A bilateral commission to study the issue or more broadly to deal with economic cooperation between the two countries can be established if the North demonstrates a sincere willingness to open the two sites.

Concluding Remarks

Unlike Europe where arms control was preceded by basic confidence-building measures, and even then the actual reduction of armaments took place step-by-step, South and North Korea are working to prohibit nuclear weapons from the beginning. In the circumstance of the Korean peninsula where Cold War scars and deep mistrust still prevail, there is no doubt that North Korea's nuclear problem is a difficult one indeed. If the parties concerned, however, have the volition to bring the matter to a peaceful settlement then an adequate solution can be found.

North Korea should be sincere about resolving the international worries about her nuclear programs. The North may want some concrete benefits from the United States such as negative security assurances, a cessation of the US NCND policy, more formal relations with the US and some economic cooperation. But the conversion of the reactors, a time-consuming and very expensive undertaking, simply cannot be a precondition for Pyongyang to accept inspections of the two undeclared sites.³¹

South Korea, on the other hand, should launch bilateral talks with North Korea as soon as possible. The South should be will-

31 Pyongyang indicated that it might relate the conversion issue with the inspection issue. Press conference by a spokesman for the Ministry of Foreign Affairs, Choson Central News Agency (Pyongyang, 23 July 1993).

ing to provide the North with concrete and substantial benefits if the nuclear issue is resolved. Seoul needs to continue to take meaningful steps to assure Pyongyang that it is not seeking a German-style unification by absorption.

In addition, the South is advised to modify its position on the reciprocal inspection. Based on its principle of "special inspection and no sanctuary," Seoul has argued that the reciprocal inspections need to be able to be carried out at any place within the 24 hours of prior notification and that the inspected party has no right to refuse. Such an intrusive and ideal inspection regime, however, is quite unlikely to be implemented on the Korean peninsula at least at this juncture. There are many obstacles that hinder implementing such a strong verification mechanism.³² Since verification itself is an important confidence-building measure, the South needs to devise a way to expand reciprocal inspections step by step rather than trying to take everything in one bite.

In the same way the Cuban missile crisis in 1962, which drove the US and then 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. If the nuclear issue is settled through dialogue among the parties concerned, South and North Korea will see rapid development of their relations. And peaceful resolution of North Korea's nuclear problem will be marked as a historic achievement in North-South Korean relations.

32 Amy Smithson and Seong W. Cheon, "Open Skies Over the Korean Peninsula: Breaking the Impasse," *Korea and World Affairs*, Spring 1993, pp. 57-77.

Will North Korea Survive the Current Crisis? A Political Economy Perspective

Young-Ho Park

With almost all former socialist countries having undergone system reformulation in the direction of a capitalist and pluralist system, North Korea remains an exception against world-wide trends. The regime in Pyongyang is seen as one of idolism clinging to the idea that the earth is flat.¹ Even in the eyes of the wizard of communism North Korea seems on the verge of insanity, caught up now with HIV which may lead to AIDS sometime in the very near future. How did North Korea get infected with such a malignant virus? Is there a doctor who can cure it? What medicine should North Korea take? Will perhaps strong X-ray treatment for cancer be needed? Can North Korea find any cure at all? This essay answers these questions from the perspective of political economy. The underlying contention is that if its leadership is not wise enough to follow, at the minimum, the path of Chinese-style reform and openness, then North Korea will soon find itself in a quandary likely to bring about sudden collapse.

1 Gavan McCormack, "Kim Country: Hard Times in North Korea," *New Left Review*, No. 198 (March/April 1993), pp. 21-22.

North Korea Besieged With Hardships, Within and Without

No one, whether in academia or in policy circles, was able to predict the collapse of the Soviet-type state socialism.² Even harder would have been to forecast German unification. The hardest of all will be to describe the current state of the North Korean system and to foresee its future. Hard information has been and still is at a premium. We need not worry, however, about our inabilities as soothsayer *extraordinaire* whose prophecy might come within the mark. Our task is to infer from sources available what realities North Korea faces today.

Indeed, it is generally an accepted fact that North Korea is now in crisis. Some even predict that it will collapse by 1995.³ A useful source to interpret the current situation is Kim Il Sung's own words.

On the eve of 1993, he made his new year address before a joint meeting of the central committee of the Korean Worker's Party (KWP), the Central People's Committee and the Administration Council of the DPRK. New year's greetings were followed by what he perceived as the external situation his country faced:

Last year the imperialists and reactionaries persistently attempted to isolate and stifle our Republic, the bastion of socialism, and blot out our socialist cause, but they could not check the advance of our people.⁴

Attacking "the imperialists and reactionaries" has always been on the menu of his new year's address; that itself is no news at

2 The term "state socialism" will be used in this essay for commonly known word "communism." While the latter connotes a goal-oriented ideology, the former enables us to identify the state as a major actor in all spheres of socialist society. State socialism can be a useful term in the case of North Korea. For the usage of the term "state socialism" and "communism," see Bartłomiej Kaminski, *The Collapse of State Socialism: The Case of Poland* (Princeton: Princeton University Press, 1991), p. 3, note 1.

3 A good example is Aidan Foster-Carter, *Korea's Coming Reunification: Another East Asian Superpower?* (London: The Economist Intelligence Unit, April 1992).

4 *Pyongyang Times*, 2 January 1993.

all. In this quote, however, it is not difficult to sense Pyongyang's sense of being under siege. Kim Il Sung had already expressed, on various occasions, his worries about the changing international environment unfavorable to his brand of socialism.⁵ Pyongyang's feeling of urgency was made plain when the government called home all Korean students studying in Eastern Europe and the Soviet Union. There were, of course, some who fled rather than return to the monolithic North Korean system.

Crisis has created a new activism in North Korea. Quasi-political participation, mass mobilization, and the exercise of revolutionary spirit are fashionable again. Responding to the collapse of socialism in Eastern Europe and the Soviet Union, North Korea has been putting more emphasis on mass ideological education. Under the banner of "Korean-style socialism is invincible," the North Korean state and the KWP have held very frequent rallies always encouraging unfailing loyalty to Kim Il Sung, "the Great Leader" and Kim Jong Il, "Dear Leader." The whole gamut of North Korean media lines itself up to fire the revolutionary spirit of self-reliance (Juche).

Indeed, the Pyongyang regime needs a level of support as high as or even higher than what has existed since its inception in 1948. Kim Il Sung's challenge, however, is not to generate this kind of support by motivating mass revolutionary spirit to back up his Juche ideology—he has done so many times in the past and it is the most important tool of regime maintenance—but to make sure that the present enthusiasm for him will survive the routine of daily life, that it will continue in the future, and that precious energy and time invested in Juche ideology are being directed into the right policies.

In spite of limited attempts at economic opening, there is no guarantee that the policy will cure the present ills in the economy.

5 Kim Il Sung, for example, said that "we may encounter unexpected incidents and undergo trials and tribulations" in the course of advancing socialism because "the road to socialism is an untrodden path." *Pyongyang Times*, 2 January 1990.

Kim Il Sung himself confessed that it is in a very serious condition: "The grave situation in which socialism has suffered a setback and capitalism has been revived in some countries" is creating "grave difficulties for our [socialist] revolution and imposing heavy tasks on it....The crisis facing us now is unprecedented in its gravity and severity."⁶

There are increasing signs of social discontent. Few riots, if any, were reported in the Western media in the 1980s, but there have already been seven rumored riot reports so far in the 1990s, including food riots from June to August 1992 and again in April this year.⁷

Closed as North Korean society is, there are bits of evidence indicating the existence of anti-regime criticism and opposition within the ruling elite. Unlike the masses ignorant of the current state of affairs, the ruling elite is provided with accurate information. People at a certain level of social hierarchy, including intellectuals such as scientists, artists and teachers, also have some access to knowledge of the outside world. They could be a pool from which a small group of dissenters grows to become an anti-regime organization.⁸ Since early 1990 the North Korean media on several occasions has denounced "anti-party and anti-revolutionary revisionist elements" and instigators of "unwholesome ideological trends" who are believed to oppose Kim Il Sung's plan to transfer leadership to his son. In an attempt to cut off the growth of such movements, in December last year the Kim regime even held a large-scale political rally for the intellectuals to hail Juche ideology, the first of its kind since 1948.

6 *Pyongyang Times*, 27 February 1993.

7 *Segye Times*, 2 June 1993; *Hankuk Ilbo*, 28 June 1993; Research Institute for National Unification, *External Environment for Unification and South-North Korean Relations: 1992-1993* (in Korean) (25 December 1992), p. 57.

8 An informed Korean-resident in Japan, who stayed in North Korea during April to December 1991 to conduct a research on the economic cooperation between North Korea and Japan, agreed on this point in a seminar held at the Research Institute for National Unification on 19 June 1993.

The Pyongyang regime appears to be worried especially about viewpoints among young people. The media stresses the need to educate youth towards unshakable loyalty to Kim Il Sung and socialism. In Kim Il Sung's words, "Young people should be tempted neither by the winds of 'liberalization' nor by indolence at work, which are spread by the imperialists; they must reject these tendencies categorically."⁹ It is reported, however, that such new phenomena of social deviations as decadent behavior and juvenile delinquency are increasing, especially among children of the core class.¹⁰

In response to rapidly increasing social problems, the North Korean state presses harsher control over society. In some cases, public executions are being conducted. Moreover, there are known to be twelve political prison camps with more than one hundred and fifty thousand political prisoners, and that some twenty percent of the population is categorized as restricted for suspected political unreliability.¹¹ This represents a huge pool of potential regime opponents.

In North Korea, as in now-defunct socialist countries, the state as well as the Korean Worker's Party enforces its preferences through an hierarchically organized bureaucracy endowed with coercive powers. It is not surprising, therefore, that the state administration tends to display all the drawbacks of any large organization, and they are exacerbated. Among the most conspicuous bureaucratic diseases are secrecy, red tape, proliferation of cumbersome procedures, rigidity, and the tendency to lay fault at another's door.¹² There is a new class, the North Korean

9 *Pyongyang Times*, 27 February 1993.

10 *Segye Times*, 28 April 1993.

11 For a detailed description, see Edwin J. Feulner (ed.), *Orwell's Nightmare: Human Rights in North Korea*, The Heritage Lectures 394, An Asian Studies Center Symposium (Washington, DC: The Heritage Foundation, 1992).

12 For a good example, see a testimony by Ko Young Hwan, a former diplomat and interpreter to Kim Il Sung and Kim Jong Il, quoted in Aidan Foster-Carter, *Korea's Coming Reunification: Another East Asian Superpower?* (London: EIU, April 1992), p. 26.

nomenklatura, and they not only monopolize privileges but also display the tendency to concentrate on control rather than performance. Bribery is a daily routine and even the sale of government positions is prevalent.¹³

Bureaucratic disease is not confined to selected spheres of social life but is omnipresent. Excessive bureaucratization of the KWP and the state and their decay destroy both social life and the economy and undermine the North Korean system itself. In a series of official speeches by Kim Il Sung and Kim Jong Il, as well as in other papers, it has been pointed out that the socialist frustration stems from excessive party and state bureaucracy and it was stressed to keep guard against such bureaucratic ills.

The collapse of socialism elsewhere in the world dealt a hard blow to North Korea. They were greatly dismayed to see the failure of the Soviet coup d'état of August 1991 and to their consternation, the Soviet Union was soon dissolved into independent states pursuing pluralist and capitalist development. China's "betrayal" in establishing diplomatic relations with South Korea last year, was all the more serious to North Korea's morass. It has all but lost its two international sponsors and protectors.

Although neither Moscow nor Beijing has wanted any further hostilities on the Korean peninsula since the end of the Korean War, they were, at least until recently, committed to fighting alongside Pyongyang in case of war. For years, Moscow tended to view North Korea as a pawn in the competition with the US and China. Though reciprocating this perspective to some extent, China regarded North Korea as a buffer between itself and hostile forces, a buffer whose destruction would threaten to its own security.¹⁴ With the passage of time, however, Moscow and

13 *Segye Times*, 24 March 1993.

14 Alan D. Romberg, "North Korea: Considerations in American Policy," Gerrit W. Gong et. al. (eds.), *Korean Peninsula Developments and U.S.-Japan-South Korea Relations* (Washington, DC: The Center for Strategic and International Studies, 1993), p. 49.

Beijing have distanced themselves from involvement except in the unrealistic contingency of a South Korean attack on North Korea. Russian President Boris Yeltsin has even spoken of formally revising Moscow's friendship treaty with Pyongyang.¹⁵ There is no ideological base common to the two countries. Neither does China any longer maintain its firm backing, as has been well evidenced in the recent controversies over international pressures on the North Korean nuclear issue. Although Pyongyang, of necessity, wants to keep their "blood relationship," China is gradually inclined to practice an equi-distance policy toward both Koreas. It is known that Kim Il Sung and other North Korean leaders have sought continued Chinese diplomatic support against Seoul and more Chinese economic assistance. But China's answer is "watching and waiting," urging Pyongyang to undertake economic reforms and engage in dialogue with the South.¹⁶

North Korea's "suspected" nuclear weapons program should be put in order. In fact, the North Korean obstinacy with regard to the nuclear issue has worsened its diplomatic isolation. Under international pressure they belatedly decided to conclude a full safeguards agreement with the International Atomic Energy Agency (IAEA) in January 1992, and the IAEA has conducted ad hoc inspections over the reported facilities and materials six times as of February 1993. Suspicions over the program were not cleared up and in fact further deepened. The IAEA found "significant inconsistencies" between the contents of the initial report handed in by Pyongyang and the results of the ad hoc inspections. Faced with an IAEA request for special inspections of two suspected nuclear waste-dumps sites at Yongbyon, North

15 President Boris Yeltsin made public his intention to revise the Mutual Treaty of Friendship with North Korea, especially Article 1 on "automatic intervention in case of war", when he visited Seoul in November 1992. And Russian Deputy Foreign Minister Georgiy Kunadze visited Pyongyang in late January 1993 to discuss among other things, such revision.

16 Aidan Foster-Carter, *Korea's Coming Unification*, pp. 65-67.

Korea responded by stating its intention to withdraw from the Nuclear Non-Proliferation Treaty.

This abrupt action met with a largely concerted response of the international community, including the IAEA and the UN Security Council. In reality, nuclear deterrence cannot guarantee the preservation of the North Korean system and the survival of the state—it is a fancy that dictators facing a crisis are likely to fall into. Nuclear weapons are meaningless in the face of the internal collapse of a regime.¹⁷

Whither the North Korean Economy?

Economic catastrophe is one of the most fundamental reasons for the collapse of socialist countries elsewhere. The North Korean economy thus warrants detailed mention. Kim Il Sung put it: North Korea is a “country where the state is entirely responsible for the people’s life,” so that “people do not have any worries about food, clothing and housing.”¹⁸ But “to eat rice and meat soup every day, wear silk clothes and live in tile-roofed houses” is “the long-cherished desire” yet to be realized that would justify socialism in North Korea. In fact, he promised as early as 1962 that once the 1963 targets of production were achieved North Koreans would be able to lead such a life. He has for so long been systematically lying to the populace.

Until the first half of the 1970s, North Korea did achieve substantial economic growth, registering an annual average growth rate of 10.4 percent.¹⁹ Since then, however, the economy has long stagnated. Whereas authorities often boasted of their economic accomplishments, average economic growth was

17 Okonogi Masao, “North Korea’s Withdrawal from NPT and Japan’s Stand,” paper presented at International Conference sponsored by *Seoul Shinmun*, Press Center, Seoul (9–10 April 1993), p. 2.

18 *Pyongyang Times*, 2 January 1993.

19 US CIA, *Handbook of Economic Statistics* (Washington, DC: Government Printing Office, 1988), p. 33.

estimated to have dwindled to 3.6 percent during the period from 1981 to 1985 and to 1.4 percent from 1986 to 1990.²⁰

From 1987 North Korea has been carrying out its Third Seven-Year Plan, which set out a target of an average growth rate of 7.9 percent per annum. Contrary to Pyongyang's expectation, however, it has gone down even further ever since, recording an average of minus 1.8 percent between 1987 and 1992. Indeed, this is not the first time plan targets were not met. North Korea had postponed or simply ignored plan targets several times before.

By 1990 when the growth rate had plunged minus 3.7 percent, the first negative figure since the end of the Korean War, it became clear that the economy had run out of steam and industrial output had slumped. The stagnant economy was further aggravated in 1991 when the Soviet Union put an end to all aid and special trade concessions, which exacerbated the shortage especially of oil, industrial and transport machinery, coal, and even food. The growth rate dropped further to minus 5.2 percent in 1991 and to minus 7.6 percent in 1992. The downfall of economic performance made the North Koreans worse off; per capita GNP was an estimated US\$1,038 in 1991 and \$943 in 1992.²¹

The sudden diminution of foreign trade further aggravates the already crumbling economy. They intended to promote trade during the whole period of the Third Seven-Year Plan, but the total trade volume has been decreasing since 1989. The decrease comes to no small extent because of eventful changes in 1991 within the Soviet Union, by far the biggest trade partner. Until 1990, some 40 to 60 percent of North Korea's trade was tied to the Soviet Union, but its dissolution into separate republics has brought about significant decline. When Russia stopped preferential trading arrangements Pyongyang had to pay in hard

20 Percentages are calculated from statistics in *Major Economic Indices of North and South Korea* (National Unification Board) (In Korean), various years.

21 Bank of Korea, *An Estimate of North Korea's GNP in 1992* (in Korean) (June 1993), p. 2. Statistics hereafter are from the same source unless otherwise footnoted.

currency. The impact of this change was very serious. Trade between North Korea and Russia sharply decreased in 1991, registering only \$365 million—a 68.1 percent decline in one year. Accordingly, Russia fell to third place in the list of foreign trade partners, with its share dropping to 13.9 percent in 1991 from 38.1 percent in 1990.²² Indeed, North Korea received less than one-third of promised oil shipments for 1991. The withdrawal of Russian military aid and “friendship price” in 1992 further underlined the need for North Korea rapidly to enact contingency plans if the “Korean-style socialism” is to survive.

North Korea’s foreign trade marked \$2.72 billion in 1991. On a year-by-year basis, this works out to a reduction of 16.7 percent. Exports fell by 25 percent to \$1.01 billion, while imports declined to \$1.71 billion, a 10 percent reduction. Besides the sharp decline in trade with Russia, a severe shortage of foreign currency reserves also depresses foreign trade, and it is further aggravated by lack of international competitiveness. Foreign trade for 1992 decreased by 2.2 percent to \$2.66 billion (exports \$1.02 billion, imports \$1.64 billion).²³

On the other hand, a chronic trade deficit created a foreign debt of \$9.72 billion at the end of 1992, which was around ten times bigger than the total volume of export, \$1.02 billion. The foreign debt burden has made it impossible for Pyongyang to import major raw materials including petroleum, which has brought about a tremendous setback in overall industrial activity.

Another cause of North Korea’s economic hardships is stagnation in the mining sector, which represents about 40 percent of its GNP. Coal production, which supplies fully 70 percent of energy resources, was 31 million tons in 1991 (a decrease of 6.5 percent from 1990) but only 20 million tons in 1992, which resulted in the decline of the total electric power production by 5.9 percent from

22 KOTRA, *Current State of North Korea's Foreign Trade in 1991* (December 1992), pp. 7-11.

23 Ibid.

that of the previous year. Steel production was two million tons, a decrease of 47 percent. Cement was at four million tons, down 44.5 percent. Petroleum refining went down by more than 25 percent, from 2.52 million tons in 1990 to 1.89 million tons in 1991. It was only 1.3 million tons last year. The lack of energy supply, coupled with shortages of raw materials, has brought about breakdowns in industrial production. It is reported that many factories are running at no more than 30 to 40 percent capacity.²⁴ It is safe to say that the North Korean economy of self-reliance is on the verge of bankruptcy, and Pyongyang needs to comprehend what self-reliance really means.

More serious than all other problems in the North Korean economy is the food shortage. Grain production has been slowly decreasing since 1985, but they were able to maintain an average output of 5.1 million tons from 1985 to 1989. Output diminished to 4.81 million tons in 1990, 4.42 million tons in 1991, and 4.27 million tons in 1992. Total demand for grains this year supposedly amounts to around 6.58 million tons; thus some 2.31 million tons are short.²⁵ In reality, however, North Korea was reported to have met only half the grain demand in 1992. Such a severe food shortage could lead directly to a regime crisis. Indeed, it is reported that food riots occurred in June and July 1992 and again in April this year.²⁶ And there was an unconfirmed report that some 70 soldiers escaped in a mass from their base in Wonsan and slipped into China to live in hiding.²⁷

We can say that the North Korean economy simply does not run without injection of incessant extortion. Thus, Kim Il Sung

24 AERA, 14 July 1992; *The Economist*, 17 July 1993. In some industrial sectors, the rate of factory operation is believed to be not more than 30 percent. Author's personal interview with a defector who was until last year a high-ranking architect.

25 ROK Administration for Rural Development, *An Estimate of Grain Production in North Korea, 1992* (March 1993).

26 *Hankook Ilbo*, 28 June 1993.

27 *Dong-A Ilbo*, 23 July 1993.

once again emphasized, in his 1993 new year's address, to concentrate all production efforts on the coal, power, and metal industries. "Particularly important is the coal industry. Only when the production of coal is sharply increased is it possible to ease the strain on electricity and to put production in various sectors on a steady basis."²⁸ Also stressed were the production of consumer goods, agricultural production and the consolidation of transport.

As Kim Il Sung often put it, the North Korean state is responsible for economic prosperity of the populace, but economic performance has been an important, and is increasingly the only, source of legitimation for the Pyongyang regime. What this implies is clear: if there is no prosperity in the slightest, North Korean society is likely to move toward a big bang.

What Should Be Done and Why Can They Not Do It?

The revolutionary government in Pyongyang is at its most critical point since December 1950 when the UN troops advanced to the Chinese border. North Korea seeks to resolve its crisis in ways "true to its socialist vision." The world, however, is moving along the trail in which the predominance of a world capitalist economy, the decline—in fact almost dissolution—of the socialist bloc, and political and economic interdependence are norms for strategic state policy choices.

Indeed, the state socialist world today is collapsing, and the root of its disintegration is of its own making. Its institutional structures are too inept to cope with external and internal challenges. The promise and threat of the crisis is that it cannot be solved without overhauling the basic institutions of a socialist society.²⁹

28 *Pyongyang Times*, 2 January 1993.

29 Bartłomiej Kaminski, p. 17. The analysis of this part is based upon Kaminski's logic of the collapse of state socialism, especially pp. 17–134 (Chapters 2, 3, and 4).

The Institutional framework of the North Korean system is a new form of the old system dominated by patrimonial bureaucracies. By introducing the Stalinist system this has only been reinforced to the teeth. The system defies economic and political rationality in the current external environment characterized by rapid change. It deprives North Korean people of self-interest as a driving force of social change and puts the burden of responsibility for virtually everything on the state. The crisis is a failure of the North Korean state to respond to demands of society and the external environment. Indeed, the reality of changing world is completely lost upon the political leadership. The world has to be adjusted to fit their categories of "world." The fundamental cause of the current crisis has its root in its closed and pre-determined system.

In the absence of political mechanisms to deal with private interests, the North Korean state need only to impose its will to assure social compliance and stability. The leadership seems sure it can assure obedience of the populace by simple application of terror and massive repression, even to an extreme like the Tiananmen Square incident in Beijing in 1989. By now Pyongyang's actions to ensure political and social stability are, first, to resort to ideological mobilization and, second, to grant very limited economic concessions to the populace. The collapse of state socialism in Eastern Europe and the Soviet Union demonstrates a link between economic performance and political upheaval.

A politico-economic system is legitimate if the populace acquiesces to the existing order, unless that acquiescence comes from the fear of state use of force. "Acquiescence is contrasted sharply with obedience, which could presumably be grounded in a purely self-interested fear of the force of those who both control and get the benefits of the state's exercise of power."³⁰

30 Mark Kelman, *A Guide to Critical Legal Studies* (Cambridge: Harvard University Press, 1987), p. 263, quoted in Kaminski, p. 114.

Social compliance or stability could be based on apathy and passive acceptance as well as coercion. However, the capacity of the state to suppress sources of independent values is crucial to preventing a crisis. The North Korean state has legitimized its politico-economic order by way of the charismatic leadership of Kim Il Sung and the Juche ideology. But the supply of charismatic leadership by Kim Jong Il is seriously lacking, and the ultimate test of the Juche ideology is whether it lives up to its promises, the most dominant of which is economic performance. The Tiananmen Square incident shows that even encouraging people's economic activity in a state socialist country is likely to entail losing control over society and a growth in political demands.

Institutional arrangements alone have not created the current crisis in this hermit kingdom, which has been unbelievably curtailed with the Juche ideology. This does not necessarily mean that there is no room for change on the part of the North Korean leadership. But, its failure to infuse new values and norms, albeit the Juche ideology itself, that would be internalized by the majority of society makes the political order extremely vulnerable to immediate economic performance. Further deterioration in economic performances thus directly threatens the North Korean political order.

Steps that implied they would bring about minor changes in state socialist systems in Eastern Europe, when made inevitably evoked a chain reaction that led to destabilization of the whole system with its eventual collapse and removal of the ruling elite. The explanation is that the state socialist system cannot be radically improved or rebuilt since all elements in it are closely interconnected and interdependent. This is even more characteristic of an overcentralized system such as that of North Korea where every component of the political and economic structures are in rigid linkage. Such a system can function more or less smoothly and maintain stability only in an extreme regime when all the elements are in good tune. But if an element is substituted,

the new one comes to contradict the others and the system begins to malfunction. The only way to maintain stability, then, is to avoid innovations so as not to endanger the whole system. Indeed every mighty regime has become a hostage of the system it created to guarantee its rule.³¹

To paraphrase President Havel's words, although the North Korean system is based on an institutional design doomed to failure in the world of rapid change, it could last long enough to destroy the economy and the natural environment, to ruin the lives of millions before its final collapse, and spoil the moral environment.³²

Cuba, the lonesome island in the West, finally declared on 23 July 1993, that "it is now ready to revise existing national policy in order to save the Cuban socialist system from current crisis." Fidel Castro said to his people on a TV address that "we have to take flexible stances, including transformation of thought, not for the completion of socialism, but for its survival."³³ Now it is North Korea's turn.

Although significant improvement has occurred over the last four decades, clearly visible and serious problems remain to be addressed. At a time when the model of the erstwhile Soviet bloc has been cast away and the state socialist model is being questioned throughout the world, the North Korean version cannot escape from the judgment of "the law of the development of history."

North Korea's response to external forces, its distinctive political culture, and its commitment to Juche ideology have created political, organizational, economic, and social structures that currently impede the nation's development. The remaining years

31 Oleg Davidov, "Political Change in North Korea and Its Foreign Policy Implication," paper presented at the 1st International Conference, Research Institute for National Unification, Hotel Shilla, Seoul, 27-28 October 1991.

32 President Vaclav Havel's new year's address, *New York Times*, 2 January 1990, quoted in Kaminski, p. 3.

33 *Joong-ang Daily News*, 26 July 1993.

of the 1990s will witness a massive and resolute North Korean effort to adjust to the current circumstances of the world and in important ways to attempt to overcome them. The extent to which this attempt will free the country from the constraints of the structures and practices created by the Juche model while allowing it to retain its socialist commitment is still to be determined. In the final analysis, however, it is no easy choice to take measures to rectify the existing system thoroughly embedded in the North Korean political leadership. Whether or not the North Korean state survives as long as the new leadership expects depends on the emergence of a North Korean Deng Xiaoping or Gorbachev.

The problems facing North Korea are complex. They have to do with limited options available for developing nations to escape their present conditions and build new societies. North Korea's response to the collapse of socialism elsewhere is that it is time for North Korea further to enhance its own approach and even to make its own mistakes based on its own model—to use North Korean solutions to North Korean problems. This is, however, destructive obstinacy, a collective blindness that misses what could be the last opportunity to put North Korean socialism back on the right track. It is highly idealistic—even romantic—to see a nation commit its scarce resources to save a political and socioeconomic system and to make a historic promise to create a fairer society than those of its enemies.

The idea behind North Korea's stance is that what happened to European and Soviet socialism is not an inherent systemic Marxist-Leninist failure. Historical and contextual conditions created the failure of socialism's structural performance elsewhere, which was compounded by a serious leadership failure. Under the right leadership and structural performance conditions, Pyongyang's argument goes, the system will rectify its shortcomings, and the Juche model happens to be right at hand. The North Korean-style socialism could then perform satisfacto-

rily and render the egalitarian socioeconomic benefits expected from socialism.

But despite Pyongyang's commitment to independent socialist thinking and systemic actions, limited choices are available. The economy continues to decline further in the 1990s. The country is actively looking for new trading partners in a move to expand its commerce with Western countries.

With the consumers facing increased shortages, the need to deemphasize material consumption and entice the population effectively to embrace revolutionary spirit remains as strong as ever. Realistically, however, Kim Il Sung cannot rely on moral incentives alone to increase productivity substantively in both quantity and quality. But with material goods becoming increasingly scarce in the 1990s, a large dose of revolutionary spirit has been necessary to make moral incentives more palatable and mollify frustrated consumers. This approach offers a solution—even if temporary—to the regime, which can then begin to work its way out of its current predicament.

The problem tends to repeat itself, however, with a vicious cycle developing and being perpetuated by economic scarcity. Even if the economic problems suffered today were not as acute as they are, the larger problem would probably exist: What kind of people should socialists be? Should they be motivated by material incentives and a desire for consumerism as it exists in the West—a desire four decades of socialism were unable to erase among either Chinese or Eastern European consumers—or should higher, loftier ideals of socialist morality move them to live? Given Kim Il Sung's long-standing preoccupation with the centrality of socialist values in a socialist society, if the latter prevailed it seems clear that the issue of revolutionary spirit would then be as real as it appears to be now.

The institutional design has allocated the leading role in society to the party. The state is to be its instrument for mobilizing society to construct the material foundation for state socialism. The state would be responsible for solving all problems related

to coordination of activities throughout the whole economy. The market and money as devices for allocating resources and goods were regarded as inferior to the party and its administrative arm, the state.

Suppressing economic and political freedoms has several implications for the modus operandi of state socialism. With the declining appeal of promises of a better future, economic performance becomes essential to the legitimacy of state socialism and by becoming the direct organizer of economic activity, the state assumes the sole responsibility for economic performance. Given that the institutional design is based on the assumption that rapid economic development will almost immediately generate an abundance of material goods, there is little institutional room for making adjustments unless the goal is achieved soon.

The elimination of the market not only limits innovative potential and removes the opportunity for entrepreneurship, it also eliminates a very wide range of possible adaptive responses. The burden of adjustment falls on the state, which then has to set tasks for individual actors. In contrast with the capitalist economy of South Korea, which can cope with current economic stagnation either by manipulating macroeconomic parameters, changing the scope of the market, or curtailing the state administrative mechanism (deregulation), the state socialism of North Korea is only able to improve, if at all, procedures of administrative intervention. Because the institutional requirements of a successful adaptation to the international political economy call for flexibility, this deprives North Korea of a whole array of public policy instruments that would indirectly encourage a decentralized response.

Marketization as an option to adjust the economy is not feasible within the institutional parameters of North Korea. Because the market is a way to organize society that is essentially different from state socialism, its introduction amounts to no less than the elimination of the Juche model of development. The problem is that the very source of power is the state's direct involvement

in the economy. The verdicts of the market are usually different from the ruling of the state; the former rewards efficiency and the latter loyalty. And the market cannot exist without the autonomy of economic actors and competition.

Even assuming political willingness and the absence of any resistance to the introduction of a market, a market society cannot be created instantaneously. Rejection of the market and of other institutions indispensable for its existence amounted to the rejection of any capitalist politico-economic order, which was precisely the objective of the North Korean socialists.

By putting all its eggs into one basket, the quick achievement of state socialism, the political economy of self-reliance in North Korea severely impaired its own adaptive capacity. By rejecting a market environment, the North Korean model put the full burden of economic management on the party-state. As a result, any revealed conflict related to dissatisfaction with economic performance will become a direct challenge to the state and the political order. The North Korean state is besieged with claims on the economic resources of which it is ultimately distributor, and to avoid economic chaos it must suppress individual and group interests of the populace. By adopting Marx's view that conflicting interests are caused mainly by private property, the designers of the system have deprived it of a political mechanism for conflict mediation. Thus it has curtailed its capacity as a tool to regulate human behavior, so its capacity has been strongly dependent on the ideological zeal of its supporters and its ability to repress contending views.³⁴

Conclusion

The argument of this essay is that North Korea is in a state of crisis. The Juche model of development in all spheres of the North Korean system is being exhausted and has come to a

34 Kaminski, pp. 24–25.

deadlock. And the North Korean political leadership now finds itself in a state of crisis management. To use Kim Il Sung's own statement, the political model (of Juche) also needs to be made more responsive to the North Korean masses, in essence to reflect better their aspirations for abundant food, clothing and housing after forty-five years of revolutionary process. If the political leadership continues holding to "Socialism a la North Korea" there will be no way to overcome the current crisis.

The prospects for substantial policy changes, however, are at best not positive. The long entrenched institutional framework of North Korea, coupled with historical and cultural legacies of old Korea, puts a hindrance to what may be called reform, *sine qua non*, which can sow the seeds of a civil society. A strong civil society can provide a counterweight to state power.³⁵ But in North Korea there are no autonomous organizations, notwithstanding hints of murmurs of cautious dissent, and it seems negative to see the emergence of a civil society *per se* for the time being. The North Korean leadership could also extend its rule by resorting primarily to ideological mobilization and physical repression.

However, the absence of resistance does not mean support for the Pyongyang regime and the North Korean state. Mobilization and repression, self-limiting as they were in other former socialist countries, cannot, for so long, ensure the capacity of the North Korean state to suppress the emergence of an autonomous society. Although we are not for certain, there has been a tendency to organize in a very embryonic form discontent against the regime. The failure to revive the economy and institutional structures would ignite a potential to organize a mass protest as we saw in the mid-19th history of Korea. If top political leaders cannot cope with the current crisis, the slogan "The Party, the people and the army must all be united in one mind and complete the cause of

35 Dietrich Rueschemeyer, "The Development of Civil Society after Authoritarian Rule," paper presented at the Research Institute for National Unification, 20 July 1993, p. 7.

socialism to the last!" will be trampled down by very revolutionary people once loyal to the Juche ideology. The result will be the disintegration of the politico-economic order of the North Korean state.

One probable reasoning by a Western observer: "North Korean society, despite its seeming strength and stability, is in reality desperately brittle. The longer it remains unreformed, the more brittle it will become. For the time being it is holding together, the cracks are papered over, and the people give a reasonable impression of unity. But the cracks are spreading and there is every chance of an eventual collapse. Events in Eastern Europe showed just how swift and how complete, when it finally comes, such a collapse can be."³⁶ It would be an unpleasant memory for us to see a Ceausescu family on the Korean peninsula.

36 Aidan Foster-Carter, p. 90.

빈 면

Economic Reform in North Korea: Is China's Reform Model Relevant to North Korea?

Seung-yul Oh

North Korea has enforced a blackout on almost all economic statistics for about thirty years, and the capacity to analyze the economy on the basis of solid statistical data remains limited. Nevertheless, piecemeal sources from North Korea available to outside observers and analysts overwhelmingly attest to the scale of the economic problems currently confronting the country.

The North Korean economy under the flag of Juche ideology is showing serious symptoms of degenerating. It is cut off from access to foreign technology and information networks, it has a grossly inefficient manufacturing sector still characterized by a highly centralized, obsolete command system of management, it is plagued with significant structural imbalances, rapidly ageing and inefficient plants and severe quality control problems, and of course there is the exorbitant burden of defense spending. In particular, the recent deterioration of a friendly relationship with China and Russia has worsened the situation; North Korea recorded its first negative GNP growth rates since 1990 due to a reduced supply of crude oil and other raw material, as the table shows. With an apparent awareness of the seriousness of their economy, North Korean leaders can hardly stick to current

Major indicators of North Korean economy: 1990-92

Indicators	Unit	1990	1991	1992
GNP	100 mil.US\$	231	229	211
Imports	"	26.2	17.1	16.4
Exports	"	20.2	10.1	10.2
Total Trade	"	46.4	27.2	26.6
Foreign Debt	"	78.6	92.8	97.2
Government Budget	"	172	171.7	184.5
Electricity supply	100mil.KWh	277.4	263	247
Crude Oil Import	10,000 ton	252	189	152
Cereal	"	481.1	442.7	426.8
Steel	"	336	316.8	179.3
Cement	"	613	516.9	474.7
Fertilizer	"	158.6	143.5	138.5
Coal	"	3,315	3,100	2,920
Textiles	100 mil.M3	2.0	2.1	1.7

Source: Figures for 1990: Estimations by the Unification Board

Figures for 1991 and 1992: Estimations by the Bank of Korea

economic managerial practices forever, and will have to take responsibility to reform North Korea's saggy economy.

Generally in the centrally planned socialist economies, inability to create a dynamic relationship between productivity and output growth is the most important economic reason behind economic crisis. To the extent that the Stalinist administrative planning model did produce rapid industrialization at the initial stage of socialist economic development, it too contained the seeds of its own destruction. At the beginning of the industrialization process, central planning focused attention on the highest priority areas: the need to produce basic goods. As industrialization proceeded, however, the economy became more complex. In such a more complex environment, retention of that original mechanism is inefficient, and imbalances among industrial sectors appear.

In order to resolve the economic problems socialist economies were facing, in the earlier years various experiments were intro-

duced to improve some of the planning mechanisms, either by giving a certain amount of autonomy to various enterprises or by introducing new levels of supervision or new incentives. More radical economic reform measures were attempted in the 1980s. In the throes of the collapse of Eastern Europe and the Soviet Union and the acceleration of China's economic reform process, a market system based on various types of property rights was introduced as the major coordination mechanism for resource allocation.

Hence from the historical experience of economic reform in socialist countries we can discern two types of reform approach: improvement in the planning mechanism and the introduction of a market mechanism based on clearly defined property rights. In this context, the prediction of North Korea's possible economic reform path should be based on a theoretical foundation that can explain its stance toward the two alternative approaches.

When it comes to a possible path for North Korea's economic reform, the Chinese reform model is often mentioned, and without any substantive analytical efforts it is generally cited that Pyongyang is following China's economic reform strategy. Usually such vague arguments are grounded on two aspects of the country's reform approach: First, as its economic reform proceeds, the political and economic spheres have been increasingly separated. The former is relatively untouched, maintaining the original one-party rule by the Chinese Communist Party (CCP). Second, China has preferred a gradual approach to shock therapy for the implementation of market mechanism.

In this study, however, it is systematically argued that such aspects of China's economic reform process are simply irrelevant to the analysis of the possible path of North Korea's economic reform; our major concern is whether it will merely improve its planning mechanism subject to ideological constraint or adopt a market mechanism to improve its economic performance.

First, it is true that we cannot expect North Korea's political system to evolve into a multi-party system in the foreseeable future, but in the sense that China's political ideology hardly affected the basic direction of economic reform since 1979, the situation in North Korea will be radically different. Second, the issue of Chinese "gradualism" for marketization and privatization of its economy related only to the problem of order and speed in the process. Since market-oriented reform is the prerequisite for such discussion, the issue will not be relevant to our discussion unless we conclude that North Korea will indeed adopt marketization and privatization as the major approach in the near future.

This study has three objectives: (1) to provide a framework by which the basic determinants of the diversified economic reform process of socialist countries can be clarified; and (2) to prove that the "North Korea will adopt China's reform model" argument is unfounded; and (3) to provide a perspective for North Korean economic reform policy. The first section thus provides a simple but comprehensive analytical framework for the study and clarify the necessary conditions of market-oriented reform in a socialist economy. Next, through the analysis of the Chinese reform process empirical validity of the framework will be proved. The last section examines the possible course of North Korean economic reform process.

Analytical Framework

The collapse of Eastern Europe and the Soviet Union together with China's market-oriented reform process has shifted the focus of all attempts to predict the order and speed of marketization and privatization in the socialist economies. For socialist economies such as North Korea, situated just at the starting point of economic reform and without ideological sanction for marketization and privatization, the question at stake is under

what conditions they will opt to implement the market mechanism as the main approach to improve economic performance.

In this context, any attempt to predict the course of a socialist economic system must rest on a theory of regulatory and systematic transition. Recent studies and writings in that area have been abundant but confusing. One of the most serious deficiencies in the studies is the ignorance of the procedure by which the direction of economic reform is determined in a socialist economy.

Structural factors of an economy and the pattern of individual economic agents set the constraints or rules subject to which economic systems evolve and transit, and the existing economic system must be treated as the result of the choice of the decision-maker (whether democratic representatives or communist party leader). No matter how dictatorial or ruthless a regime may be, its economic system must have still have evolved through choices, and a theoretical explanation of the choice procedure is necessary.

This section synthesizes and extends a teleological approach to the economic analysis by Adolph Lowe¹ which he termed instrumental analysis, and the transaction-costs approach to the problem of institutional change by Steven N. S. Cheung.²

According to Lowe,³ the objective of instrumental analysis is to "search for the economic means suitable for the attainment of any stipulated end."⁴ In the instrumental approach, three sets of

1 Lowe A., *The Path of Economic Growth*, (Cambridge Univ. Press, 1976); *Essays in Political Economics: Public Control in a Democratic Society*, (New York: New York Univ. Press, 1987).

2 Cheung, Steven N.S., *Will China Go "Capitalist"?* (London: The Institute of Economic Affairs, 1982).

3 Lowe, A., *The Path of Economic Growth*.

4 Lowe only applied the instrumental approach to the analysis of traverse paths within a well-defined social context, an experiment on the integration of a changing social structure into Lowe's instrumental approach was undertaken by C. Gehrke and M. Knell in the context of the macroeconomic consequences of the transition of economic system in Eastern Europe. "Transition from Centrally Planned to Market Economics," in Knell, M. and Rider, C. (eds.)

data must be known: (1) the initial state of the economic system, (2) its macro-goal or terminal state, and (3) certain laws, rules, and empirical generalizations through which the suitability of means for the attainment of those ends can be established.

Given this data, Lowe argues, the following unknowns can be determined: (1) the path or the succession of macro-states of the system suitable to transform a given initial state into a stipulated terminal state, (2) patterns of micro-behavior appropriate to keeping the system to the suitable path, (3) micro-motivations capable of generating suitable behavior, and (4) a state of the environment including, possibly though not necessarily, political controls designed to stimulate suitable motivations.⁵

Instrumental analysis, therefore, formalizes the design of public controls consistent with the desired growth path or macro-goals. This ensures that a "goal-adequate" transition path can be established optimizing the use of available technology, subject to certain social, cultural and technical constraints. For analytical purposes, Lowe separates structure analysis related to the social, cultural and technical constraints from force analysis, which deals with the patterns of behavior and motivations of individual economic agents that initiate and sustain the motion of the system along a structurally determined path.

The framework can be extended to provide a theoretical basis for the analysis of choice of economic reform strategy in socialist economies, insofar as the improvement of the planning mechanism and the market-oriented reform are regarded as alternative means to achieve the desired terminal state. But in the application of Lowe's instrumental approach to the choice problem of reform strategy in socialist economies, judgement of the appropriateness of a chosen strategy is apt to be a subjective

Socialist Economies in Tradition: Appraisals of the Market Mechanism, (Vermont: Edward Elgar Publishing Co., 1992).

5 Lowe, A., *Essays in Political Economics: Public Control in a Democratic Society*, (New York: New York Univ. Press, 1987), p. 172.

process such that the framework alone cannot be utilized to predict the reform path. Thus, the approach should be complemented with more positive concepts, and Cheung's transaction-costs approach for institutional change is adequate for the purpose.

According to Cheung, institutional change in an economy becomes predictable only when the costs relevant both to the operation of alternative arrangements and to carrying out the change can be properly identified.⁶ Although Cheung analyzed the transaction cost in relation with the transformation of property right system in China,⁷ and we can extend his conception and combine it with Lowe's instrumental analysis to provide an analytical framework for the study.

Cheung's approach⁸ has three very important implications: (1) If institutions could be adopted or changed without cost, the institution chosen would always be that which incurred the lowest operating costs in the use of resources. (2) If the costs of adopting or changing institutions are significant, the one adopted for a given purpose may not have the lowest operational costs among the available options. (3) If some institutional option is available that would operate at lower cost, it will be chosen if the shift costs less than the potential saving on operations.

Equipped with related conceptual tools for the analysis, a full description of the analytical framework is now possible:

Reform measures in a socialist economy characterized with disequilibrium and low productivity generally aim (1) to improve productivity and raise output levels in the industrial sectors where shortage prevails, (2) to raise the output of consumer goods and improve living standards, (3) to keep an optimal amount of investment that will sustain growth rates, provide a

6 Cheung, Steven N.S., *Will China Go "Capitalist"?*, (London: The Institute of Economic Affairs, 1982), p. 33.

7 Ibid.

8 Ibid., p. 38.

self-sustaining growth path by removing bottlenecks, and be allocated so as to have a positive impact on both the production of consumer goods and the trade balance.

Given the initial status of the economic system and goals of economic reform, according to the instrumental approach suitable means for the attainment of ends should be established. That is, because of the intrinsic problems in the economic system, systemic change within a centrally planned economy is inevitable.

On the one hand, various reforms were introduced in these economies even before market-oriented reform measures were consistently implemented under ideologically favorable circumstances in the 1980s. Although differences between countries appeared in methods and results, the universal motive for these reforms was to improve the effectiveness of the planning model and to try new planning techniques. For that purpose, the primary effort was made in the areas of developing indices to improve product quality and incentive structure. With advanced planning methods and sophisticated indices, cycles of decentralization in decision-making appeared, within guidelines set by planners and followed by a period of recentralization.

On the other hand, by the beginning of 1990s, it became clear that the major socialist economies including Eastern Europe and Russia as well as China opted to move towards granting a larger role to market forces and reducing the role of bureaucratic decision-making, rather than attempting to improve the planning process. Generally, market-oriented reform includes these: (1) implementation of several different forms of private ownership, (2) decentralization of the economy by reducing the duties of the planning bureaucracy, (3) enforcement of enterprise autonomy in decision-making for managerial affairs, and (4) price reform by removing much of the central bureaucracy's role in setting prices. Justification for introducing market-oriented reforms seems to be provided by the development of a static general equilibrium model and the positing of a Pareto equilibrium position based on the functioning of the market mechanism.

At this point of the analysis, it becomes apparent that it is the institutional framework that lies behind the crisis of centrally planned economies. But comparing economic problems in a centrally planned economy with the diversified crises facing socialist economies in transition indicates that the institutional framework behind free markets and private property is not the only alternative. This means that marketization and privatization themselves cannot be unconditioned objectives of economic reform in the socialist countries. Therefore, the relative advantage as reform approach between improvement in the planning mechanism and market-oriented transition can only be determined by the perception of the costs related to the choice of resource allocation system by the relevant country.

In this context, Cheung's transaction-cost approach can be applied. In applying the approach to the analysis of reform strategy of a centrally planned economy, we can broadly define costs incurred by the reform approach into two categories: (1) those incurred as remaining under the centrally planned economic system only with the improvement of the planning mechanism, and (2) those incurred in adopting the market-oriented resource allocation mechanism. These costs may be incurred in terms of economic problems due to the rigidity and inefficiency of central planning in the first case and possible political crisis, macroeconomic instability and social problems (such as rent-seeking activities and ideological contamination) in the second case.

The magnitude of costs are determined by the interaction of the structural factors and the adaptability of individual behavioral patterns under the evolving resource allocation system. Given the specific social structure and technological structure of a socialist economy, the cost for market-oriented reform is determined by the expediency of implementation of the market mechanism characterized by the existing decision-making structure,

information structure, and incentive system of the economy.⁹ The cost of the chosen reform strategy supposed to lead the economy from initial to terminal state is also determined by the compatibility of the evolving economic system with the achievable changes in the patterns of micro-behavior that result from reshaping the social structure. Limitations, therefore in the learning abilities of individuals and their ability to adapt themselves to the changing social environment can constrain the range of feasible transition paths and incur costs in system transition.

In the process of implementing market-oriented reform measures, some features that are believed intimately related to the capitalist market economy might also be regarded as part of the cost of adopting the market mechanism. Such features include income inequality, rent-seeking activity, market failure, ideological contamination, and loss of economic sovereignty. In addition to this, political risk for the decision-maker following the adoption of market-oriented reform, as it necessitates a more decentralized decision-making process and freer information flow, is another important factor affecting the cost of changing the resource allocation system for a centrally planned socialist economy.

In sum, a centrally planned socialist economy subject to economic problems will choose to improve the planning mechanism or to take market-oriented reform measures according to the relative costs of the alternatives.¹⁰ If the price for a centrally

9 Conn, D. "The Evaluation of Centrally Planned Economic Systems: Methodological Prospects," in Zimbalist, A. (ed.), *Comparative Economic Systems: Present Views*, (Boston: Kluwer-Nyhoff, 1984.), pp. 15-46; Neuberger, E and Duffy, W., *Comparative Economic Systems: A Decision-Making Approach*, (Boston: Allyn and Bacon, 1976.).

10 In a purely economic point of view, the costs of operating a resource allocation system will depend on the costs that constrain institutional choice. Thus, it can be argued that relative lack of institutional choice under the centrally planned economies means that the costs of operating that system are necessarily higher than those of operating a private-enterprise system. This logic can be given some credit by the poor economic results of the centrally planned economy in the past compared to the relatively successful capitalist market economy.

planned economy to adopt market mechanisms in terms of the costs defined above is deemed too high, the decision-maker will decide to stay in the original system and at best will try to reform the economy by improving the planning mechanism. In that case, the market-oriented reform strategy will be adopted only when the shift costs less than the potential savings in operation.

The analytical framework developed in this section can be utilized to understand the imperative of market-oriented economic reform strategy in China and to predict North Korea's possible economic reform path in the future. The rest of the study will be devoted to the job.

China's Economic Reform Model

According to the analytical framework proposed above, the economic reform process in a centrally planned socialist economy can be regarded as a chosen path from the initial state to the goal state of the economy, given economic problems facing the economy. And the economy will adopt market-oriented reform measures, insofar as the institutional shift costs less than the potential savings, by adopting the market as the coordination mechanism of the economy. In the process, the magnitude of costs are determined by the interaction of the structural factors and the adaptability of individual behavioral patterns under the evolving resource allocation system. This section will prove the validity of the analytical framework against China's reform experience.

Reform objectives in China

In the communique of the Third Plenary Session of the Eleventh Central Committee of the CCP in December 1978, which is often cited by economic literature as a critical turning point in China's economic reform process, rapid, sustained growth of the economy and improvement in living standards of people were stated as the ultimate objectives of economic policy. In the same docu-

ment, some major imbalances among industrial sectors were blamed as a main source of macroeconomic instability.

In order to achieve the objectives that would seem to be difficult to compromise simultaneously, improvement in efficiency in the Chinese economy was urgently required—not just the massive resource mobilization and capital investment that generated growth under previous economic system.¹¹ Therefore, improving economic efficiency itself became an interim goal of the reform process to achieve the ultimate objectives of economic policies in China.

In addition, recognition of the limitations of the previous cyclical alteration of administrative decentralization and recentralization as the main approach to adapt Soviet-type central planning to China's economic conditions, together with a favorable political environment, provided the ideological sanction for development and expansion of the market mechanism after 1978.¹² In fact, this feature indicates a major departure from the approach to economic reform since 1979 from previous attempts

11 Using relatively robust methodology compared with the previous studies, Chen, Wang, Zheng, Jefferson, and Rawski calculated the average annual output growth rate in the Chinese industry during 1953–1978 as 10.1%, which is by any standards impressive. But, the average annual growth rate of total factor productivity during the same period was only 1.3%. This indicates the impressive growth had been achieved only through a rapid growth of input. Chen, K., Wang, H., Zhang, Y., Jefferson, G.H., and Lawski, T.G., "Productivity Change in Chinese Industry: 1957–1985," *Journal of Comparative Economics*, December 1988, pp. 570–91.

12 We can identify two surges of economic decentralization in China in the pre-reform period: the first accompanied the Great Leap Forward during 1957–1958, and the second one throughout the Cultural Revolution period (1966–1976). Although the subsequent recentralization movements made the system unstable, such experiences had great impact on the Chinese economy in the sense that they have established the principle outlines of planning and management system that endured until the reforms began at the end of the 70s. Nevertheless, since it was only a problem of the division of responsibility between administrative levels, there had been no genuine relaxation of control over the autonomy of enterprises. Enterprises were merely shuttled back and forth between central and local authorities.

to improve economic performance, which were subjected to the constraints of Maoist ideology.¹³

Main components and consequences of reform

As was mentioned above, any economic system has four components: the decision-making structure, the information structure, the incentive structure, and the coordination structure. In this paradigm, the market mechanism is a means of coordinating economic activity and thus falls in the last category. We note that the first three components of an economic system are characterized by the coordination structure adopted, and all the components are interrelated to one another. In order to have functioning markets, the economic system must not be centralized in decision-making authority. The market system is also characterized by decentralization and horizontal flows of information, and the market transmits information to transactors through market prices. Since the economic reform process began at the end of 1978, there has been considerable progress in the development and expansion of the role of the market mechanism in the allocation of agricultural and industrial products, and corresponding reductions in the role of planning and administrative allocation. China's reform effort in the decision-making structure has been directed towards an increase in autonomy in various aspects of managerial affairs in production units. Greater flexibility of prices due to the introduction of a two-track price system and an expansion of markets comprise the vital part of industrial reform

13 Throughout most of pre-reform period, China's economic development was characterized by a strong ideological tendency towards self-reliance and by extreme egalitarianism. Despite the positive effect of the ideology for mobilization of local resources for its own development, the consequential redundant construction and the shortages of basic materials became major obstacles to efficient operation of the economy. Similarly, although the strong egalitarian ethic that emphasized the distributive role of planning was conducive to eliminate abject poverty in China, the resulting weak economic incentive system acclimatized the economy to inefficient operation, or "eating from the same pot."

in the information structure. Finally, as the reform effort in incentive structure, financial or material incentives for enterprises and individuals have been introduced. In view of China's commitment to improving the efficiency of the economy, other reforms can be understood as the natural process following the initial reform package.

On one hand, China's highly pragmatic approach to economic reform and the tendency to rely on the results of policy experiments for implementation of reform measures caused the reform process to proceed along a natural order without serious resistance. On the other hand, however, the practice brought about uneven progress in reform among different aspects within a sector of the economy as well as among different sectors. The most rapid progress has been made where the resistance to reform, from the related political power or the prevalent economic practices, was weakest.

Without either a comprehensive and detailed planning system or a smoothly functioning horizontal coordination mechanism on the eve of economic reform, the market-oriented reform in the Chinese economy has been given impetus by its own momentum since the reform process began. As reform proceeded in China, the underlying logical coherence among reform measures moved the components of the economic system close to those of an economic system based on market forces. Even in the areas such as the factor allocation mechanism and the ownership system where reform process has been lagged relatively behind, considerable progress has been accomplished due to the mutually reinforcing feature of Chinese economic reform.

As a result of market-oriented reform, there is various available quantitative evidence indicating the expanding role of markets in the allocation of resources in China since 1979. Among others, one of the most prominent changes is the sharp reduction in the number of commodities subject to central planning and allocation. The share of industrial input allocated by mandatory state plan, for example, dropped from 70 percent of total demand

of local governments and enterprises in 1980 to only 20 percent in 1987.¹⁴

Another indicator that provides a more concrete view of reducing the role of planning in resource allocation in relation with expanding market forces is the declining share of the products whose prices are fixed by the state. By 1987, for manufactured consumer goods, the share of transactions conducted at free market prices or quasi-free market prices (state guidance price) reached 55 percent of total sales (for agricultural products the share was around 70 percent), and for production input, about 40 percent of total transactions. As a result, even in a short time a substantial flexibility was observed in industrial product prices. This indicates the existence of what appears to be genuine market prices in China's economy.

Overall, as a major effort for economic reform in China, the share of planned allocation of resources has been reduced rapidly in its variety and magnitude, and consequently such change set the stage for an operating market in China. At the beginning of the 1990s, therefore, although a sellers' market still seems to prevail in the supply of certain raw materials and semifinished goods, general market conditions for consumer goods and producer goods are characterized by features generally seen in a buyers' market. In combination with the Chinese government's stable attitude in favor of the expansion of the market mechanism, all these changes have been conducive to foster competition between individual economic agents.

Market-oriented reform as the optimal choice

On the basis of the rationale behind our analytical framework, China's pursuit of an effectively functioning market throughout the 1980s can be perceived as the result of choice on the part of

14 Guojia Jingji Tizhi Gaige Weiyuanhui, *Ten Years of Economic Reform*, (Beijing: Jingji Guanli Chubanshe, 1988), p. 798.

the leadership based on the comparison between the benefit of institutional shift and the cost of operating a pre-reform system improved only in its planning mechanism. Given China's reform objectives at the end of the 1970s, the relative magnitude of the costs perceived by the leadership were crucially dependent upon the social and technological structure and the popular adaptability inherited from the pre-reform period. If the structure and individual agents' behavioral pattern had been inadequate for such an institutional shift, then the costs in terms of macro-economic instability and political risk for the leadership would have been insurmountable. In this context, the structural legacy and the people's experience from the pre-reform period were crucial.

The policy of self-reliant industrialization at the local level in the pre-reform period had a fundamental impact on China's economic system. Through all the back-and-forth movement of economic power between central and the local governments in the pre-reform period, the former had relinquished control of substantive financial and material resources and found its ability to influence local decision-making severely restricted. Thus, by the end of the Cultural Revolution, the Chinese economy was very much decentralized, with the balance of power between center and localities having shifted significantly local.

The regional self-reliance policy called for provinces and even prefectures and counties to build relatively complete and independent industrial systems, and the policy called for the development of small scale production facilities alongside large ones. All this gave rise to a proliferation of medium- and small-scale enterprises. From 1970 to 1978, for example, the number of enterprises rose from 195,000 to 348,000. Incorporating the large number of small enterprises into state material allocation plans would have been an almost impossible job without enormous cost in terms of time and money.

The weakness and fragmentation of planning in the pre-reform period left a vacuum in the resource allocation mechanism,

which had to be filled in some way to keep the economy operating. Ad hoc administrative directives by lower-level government authorities at the provincial and local levels undoubtedly is one of the alternatives. As another, the vacuum left by weak planning also stimulated a more market-like mechanism to arise, both as part of the disaggregation of the relatively coarse targets and allocations handed down by the planning system as well as as a supplement to planned allocation. Under the circumstances, productive units were responsible for a significant volume of retail sales even in the pre-reform period. Their share in retail sales of consumer goods and industrial inputs, for example, was never below about six percent, and it rose steadily during 1970s.

Nevertheless, as the market-like mechanisms were fairly tightly controlled by lower-level government supervisory authorities and thus price flexibility was most probably non-existent, the general problems related to the rigid administrative control of an economy still existed. Hence, if the Chinese leaders had decided to retain the pre-reform institutional arrangement, the operating cost in terms of sectoral imbalances and inefficiency would have been enormous. In addition, economic gaps among different regions could have further aggravated the inefficiency of central planning. In sum, the social and technological structure of China in the pre-reform period was able to keep the cost of institutional change due to the market-oriented reform at lower level.

On the other hand, since individual economic agents whether enterprises or consumers were accustomed to the operation of market-like mechanisms for extra-plan products and resources at the local level during the pre-reform period, the cost of adjustment of individual behavioral patterns of the market mechanism was relatively low in China. On the part of policy-makers, it should be noticed that the elderly Chinese leadership by whom the reform has proceeded had had substantial market experience before 1949, so the unpredictable fluctuation of the economy in the course of reform was able to be controlled at low cost.

In addition, the cost of the market-oriented reform in terms of political risk for China's pro-reform leadership could be kept at a manageable level, since an antipathy against extreme leftism prevailed after the horrible experience of the Cultural Revolution. With optimism about the political impact of the reform policy, the Chinese leadership has kept a stable attitude in favor of the expansion of the market mechanism as the main direction of reform.

Given the economic structure of China in the end of 1970s, the operating cost of a centrally planned economy in terms of sectoral imbalance and inefficiency was insurmountable and even increasing. Moreover, thanks to the attempts to adopt the Soviet economic model to the Chinese reality in the pre-reform period, by the end of the 1970 China had a substantially decentralized and regionally self-sufficient market-like extra-plan material allocation mechanism. Under such an environment, a decision-making structure, incentive structure and information structure adequate for efficient market operation could be established relatively cheaply. Individual economic agents' behavioral patterns fostered by engaging in the extra-plan activities in the pre-reform period also contributed to reduce the side effects of the market-oriented reform. In addition, the small political burden on the pro-reform leadership in China made them underestimate the possible cost of an operating market mechanism.

In sum, for China, the savings on operating cost was larger than the cost incurred from the institutional shift of resource allocation mechanism. Hence, China's market-oriented reform strategy can be regarded as an optimal choice through comparison of operating cost versus shift cost.

Prospects for North Korea's Economic Reform

In China the extent of economic decentralization and regional self-sufficiency through the extra-plan resource allocation mechanism in the pre-reform period, as well as the political impact of

the reform policy, were regarded as the major causes of the perceived high operating cost of central planning mechanism and the low transformation cost. In the following part of the study, to predict North Korea's reform path relying on this analytical framework, I have analyzed North Korea's economic conditions according to similar perspectives.

Economic reform as an imperative

To get a clear picture of the economic difficulties North Korea is facing, it is convenient to distinguish three stages of its economic development since 1953: post-war reconstruction (1953–1960), self-reliant heavy industrialization (1961–1970), and industrialization under repeated readjustment (since 1971). With the successful implementation of the first five-year plan (1953–1957), by 1960 pre-war production levels had already been overtaken in many industries. Throughout the 1960s, North Korea placed particular emphasis on the rapid development of self-reliant heavy and machine industry as the Soviet-China relationship deteriorated and the Cultural Revolution in China proceeded. At the same time in the second half of the 60s, North Korea expanded military spending to the extent that the economy could hardly bear it. Sectoral imbalances developed from over-ambitious and irrational industrialization policy during that period, and North Korea's industrial technology lagged far behind the international standard.

In the early 1970s, they attempted to maintain competitiveness through massive imports of Western machinery and plants. But it was unsuccessful due to the unfavorable international economic environment, and it saddled Pyongyang with much of the foreign debt it now carries. The economy began to drift into stagnation through the 80s, and the situation was aggravated by the developing crisis in socialist bloc economies. Declining markets, fall-off in foreign aid and the emergence of problems in the supply of many key commodities such as petroleum were all

factors that forced North Korea to consider developing foreign trade with non-socialist countries such as Japan and the West. Policies encouraging joint ventures and re-emphasizing light industry in order to develop specific products for export were adopted, and direct or indirect trade links with South Korea were also established.

But such ad hoc measures fell well short of anything resembling the systemic reform in other socialist countries, and the economic performance of North Korea has continuously deteriorated into the 1990s. The table at the beginning of the article shows how serious are the economic problems facing the country. Seemingly bereft of policies for achieving new economic input to the existing structure, the country inevitably will implement some kind of systematic reform.

Limitations of reform measures

As a result of the economic downturn in the 1960s, since the 1970s North Korea has attempted to improve its economic performance through various measures including foreign trade expansion. As the industrialization policy relying on the expansion of foreign trade with the West in the early 70s fell short of expectation and sectoral imbalances in industry simultaneously became aggravated, North Korea adopted some reform measures. Signs of such a change first appeared in January 1984 when the Supreme People's Assembly passed the resolution, "On Further Strengthening South-South Cooperation and External Economic Work and Further Developing Foreign Trade." Among the issues addressed in the resolution is a call for economic transactions "even with the capitalist countries with whom our country has not yet established diplomatic relations."

Then on 8 September 1984 the Joint Venture Law was promulgated, only to bring about poor results in inviting foreign capital. This line of policy was extended in the 1990s as the Investment Law for Foreigners was promulgated in 1992, which was fol-

lowed by the adoption of related laws on joint ventures and foreign enterprises. Without systematic linkage between domestic and external economy and meaningful price system in North Korea, however, other than earning some hard currency, such limited approach to the expansion of foreign economic relationship cannot be expected to assume a positive economic role.

Another reform measure was called by Kim Jong Il on August 1984 as he emphasized an increase in the supply of consumer goods by means of "tapping and using by-products, waste materials, and other inner reserves." Moreover, consumer goods produced under the program were allowed to be sold through something like a free-market mechanism. But the program could only be an attempt to squeeze some consumer goods out of an industrial structure that is geared to heavy industry, reflecting a continuing unwillingness to reallocate investment resources from heavy to light industry. It was apparently seen as a means of mobilizing the untapped local resources rather than an attempt to utilizing any market mechanism, since it was designed to keep any deviations from the central planning system within carefully monitored limits.

Since 1985, a new management system for industrial enterprises called an "independent accounting system" has been in effect, North Korean enterprises are now permitted more independent decisions about the mix of production factors and are allowed to retain a part of excess profits for the expansion of production, welfare benefits and bonuses. Nevertheless, the increase in enterprise discretion applies only to production input and not to decisions regarding products, prices, and marketing. In reality, moreover, there still exist the same bureaucracies authorized to assign workers to specific job sites, allocate equipment and materials, and distribute funds to enterprises. This so-called independent system cannot independently account for the economic performance of an enterprise.

Therefore North Korea's planning system, still based on the principles of central planning, has the following main features:

(1) decision-making authority is excessively concentrated on central government and ministries. Therefore, the center not only possess the power for macroeconomic control, but it also determines the mandatory guidance line for microeconomic decisions. (2) The major adjustment mechanism is administrative control rather than indirect control through economic levers and market adjustment mechanisms. In compliance with mandatory planning, a unified allocation system of industrial goods by quantity at fixed price comprises the major part of the material allocation system.

Unlike China, North Korea has never dubbed its efforts to improve economic performance as "economic reform." The systematic economic reform in other socialist countries is seen by the Pyongyang leadership as capitalism rearing its ugly head. They believe that the economic problems North Korea is confronting can be resolved only by effective utilization of the central planning mechanism, that the malfunctioning economy is due to unfavorable international economic environment and incorrect measures adopted by individual economic agents in the process of plan implementation.

Thus, even though sustained growth and improvement in the living standard is the general objective of economic policy in China and North Korea, their approaches are quite different. China well understood by the end of 1970 the limitations of a centrally planned economy from their experience in adapting the Soviet model. North Korean leadership is still stuck on the basic principles of Stalinist central planning.

China's main approach was to put the economy into an orbit of intensive growth by improving the economic efficiency in the allocation of resources. Marketization of the economy to an appropriate extent was considered an interim goal. But the solution seen by Pyongyang is to implement yet another plan to fill the gap left by the previous one. Due to lack of historical pragmatism they simply underestimate the operating cost of their economic system.

Prospects for the North Korean reform path

The benefit from systematic transformation of the resource allocation mechanism in a socialist economy can be estimated by comparing the operating cost of the central planning mechanism with transformation cost, which is determined by the structure of the economy and the behavioral pattern of individual agents. Usually an economic system is characterized by the decision-making structure, the information structure, the incentive structure and the coordination structure.

In China the pre-reform economic system was substantially decentralized, and market-oriented reform could be implemented at relatively low cost. But North Korea has never attempted a genuine transfer of economic power from the central government to the local level. Even in cases that room to participate in the decision-making process did expand formally to some extent to local authorities or to enterprise managers, they still tended to keep looking to the party and central government bureaucracies for guidance and intervention. For political consideration they wanted to live up to the expectations of the central government in order to maintain a good relationship with them.

Without experience of economic decentralization, as the financial status of the central government has deteriorated North Korea has made efforts even to intensify the extent to which the economy is centralized in terms of finance and property rights. Therefore, the decision-making structure, information structure and incentive structure have all been shaped in compliance with the needs of central planning, and the economic structure lacks a horizontal coordination mechanism. In that case, it goes without saying that the individual economic agents are not accustomed to the norm upon which smooth operation of a market mechanism is based. It makes the leadership perceive an institutional shift to market-oriented reform as tremendously expensive.

Furthermore, the political risk for the North Korean leadership, probably putting the legitimacy of the regime in danger, is

another factor that makes the transition cost insurmountable. Ideologically rather than from the viewpoint of economics, for the policy-makers the operating cost of market mechanism would also be too high to be adopted as a cure for their ailing economy. And the magnitude of efficiency gains from market-oriented reform has been estimated to be smaller than losses continuing to operate the Soviet economic model.

For the time beings, therefore, North Korea will attempt to improve its economic performance by innovation in the planning mechanism. In the process they may provide more material incentives and try to decentralize managerial authority for product units, but the extent to which this happens will be clearly limited on an ideological basis. For the purpose, they will devise certain indices or models to improve the efficiency of investment, to minimize production costs and to increase labor productivity. At the same time, as far as the leadership attributes its economic problems to external factors, they will try to resolve shortages and bottlenecks of its economy through ceaseless creation of quantitative targets.

In the long run, however, by trial and error it will be clear that the fundamental problem of North Korean economy is not due to the temporary difficulties in importing crude oil and raw materials but to the inefficiency of the Soviet economic model. In that case, some kind of horizontal coordination mechanism will develop as a result of continuing trial and error towards economic reform, and eventually, the perceived transition cost will be sufficiently lowered. With the expansion of foreign economic relationships, the ideological barrier could be lowered and individual behavioral pattern will also adapt through a learning process. Then, the perceived cost of market-oriented reform will be sufficiently lowered and the resources allocation mechanism in North Korea will shift. The time span occupied by centrally planned resource allocation system will be elastic depending upon the political atmosphere surrounding the Korean peninsula.

Conclusion

North Korea in the beginning of the 90s and China at the end of 70s each have different initial economic conditions by which operating costs and transition costs of an economic system are determined. Even though the common objectives of economic reform in the countries are rapid, sustained economic growth and improvement of the living standards, their reform strategies are rather different.

Given the initial economic conditions in China, its adoption of market-oriented reform can be explained by a relatively low transition cost compared with the operating cost of their centrally planned economy, as perceived by the reform-minded leadership. In contrast, for the moment, the transition cost perceived by the North Korean leadership is tremendous relative to the operating cost of the centrally planned economy in terms of political risk and macroeconomic controllability.

In the intermediate term, therefore, North Korea will attempt to improve its planning mechanism and international economic relationships without a systematic reform of the current resource allocation system. In the long run, however, as the perceived cost of institutional shift decreases and the operating cost of centrally planned resource allocation system increases, North Korea will seek to implement market mechanism into its economy. But not soon.

빈 면

Remembering and Forgetting: A Contextual Approach to Korean Peninsula Developments

Gerrit W. Gong

Two mirrors facing each other will reflect back and forth, seemingly forever. It is an image of identity—individual and collective—forged at each instant while passing through time.

Such an image requires at least three generations. This is because generational or collective memory, as tradition, transfers experience from a first, through a second, to a third person or group.

In the transfer of generational or collective consciousness, the individuals involved may not know each other personally, though the identity and experience imparted in cases of national tradition frequently involve that which is most personal. Consciously or not, the transmission of such personal knowledge, as philosopher Michael Polanyi notes, involves that which one knows through experience without necessarily knowing how it is known or how to articulate its transmittal.¹

For this reason, remembering and forgetting are the great acts of human consciousness, agency, and will. It is in remembering and forgetting that individuals and nations determine identity,

¹ See Michael Polanyi, *Personal Knowledge: Towards a Post-Critical Philosophy*, Chicago: University of Chicago Press, 1974.

collective memory, and national will. It is in the social-psychological frameworks of remembering and forgetting that individuals and nations interpret past, set present priorities, and determine future identities. As such, these social-psychological frameworks of national will, identity, and memory reflect and shape elite perspectives, general public opinion, political decision-making, and thereby national policy.

Whether on the individual or the national policy level, especially when dealing with issues of political drama, historical trauma, or competitive nationalisms, a fundamental human dilemma remains how to determine the equilibrium between past and future—what and when to remember, what and when to forget.

Now is a time when earlier, Cold War-era issues remain to be resolved, even as post-Cold War regional configurations are being established. At this historical juncture when new international structures and new approaches are emerging, it may be useful to make explicit some of the values and assumptions underlying the structure and context of Korean peninsula developments, including their social-psychological aspects. Such analysis seems timely, since the chance for disjunction between the political and perceptual contours of the international system increases at a time of potential structural international adjustment.

From the perspective of Washington, three related challenges attend the shift from familiar Cold War patterns toward new regional and multilateral means of interaction in East Asia.

These include:

- transformation of the Marxist-Leninist countries (including the Russian Federation, Democratic People's Republic of Korea, People's Republic of China, Socialist Republic of Vietnam, and Mongolia);
- readjustment of cooperation and competition among traditional US allies and friends (including the Republic of Korea and Japan) both bilaterally and multilaterally; and,
- redefinition of operational avenues and activities as regionalism and globalism affect economics (e.g., the APEC process) and

security (e.g., the exploration of regional multilateral fora through the ASEAN Post-Ministerial and other processes).

For US policy, issues of remembering and forgetting are important in each of these areas. As the historian reminds, it has been in Asia that the US has fought three wars in the last half century.

The passing of the 50th anniversary of Pearl Harbor without the anti-Japanese overtones (public or private) that many feared symbolized the reality that, while the balance of competition and cooperation between Washington and Tokyo remains fluid, their bilateral relationship remains comprehensive and solid. While not completely devoid of racial or historical overtones, US-Japan relations are not primarily determined by unforgotten grievances or concerns rooted in the past.

Such cannot yet be as easily said for US relations with the East Asian socialist countries which the US confronted after the Second World War. Unlike in Japan, the bipolar system, the existence of competitive systems symbolized by dominant communist parties, and the wars on the Korean peninsula and in Vietnam have slowed the process of political reconciliation between the US and the East Asian socialist countries.

Regarding Beijing, some partisan and ideological elements have reasserted themselves on both sides of the Pacific. Sino-US relations have yet to return fully to the status they enjoyed before the 4 June 1989 Tiananmen tragedy.

Regarding Hanoi, despite the easing of US objections to multilateral lending by international financial institutions, the POW-MIA issue continues to hinder the lifting of the US economic embargo and movement toward normalization of political and diplomatic relations with Vietnam.

And, though not immediately related but lagging behind relations with both the PRC and Vietnam, there is also the US relationship with North Korea.

A constructive approach toward bilateral and multilateral relations in each of these cases requires a careful balancing of past

concerns and future opportunities. This balance must be forged on the level of the individual decision-maker, on the department and governmental level, as well as on the level of general public opinion. With an eye toward making more explicit the underlying experiences, perceptions, and assumptions which form the context for US approaches to Korean peninsula developments, this short article will review two issue areas and their interplay, namely:

- I. the current negotiations regarding the Nuclear Non-Proliferation Treaty (NPT), International Atomic Energy Agency (IAEA) special inspections, and North-South inspections;
- II. some mid- and longer-term issues relating to the structure of Northeast Asia, including relations among South and North Korea, Japan, and the United States.

This discussion begins with a description of the current negotiations.

Current Negotiations

At its core, the impasse that confronts the negotiations regarding North Korea's development of a potential nuclear weapons capability is rooted in the imperative of non-proliferation, itself accentuated by the legacy of Korean War distrust, terrorist incidents, the perceived clash of social systems and ideologies, and the reality that the peoples and especially the decision-makers of South Korea, North Korea, and the United States have had, until the last few years, essentially no direct contact.

The change in South Korea's strategic approach, which then-President Roh Tae-woo announced in his 7 July 1988 special Declaration (and expanded in the 11 September 1989 Korea National Community Unification formula), opened the way for North Korea to expand its international engagement. Nevertheless, both Seoul and Washington have insisted on resolution of the nuclear issue as a prerequisite to improved political and

economic relations with North Korea. With only one real bargaining chip and a realpolitik suspicion of finding itself isolated or with a known hand in self-defense, Pyongyang continues to walk the policy tight-rope. It tries to maintain the leverage and attention it enjoys by virtue of its potential nuclear threat; it also seeks to avoid serious sanctions that might complete its international isolation or further challenge its already beleaguered economy.

Pyongyang's eleventh-hour decision not to withdraw from the Nuclear Non-Proliferation Treaty (NPT) on 12 June 1993 was consistent with North Korea's basic interests and strategy given the current context of Korean peninsula developments. While all can take some comfort that the clock on the NPT issue has been at least temporarily stopped, the overall situation remains essentially unchanged from 12 March when Pyongyang first declared its intent to withdraw from the NPT.

Whether by design or accident, Pyongyang has taken two threats, one explicit and one implicit, and has woven them together into a strategy.

The explicit threat is one of North Korean "explosion," the possibility of setting off a paroxysm of violence, possibly suicidal in its outcome, but with devastating consequences for Seoul. The threat that Pyongyang, if provoked, could unleash a second Korean War is heightened by the nightmare possibility that it could develop even a primitive nuclear device, or the credible threat that it possessed one, and the means to deliver it.

In this regard, the discussion is academic as to whether Pyongyang's interest in a nuclear device is as a system guarantor, "poison-pill" defense against threats of military takeover, or international bargaining chip for prestige, profile, and potential economic and trade concessions. It is academic because Pyongyang has not been forced to choose between the economic survival of its system and the defense of that system through military means, possibly including nuclear ones.

In contrast to the explicit threat of explosion is the implicit one—of possible North Korea “implosion.” The implicit threat, which has increased in credibility after Germany’s difficult unification, is that North Korea, because of declining economic performance, could lose the ability to govern and collapse from within. Indeed, North Korea’s GNP has shrunk for three consecutive years, i.e., -3.7 percent in 1990, -5.2 percent in 1991, -7.6 percent in 1992. Energy shortage, systemic stress, idle productive capacity, and many other leading indicators of economic activity suggest the strong possibility that Pyongyang could collapse from within.

Though the debates continue as to how similar or different North Korea is from Romania, East Germany, or China, a myriad of factors relating to economic difficulty, leadership transition, popular resentment, etc., have the clear potential to trigger such a collapse. The threat of implosion is implicit in the sense that no North Korean official ever raises the collapse or self-destruction of the North Korean system as a means to pressure Seoul.

These “explosion-implosion” possibilities play differently with Washington, Tokyo, and Seoul. The explicit explosion possibility weighs heavily on those in Seoul who remember the Korean War. But it is equally aimed at the some 35,000 US troops deployed in Korea and, in its nuclear content, against the United States, particularly toward a Clinton administration sensitive to global proliferation issues.

The implicit implosion possibility clearly poses a more direct challenge to Seoul than to Washington. This is understandable, given the potential disruption should millions of North Korean refugees begin streaming toward the DMZ; the economic burdens of stabilizing a country whose infrastructure and productive capacities may be as run down as those of the former East Germany or Soviet Union; and the longer-term implications for Korea’s global competitiveness and regional position. For similar reasons and given its own geographical proximity, Tokyo also

has a direct, immediate interest in day-by-day peace and stability on the Korean peninsula.

The South Korean fear of North Korean implosion does not mean the potential nuclear threat is taken lightly. It does suggest the assumption by many South Koreans that North Korea, even a potentially nuclear capable one, will not attack south without unreasonable provocation. The underlying premise expressed in the Korean saying that the "wealthy man is always more cautious" is thus a fundamental social-psychological pillar in both South-North and North-South calculations.

In this view, Pyongyang may threaten brutal and seemingly irrational military or terrorist acts according to an underlying logic. Those on the outside are kept off balance to the extent they believe North Korea might, if unduly pushed, unleash a second Korean War. The possibility of "irrational" North Korean behavior (according to South Korean or US logic) is not to be discounted; but neither is the reality that Pyongyang has skillfully manipulated the perception of threat it presents, thereby increasing its negotiating leverage.²

What North Korea has carefully done is to balance and play the explicit and implicit threats in its attempt to manipulate its external environment in the way most favorable to itself: a small, in some ways weak, isolated country of twenty million which has been at the vortex of Great Power rivalry and which even today continues as part of a Korea separated or divided as a "shrimp among whales."

2 The interplay involved in these issues is illustrated by the indirect exchange during President Clinton's Seoul visit in July 1993. In his address to the Korean National Assembly on July 10, 1993, President Clinton indicated that, should North Korea use nuclear weapons, "we would quickly and overwhelmingly retaliate. It would mean the end of their country as they know it." Two days later, a North Korean Central News Agency broadcast was monitored to state, "The United States must ponder over the fatal consequences that might arise from its rash act. If anyone dares to provoke us, we will immediately show him in practice what our bold decision is."

The combination of this explosion-implosion strategy of explicit and implicit threats can be seen in Pyongyang's four immediate objectives, as evidenced in its recent negotiating approach.

Two senior-level US-North Korean negotiations have now taken place in New York. On 22 January 1992 Under Secretary of State Arnold Kanter met with Secretary for Foreign Affairs of the Korean Workers Party Kim Young-sun at the US United Nations mission in New York. This year, beginning on June 2, with sessions on 4 June, 10 June, and with a joint statement issued on 11 June 1993, Assistant Secretary of State for Political-Military Affairs Robert Gallucci and North Korean First Vice Foreign Minister Kang Sok-ju met in New York. Talks between the US and North Korea at the Gallucci-Kang level also took place the week of 14 July 1993 in Geneva.

Pyongyang's first objective is with the United States.

With limited direct official contact and thereby limited direct information regarding the specific intents and interests of the US government, Pyongyang wanted a clear statement at an authoritative level regarding Clinton administration policy, not only with respect to the nuclear issue but towards North Korea generally. Pyongyang's negotiating interest included assessing differences, major or subtle, in priority or emphasis, in conditions or linkages, etc., between the Bush and Clinton administrations. Further, Pyongyang sought not only to establish direct, high-level talks but to do so in a manner that established a dialogue channel with the Clinton administration which, while initially restricted in topic area, would allow interactive assessments of mutual interest and intent.

Some ask whether US positions were not already clear from the New York talks held during the Bush administration, authoritative discussions in which the United States, to be sure that no misunderstanding occurred, reportedly gave its main talking

points for reference to the North Koreans. Similarly, others ask whether US positions were not clear from press statements.

Yet, media statements are not always authoritative, as illustrated by a reported conversation between then-Vice President George Bush, in a private meeting with Mikhail Gorbachev: "Bush said, 'There's a good chance that I'm going to win the presidential election next year. Dole looks pretty dangerous right now, but I think I'll get the Republican nomination. If I'm elected—and I think I will be—you should understand that I want to improve our relations.' ... Therefore, during the 1988 campaign, he [Bush] would have to do and say many things to get elected. Mr. Gorbachev should ignore them."³

Recognizing that the media and public persona do not always indicate private thoughts or approach, it is understandable that Pyongyang would want direct dialogue at an authoritative level with Washington to assess US policy. This need is no doubt reinforced by Pyongyang's manipulation for propaganda purposes of its own media, thereby suggesting a complex mirror imaging of what it suspects Washington of doing. Nor can nuance and intent be measured easily through exchanges in the media; and nuance and intent are crucial factors as decisions are made about issues inextricably tied with the destiny of Korea.

The symbolic factor of such direct contact cannot be overlooked; indeed, it was appropriate that the June 1993 New York meeting occur at the Assistant Secretary of State level, where the US official responsible for Political-Military Affairs was able to emphasize the focus on the nuclear issue. Nevertheless, the substantive interest Seoul and Washington have in clear, authoritative communication with Pyongyang should continue to temper the zero-sum concern that a perceived political gain in access for Pyongyang is a concession on the part of Washington and Seoul.

3 Michael R. Beschloss and Strobe Talbott, *At the Highest Levels: The Inside Story of the End of the Cold War*, Boston: Little, Brown and Company, 1993, pp. 3–4.

From a contextual point of view, the question must be raised as to what extent multiple negotiation channels on related but distinct issues broaden or narrow Pyongyang's negotiating options. Specifically, does Pyongyang gain latitude for maneuver by being able to play the IAEA and North-South inspection regimes against each other? Did it take the process one step further by introducing the NPT element so there are now three issues at play? By making more subtle and variegated the approaches, issues, and options regarding various dimensions of the nuclear issue, Pyongyang may find itself with an enhanced ability to broaden political dialogue while lessening the chance of being confronted with a single-channel ultimatum. To the extent that confrontational ultimatums may be subject to miscalculation, multiple channels of discussion on the nuclear issue may lessen the risk of direct confrontation. In this sense, they are premised on the assumption that clandestine work on a possible North Korean nuclear device is less an immediate threat than that of overt explosion or implosion.

Pyongyang's second objective is with Seoul.

In an indirect sense, the June 1993 New York and July 1993 Geneva discussions also provided Pyongyang an important window to assess the policy approach of the new Kim Young-sam administration, particularly before North-South dialogue was reopened at Panmunjom. Self-consciously heading a civilian government, President Kim Young-sam could either be constrained or have greater latitude in dealing with the North.

President Kim has moved to assert control over the military though conservative elements, including in the military, may constrain his overall political flexibility regarding North Korea. He could be further constrained if he were perceived to be overreaching the bounds of caution, just as his predecessor Roh Tae-Woo was criticized by some, criticism President Roh was able to deflect in part because of his known military experience.

And yet, given above 90 percent popularity, his focus on clean government, and his efforts to shuffle the military in a way designed to inspire and enforce loyalty, President Kim Young-sam may also be willing to explore different options and approaches towards North Korea than might otherwise be expected. It is understandable that Pyongyang would focus on South Korean positions at a time of potential change.

In any case, Pyongyang's interest is to prolong the discussions with both Washington and Seoul in an effort to gain the maximum beneficial conditions from the process of discussion.⁴ Regarding potential "implosion," Pyongyang will contribute to the debate in Seoul over possible economic approaches to the North, including the proper mix of indirect and direct trade, investment, humanitarian assistance, etc.

Pyongyang's third current diplomatic objective is to test similarities and differences between Washington and Seoul (and Tokyo) in the formation and determination of their negotiating positions.

Given its propensity towards united front politics, Pyongyang naturally looks to exploit areas of divergence within the Seoul-Washington-Tokyo relationship.

Ironically, by forcing the Kim Young-sam and Clinton administrations to focus early in their terms on the North Korean nuclear threat, Pyongyang in fact may have forged a tighter working relationship between them than might have been expected at this time. By presenting a common nuclear challenge on which Presidents Clinton and Kim had to focus, Pyongyang may have miscalculated and created networks and dialogue for coordination and cooperation among Seoul, Washington, and

4 The July 1993 U.S.-North Korea talks in Geneva further underscore the North's willingness to continue dialogue on "outstanding issues" with the IAEA and on the bilateral accord with Seoul in order to maintain political-level dialogue with the U.S. As the paper argues, such a process need not be seen in zero-sum terms politically—so long as there are credible thresholds to an otherwise infinite prolongation of the discussion process.

Tokyo, and strengthened them in a way that might not otherwise have been the case at this point for two new administrations.

Pyongyang's fourth immediate objective at New York and Geneva was to try to control the negotiating process, including its timing and scope.

In a sense, Pyongyang could take some satisfaction in its ability to command attention simply by threatening to leave the NPT. It tapped into a new area of negotiating leverage by creating an issue where none had existed before.

For this reason, to underscore the issue of urgency on the nuclear issue on the eve of President Clinton's post-G-7 summit visit to Seoul, President Kim Young-sam stressed that the U.S. should "not continue to be led on by North Korea."⁵ This reflects the longstanding concern in Seoul that Pyongyang not drive a wedge between Washington and Seoul. It also reflects the continuing challenge for Seoul and Washington to remain confident in themselves and in each other when dealing with Pyongyang. In this way, the personal trust and commitment Presidents Clinton and Kim established during their July 1993 Seoul meeting will have direct implications for the future negotiating patterns between Seoul and Washington, as well as among Pyongyang, Seoul, and Washington.

There are two other structural elements in the current negotiation with North Korea. First is Pyongyang's likely understanding that US and South Korea military options are constrained by both technical and political factors. They are constrained by technical factors: important targets may be underground, in difficult-to-locate tunnels or other hardened sites, with no way of guaranteeing that fissionable materials have not been imported and hence beyond the calculation of what has been indigenously produced.

5 David E. Sanger, "Seoul's Leader Says North Is Manipulating U.S. on Nuclear Issue," *New York Times*, 2 July 1993.

There may also be political constraints to truly coercive sanctions. Seoul, Tokyo, and Beijing are all sensitive, as the Korean saying warns, that "a trapped rat will fight the cat," or, as the Chinese expression puts it, a "cornered dog will jump the fence." No one wants a suicidal North Korean offensive against South Korea.

The other structural factor is that Pyongyang may have only limited immediate interest in large infusions of economic assistance.

The outside world's offer of the "carrot" of potential economic assistance and the "stick" of economic or military sanctions may appear to be reverse sides of the same threat. Isolated with a rigid command economy, North Korea's economic infrastructure, like Russia and in some ways like China before reform, has been buffeted by its inability to adapt easily to the competitive factors of the information age. This has led to some limited economic policy options for North Korea, including foreign investment law, the development of some special economic zones, including in the Tumen River area with UNDP funding, and some interest in joint ventures. Nevertheless, poor infrastructure and chronic shortages lead to the dilemma that North Korea must incorporate foreign capital and technology without inducing unbearable outside shock.

Some experienced South Korean observers argue that the post-Kim Il-Sung transition will center on a de-mystification, de-ideologicalization of the Great Leader and the Beloved Leader as anti-Kim Il-sung and anti-Kim Jong-il movements give rise to a new military-technocratic government. Just as China underwent a process of de-Maoification to preserve party legitimacy by criticizing past excesses, so North Korea by this argument will try to maintain legitimacy and governability by turning toward a more open economy while maintaining dominant party control.

North Korea's may turn out to be a more brittle economic and political system than China's. It may thereby be less immediately

amenable to Chinese-style reform. However, Pyongyang may still be able to undertake a North Korean-style economic reform that moves more quickly than the current mix of possible special zones, investment laws, and North-South trade. In these scenarios, by focusing on elements of continuity despite some possible change in emphasis, it may even be possible for Kim Jong-il to be kept in place as a kind of figurehead or as a system legitimizer.

Mid- and Longer-Term Issues

In terms of remembering and forgetting, it is difficult to discuss the context of Korean peninsula developments without considering the interplay among domestic trends in North and South Korea; inter-Korean relations; and the structure of Northeast Asian relations (particularly the Koreas and the great powers) as influenced by overarching regional and global trends. Each of these three areas involves core personal and national issues of identity, equity and justice, reconciliation, as well as the establishment of an equilibrium between past and future. Each also involves elements of international politics and economics, national modernization, and the definition and distribution of political power.

In terms of remembering and forgetting, this section will thus briefly consider the following: (1) transition to the Kim Young-sam presidency, (2) Seoul-Tokyo relations, and (3) the future of inter-Korean relations. Each remains an important political influence on the individual and collective Korean identity.

Transition to the Kim Young-sam presidency

The inauguration on 25 February 1993 of South Korea's first fully civilian president, Kim Young-sam, opened a new chapter in the Republic of Korea's continuing story of establishing a democratic polity and an open, market-oriented economy.

An experienced politician sensitive to popular concerns, President Kim Young-sam moved early to have his administra-

tion reflect open, clean, and responsive government. He opened the grounds around the Blue House for public access; he asserted the need for clean government, starting with its cabinet ministers; on the 18 May 1993 anniversary memorial, he designated official representation (e.g., attendance by the Mayor of Kwangju) and personally sent a wreath to honor those who lost their lives.

At the same time, seeking to establish a forward-looking equilibrium between past and future, President Kim Young-sam called on the country to "never forget but to forgive." The rejoinder, "tell us who to forgive," underscores the political and emotional volatility of the issue. Enjoying high personal popularity and public approval, the President nevertheless sought in the early months of his administration to maintain the necessary balance between uncovering and prosecuting issues of the past and moving forward particularly on the economic part of his agenda.

Of course, even time and expressions of national sympathy are not always enough to assuage the sense of personal grief and loss experienced in personal tragedy. Reconciliation on the personal level is also required, with the difficult individual decisions of what to hold onto and what to let go. In addition to loss and tragedy on the individual level, sensitivities rooted in the Korean sense of history and justice and in the realities of regional politics and competition within Korea complicate the search for complete and final reconciliation and harmonization among all sectors of Korea's government and the full cross-section of Korea's people.

This is not to judge the justice or injustice, equity or inequity, of any position or approach regarding the events surrounding the 18 May anniversary. However, it is worth reminding those viewing South Korea from the outside of the dominating role, still rooted in recent experience and memory, that local, domestic politics play in the transition of republics and administrations, and thereby in shaping Seoul's approaches to issues beyond itself.

Relations with Japan

Seoul's relations with all its neighbors are deeply-rooted in history, in the shared flows of culture and common experience brought by geographic propinquity. Of these relations with neighbors, none is more expressive of the complex issues related to remembering and forgetting than those with Japan.

The ROK's magnificent Hall of Independence is a vivid reminder of the many factors shaping the structure of Korean-Japanese relations. On the historical level, the colonial past—and those who testify from living memory of its excesses, including those forced to serve as "comfort women"—is sufficiently close as to make unanswerable the questions of whether there has been continuity or discontinuity in Korean-Japanese relations since 1910.⁶ There are also the *ex post facto* arguments of how much Japan's colonial domination is now responsible for any differences in economic progress or standards between Korea and Japan.⁷ On the personal level, the very closeness of language and appearance between Koreans and Japanese, which can give a sense of commonality, can easily be mistaken for brusqueness or imperiousness if subtle linguistic and cultural cues are missed or not mastered.

How to not overlook the past without making it the framework for the future requires the difficult balance between the need to recognize—and as appropriate, compensate—personal trauma and individual suffering and the often natural tendency to make historical compensation issues into a grievance that becomes part of the political agenda.

Certainly there are no more sensitive questions than linkage between colonial suffering and past or future reparations. And yet, especially on the personal level, ways must be found to end

6 See, for example, Mikiyo Kano, "The Problem with the Comfort Women Problem," *AMPO Japan-Asia Quarterly Review*, Vol. 24, No. 2, 1993, pp. 40–43.

7 See, for example, Kilsung Choe, "The Dilemma of Japanese Studies in Korea," *The Japan Foundation Newsletter*, Vol. 20, No. 4, pp. 9–11.

the cycle of feeling victim or of being victimized. It is too cynical, as some suggest, to say that historical issues are raised simply as a matter of political manipulation and expediency, a means of generating political leverage to extract greater concessions. At the same time, it has sometimes appeared that Japan's neighbors have sought to employ elements of a strategy of containment by guilt. This strategy of containment by guilt includes suggesting to Tokyo a moral obligation to consider compensation as a means to rectify the unfortunate historical past by moving toward a more level economic, political, and security playing field today.

Competitive Nationalisms. In this regard, competitive nationalisms among Korea and its neighbors, particularly Japan, may become an issue as the balance of common interests shifts toward a common Korean position, instead of the current equilibrium where neither North nor South Korea sees unification on terms currently available in its immediate interest. These issues must be explored in the framework of responsible, anticipatory analysis, but without judgment or criticism.

It overstates the case (though some Koreans and some Japanese so suggest) that competitive nationalism is a deliberate South Korean policy to facilitate Korean unity at a time of domestic political transition and regional realignment. In such a view, the Korean successor generation is a special potential audience for a unifying commitment to sacrifice in a greater national effort. Some senior Japanese officials see Korean nationalism as a convenient possibility for the military bureaucracies of North and South Korea to develop important common ground and a role in an eventually united Korea.

Korean-Japanese economic relations do remain contentious. Korea's trade deficit with Japan ballooned from \$3.8 billion in 1989 to \$6 billion in 1990, to \$8.7 billion in 1991. In 1992, it was \$7.86 billion.⁸ Korea's industrial upgrading through machinery imports has contributed to the widening trade deficit, an issue

8 See Bank of Korea "Monthly Statistics Bulletin," May 1993.

made more difficult by Korea's perception of Tokyo's unwillingness to transfer state-of-the-art technology. (Tokyo's perceived reluctance to give current technology to a potential competitor only fuels the Korean perception of being a Japanese export platform, a situation Japanese observers say the Koreans have invited.)

At the same time, Japanese direct investment in Korea, influenced by opening opportunities in Mexico, Southeast Asia, and elsewhere and by won appreciation, higher Korean wages, and labor tensions, has dropped. From a high of \$696.2 million in 1988, Tokyo's direct investment has fallen to \$226.0 million in 1991.⁹ While US firms have also considered pursuing other investment possibilities, bringing some disinvestment, the US is now Korea's largest investor.

Some Koreans have worried that, with the end of the Cold War, Northeast Asia may be returning to a period of unbridled power politics, not unlike the period around 1905 when Korea was pulled into the colonial vortex and lost its independence. In this view, Tokyo is perceived by some to be deliberately underplaying issues of the past in order to reassert a dominating influence in East Asia.¹⁰

Not unexpectedly, competitive nationalism becomes more volatile as emotional and historical, political and economic issues intertwine. And, needless to say, with variations in the different dimensions of the trilateral US-Korea-Japan relation, trade balances, technology transfers, investment flows, perceived

9 See "Korea Economic Update," Washington, DC: Korea Economic Institute of America, Vol. 3, No. 2, Summer 1992, p.3.

10 In terms of competitive nationalisms, it is thus striking that so much was made not only of the magnificent achievement of a Korean marathoner winning the marathon gold medal, but also that, in the steep uphill climb toward the finish line, the silver medal finalist was Japanese. It is similarly striking that such pride was taken in the fact that then-President-elect Bill Clinton spoke from Little Rock with President Roh Tae-woo for 15 minutes, but that the President-elect's conversation with Prime Minister Kiichi Miyazawa lasted only five minutes.

treatment of foreign nationals, etc., affect not only Japan-ROK relations, but US-Japan and US-ROK relations as well.

Comparisons are natural and to be expected with Korean and Japanese neighbors whose identities are so much forged in competition and cooperation. Nevertheless, the relationship must be—will be—worked through by the immediate parties involved.

Inter-Korean relations

To an outside observer of South Korean mood and perception, it is difficult to overestimate the cautionary impact the recognized difficulties of German unification continue to have on Korean interest in unification. With less economic absorptive capacity and with less firmly entrenched democratic institutions than the former West Germany, Seoul has seemingly overlearned the lessons of German unification.

Korea is not Germany—politically, historically, or culturally. Still, a central lesson of German unification is that an anticipatory effort to channel Korean peninsula developments, someday including Korean unification, in the most constructive and positive channels must look beyond the immediate economic and political factors and deal much more with the social and psychological.

Neither monetary nor political union is synonymous with social harmonization, even less so with moral or psychological reconciliation. For this reason, social-psychological factors integral to remembering and forgetting must be highlighted in a discussion of inter-Korean relations within the current context of Korean peninsula developments. Two areas are worth recalling here: the legacy of continuing hostility and the issue of different patterns of attitudes and habits.

First is the legacy of continuing hostility and civil war.

In the United States, more than a hundred years after its 1860–1865 civil war, there are still (a few) reported cases of individuals in the American South unable to forgive the “Yankees.” And Americans are not known for holding historical

grudges. In contrast, it is clear that memories of the Korean War are still felt on a very direct and personal basis by many South Koreans. This is especially true of elites who lost family members to the North Korean secret police in the early days of the war. It is also true for many others generally who suffered the deprivation of a devastating civil war which ranged across the entire peninsula.

The legacy of hostility extends to the Rangoon bombing, where current Korean officials lost close colleagues, and to the destruction of KAL flight #858, which increased the sense of vulnerability of everyone flying on Korea's national flag-carrier.

Private, personal discussions with South Korea about how to deal with Kim Il-sung or Kim Jong-il, should the opportunity arise, also underscore the deep, potentially divisive differences in South Korean opinion about equity, justice, and establishing an equilibrium between past and future. Student groups on South Korean university campuses, as well as Korean foreign policy elites and others, are all sharply divided in their responses to the question, "If you had the opportunity to judge Mr. Kim Il-sung, would you forgive the past as past in order to move into the future of a united Korea, or would you require some specific justice for past actions?"

The analogy to Germany's handling of Erich Honecker's recent trial is illustrative. In both the former East Germany and West Germany, few decisions in modern German history have engendered such disapproval and disagreement as that to allow Mr. Honecker to spend his final days in Chile. Allowing the "big fish" to go free also reduces the grounds for legally prosecuting the "little fish," e.g., the German border guards down the chain-of-command, for the deaths of German citizens whose only crime was to seek freedom. Efforts to construct universal norms of conscience as a legal basis for prosecution are understandable and to be encouraged, but they must maintain a balance of equity for all those living in a totalitarian system.

The emotional and legal conclusions to which South Koreans come regarding how to deal with Kim Il-sung, Kim Jong-il, and other North Korean elites (should such circumstances present themselves) in terms either of immediate treatment or in subsequent historical terms are in fact an important element in the current context of Korean peninsula developments. Experience with past national leaders facing systemic transition, e.g., Ferdinand Marcos, highlights the natural tendency for those leaders to consider their situation in highly personal terms. To the extent that unification can take place within the lifetime of Kim Il-sung, how he and those around him will be treated remains a key part of any North-South negotiating framework. Not to deal with the question of how Kim Il-sung will be remembered or forgotten is to diminish the immediate incentives of North Korea's leadership toward peaceful reconciliation.

It has been suggested that "to forgive is not Korean" and that "victors in Korea always make losers pay for their failure." Whatever the cultural tradition, national unity will eventually require internal reconciliation—reconciliation with the past; reconciliation between victims and aggressors; reconciliation of the nation with itself.

Second are the issues of different patterns of attitudes and habits between North and South.

Again, the German case is instructive. All in Germany credit Helmut Kohl for recognizing, and seizing, the historical moment when German unification became possible. Most understand the decision as a political one. In a sense, in Korea as in Germany, the more carefully one looks at economic cost-benefit analyses of Korean unification the more (and larger) the costs appear.

And these are increasingly being understood in non-economic terms. For example:

- only 22 percent of western Germans and 11 percent of easterners say they feel a common German identity, a sharp drop from previous surveys;

- for the first time since unification, a majority of easterners now say they consider themselves "former citizens of East Germany" rather than part of a united Germany;
- two in five western Germans have yet to meet an easterner; 55 percent of those in western Germany aged 14-27 years have yet to travel east, while 94 percent of eastern youths have traveled west;
- since 1989, the birth rate in eastern Germany has dropped by half; the number of marriages in eastern Germany is down 38 percent;
- 7 of 10 eastern German women are now jobless, in a society where women used to account for 50 percent of the work force; only 35,000 of the estimated 155,000 eastern German youths who will seek apprenticeships in the fall will be successful.¹¹

In this sense, each new study of the social-psychological adjustments in Germany underscores the potential challenges not of *ossis* (easterners) and *wessis* (westerners) but of the *nords* (northerners) and the *süds* (southerners) in a united Korea. To reconcile daily habits, work ethics, and other core values in the systemic dislocation that may confront the Korean people if they are allowed to vote freely with their feet will not be easy.

Nor is it easily prepared for in advance. This will be especially true if North Koreans are prevented, by mechanical or artificial regulations, requirements, or means, from being full participants in Korean peninsula developments. As in Germany, Korean unification will likely be a political decision based on human realities, not economic cost benefit analyses or plans, as optimistic or sobering as those analyses or plans may be.

11 "East and West Grow Apart as They Come Together," *The Washington Post*, 27 June 1993.

Conclusion

The dilemmas of political and economic justice, of knowing when to let go of the past, of deciding how to overcome deep-rooted differences in building a common future, and of passing through the purging process of remembering and forgetting each affect the ROK's domestic transition; its relations with neighbors, especially Japan; and the myriad potentially contentious and divisive issues surrounding inter-Korean reconciliation.

In this process, wisdom will be required to know when to let words and when to let silence speak; to determine what not to forget and when to allow forgiveness to encompass forgetting; and to decide when and what to remember. Each day is thus a new opportunity to write the future of Korea, a challenge that speaks to the core issues of individual and national identity, of collective memory, and the wellsprings of national will. These are the decisions, conscious and not, which determine what children are taught and what older generations remember and transfer as national tradition. Like Korean unification and evolving alignments in Northeast Asia, this is a dynamic process, not a predetermined final state.

Tremendous circumspection has arisen in South Korea towards the possibility of a premature or sudden precipitous collapse in North Korea. This has established a delicate equilibrium of interests across the Demilitarized Zone where North Korea does not want to be absorbed and South Korea does not feel that it can early afford politically, economically, or psychologically to have North Korea unified with it.

In terms of the structural context of Korean peninsula developments, this means the nuclear question, the destiny of North Korea, the future development possibilities of South Korea, and Korean unification are all inextricably tied. One must deal with implicit and explicit threats and implicit and explicit opportunities to resolve the North Korean impasse. This argues, as current policy has been more willing than in the past to explore, for

detailed discussions of appropriate direct and indirect linkages of all factors (economic, military, nuclear, humanitarian) that can contribute constructively to a peaceful Korean peninsula future.

Such an approach may not require the completion of whole cycles of agreement and compliance (e.g., complete North Korean compliance with IAEA special inspections, North-South inspections, and NPT membership) before calibrated and linked movements can take place on other fronts. In this integrated structure of "carrots and sticks," each with appropriate and reciprocated actions and guarantees, a tight timeframe can be maintained through coordination of bilateral and multilateral actions. Such coordination preserves both the flexibility to pursue common, positive developments and to enact quiet (likely unannounced) but meaningful sanctions, e.g., limitation of North Korean oil imports and external arms sales.

The human dynamics associated with remembering and forgetting are appreciated by those involved and yet, unless these assumptions are made explicit, unless these values can be articulated and discussed, they influence the direction of policy without ever being made explicit factors in that policy calculus.

Particularly at this time when post-Cold War regional configurations are being established, when new international structures and new approaches are emerging, it is essential that the political and perceptual contours of the international system not diverge. To keep them together means reconsideration of the core issues of remembering and forgetting, the great acts of human consciousness, agency, and will, which determine individual identity and national policy. Each generation (political or actuarial) must earn anew its own memories and its own traditions—not for their own sake—but as ways of perceiving and acting liberated in their taking of history and future carefully into account.

Current Issues in Inter-Korean Arms Control and Disarmament Talks

Tae-Hwan Kwak

Changes in the international political-security system in the post-Cold War era have substantially contributed to the institutionalization of peaceful coexistence between the South and the North. The rapidly changing political-security environment in Northeast Asia and North and South Korea's UN entry in September 1991 will eventually lead to the normalization of relations between North Korea and the US and North Korea and Japan, thus creating essential conditions for peace and peaceful reunification of Korea in the 1990s.

Positive developments in inter-Korean relations in the last few years are extremely encouraging. North and South Korea signed the historic accord on North-South reconciliation, nonaggression, cooperation and exchange, and the joint declaration for a non-nuclear Korean peninsula in December 1991, and effectuated them in February 1992. Nevertheless, there are still basic issues, particularly arms control and disarmament issues, yet to be resolved.

It is essential for the two to implement the provisions of the two historic agreements in good faith. This paper attempts to (1) to reexamine the major efforts for arms control and disarmament by the North and the South; (2) to discuss problems pertaining to the implementation of arms control provisions

contained in the North-South Agreement on Reconciliation, Nonaggression, Cooperation and Exchange; and (3) to discuss the suspicion of North Korean nuclear weapons development and problems of implementing the joint declaration for a non-nuclear Korean peninsula.

Recent North and South Korea's Arms Control and Disarmament Proposals

The basic objective of arms control and disarmament between the South and the North is to establish a durable peace regime on the Korean peninsula, thus creating essential conditions for Korean reunification. The goals of arms control and disarmament are to eliminate a threat perception on the part of both sides, prevent accidental military clashes, and promote military cooperation between South and North Korea by limiting and reducing arms, and by realizing a denuclearization of the peninsula.

Let us take a brief look at both proposals for arms control and disarmament. In his address at the 43rd Session of the UN General Assembly on 18 October 1988, former President Roh Tae Woo proposed that South and North Korea "agree to a declaration of non-aggression or non-use of force in order to better construct a framework for mutual trust and security." He also stated that "the Republic of Korea will never use force first against the North." He proposed an agenda for discussion at a summit meeting by suggesting that "we discuss sincerely and resolve all the problems raised by either or both sides with regard to disarmament, arms control and other military matters."¹

In response to his proposal, DPRK President Kim Il Sung also made a proposal for a summit meeting in Pyongyang to discuss several issues, including US troop withdrawal, North Korea's confederation plan, and a joint declaration of non-aggression

1 *Korea and World Affairs*, Vol. XII, No. 4 (Winter 1988), p. 842.

between the South and the North. The DPRK has made a number of significant proposals among which the most significant was its 7 November 1988, proposal of a "comprehensive peace plan" for the reunification of the Korean peninsula in which it presented four steps to guarantee peace: (1) phased withdrawal of US armed forces from South Korea; (2) phased reduction of North and South Korean armed forces; (3) verification and inspection of (1) and (2); and (4) tripartite talks involving North Korea, South Korea and the United States. They also made a proposal for easing present the political and military confrontation between North and South Korea.²

In response to announcements by the US and South Korean governments of the US troop withdrawal plan for the 1990s in the changing international strategic environment, on 31 May 1990 North Korea made a new proposal for arms control and disarmament for peace on the peninsula.³ It contained new features for a peace process in which North Korea had substantially accepted previous South Korean proposals for military confidence-building measures. This new proposal included the following measures: (1) North-South Korean military confidence-building measures; (2) reduction of North and South Korean arms forces; (3) withdrawal of foreign forces; and (4) peace guarantee after disarmament. It is evident in this regard that North Korea had substantially changed its previous positions. It should be noted that both sides agreed to military confidence-building measures prior to reduction of arms forces or the withdrawal of US forces from Korea.

Both sides wanted a summit meeting, but the North set pre-conditions, wanting to hold prior high-level political-military talks. The South agreed to hold inter-Korean prime ministers' talks dealing with political-military issues, and in the fall and

2 Ibid., pp. 870-76.

3 *Rodong Shinmun*, 2 June 1990.

winter of 1990, three rounds of talks were held. There was a little progress, but no conclusion for a basic relations agreement, and no declaration of non-aggression, primarily due to conflicting approaches to a peace and unification process. In February 1991 the North unilaterally suspended the scheduled fourth round of inter-Korean prime ministers' talks over the annual joint ROK-US military exercise, Team Spirit.

The North declared the talks could not continue if Team Spirit were under way. According to South Korean authorities, Team Spirit is essential to South Korean military defensive training, and therefore could not be suspended. The 1989 joint military exercises were held for only ten days—a short period compared to the usual two months—probably to improve inter-Korean relations. Team Spirit '90 was also scaled down and short in duration. In February 1990 the North unilaterally suspended ongoing inter-Korean talks again, because of Team Spirit '90. The same pattern was repeated in the spring of 1991; North Korea suspended the scheduled inter-Korean prime ministers' meeting in February 1991 in Pyongyang.

Team Spirit '92 was temporarily canceled at the request of the DPRK government in order to continue the scheduled sixth round of inter-Korean prime ministers' talks in February 1992. In view of changing international security environments surrounding the peninsula, the ROK responded favorably to Pyongyang's arms reduction and disarmament proposals. In the spring of 1993, Team Spirit '93 was resumed, because South and North Korea failed to produce an agreement on the bilateral nuclear inspection regime.

Pyongyang has demanded time and again in its news media the withdrawal of US troops stationed in South Korea. The demand has never changed. In North Korea's view, the presence of American troops is the basic obstacle to inter-Korean dialogue and Korean reunification. However, Seoul has just as strongly insisted that they stay because their presence helps achieve a

military balance between South and North Korea and provides a credible and stable deterrence.

Let us turn to the arms control negotiations at the inter-Korean high-level talks in 1990. The Prime Ministers' talks in the fall of 1990 marked a historic milestone in the peace and unification process. The first round was held in Seoul on 4-7 September 1990, the second in Pyongyang on 16-19 October 1990, and the third in Seoul on 12-13 December 1990.⁴

At their first meeting in Seoul, each side presented its respective negotiation position on the conference agenda, "on defusing the political and military confrontation and realizing multifaceted cooperation and interchange between the North and the South."

DPRK Premier Yon Hyong-muk demanded that three issues be immediately resolved in order that the high-level inter-Korean talks proceed smoothly and productively: (1) the issue of UN admission as a single Korea, not as two separate memberships; (2) suspension of Team Spirit at least for two or three years; and (3) the release of dissident figures, Reverend Moon Ik-hwan, Lim Su-kyong, and Fr. Moon Kyu-hyun, who had been imprisoned for making unauthorized trips to Pyongyang in 1989. The ROK responded by stating that the demand was an act of interference in the internal affairs of South Korea.

Premier Yon presented a six-point proposal for easing the political confrontation, and a nine-point proposal for easing military confrontation in the broad context of four measures: (1) confidence-building between the North and the South; (2) North-South arms reduction; (3) withdrawal of foreign troops; and (4) disarmament and ensuring a "guarantee of peace."

4 For details of South and North Korean Prime Ministers' meetings and their proposals, see *Korea Newsreview*, 8 September and 20 October 1990; *Rodong Shinmun*, 8-9 September and 18-19 October 1990; *Pyongyang Times*, 8 September and 20 October 1990; *Korea and World Affairs*, Vol. XIV, No. 3 (Fall 1990), pp. 568-77; *Korea Newsreview*, 15 December 1990.

He maintained that a nonaggression declaration should be signed on the basis of these measures to remove the political and military confrontation in order to establish a durable peace in Korea. "If the political and military confrontation is removed," he said, "the North and the South will be able to realize wide-ranging cooperation and exchanges in all social spheres, including the economy and culture, on the basis of mutual confidence."

ROK Prime Minister Kang Young-hoon at the first meeting in Seoul made four proposals: (1) conclusion of a basic agreement on the improvement of inter-Korean relations; (2) measures for multifaceted exchanges and cooperation; (3) measures for building political and military trust between the South and the North; and (4) measures for implementing South-North arms reductions.

The South Korean approach to the inter-Korean peace process is different from that of the North. Seoul preferred the conclusion of a South-North Korean basic agreement and measures for promoting multifaceted inter-Korean exchanges and cooperation to the Northern proposals for removing political and military confrontation. Neither side could compromise.

At the second round of talks in Pyongyang on 16–19 October 1990 both sides again insisted on their own proposals. The South proposed a joint declaration on inter-Korean reconciliation and cooperation, while the North wanted a joint nonaggression declaration. Prime Minister Kang proposed an eight-point draft calling for mutual recognition, noninterference in internal affairs, and the renunciation of the use of force against each other, among others.

Premier Yon presented a seven-point proposal, including an end of the arms race, gradual reduction of armed forces and the establishment of a hot-line between high military authorities. He said his draft for a nonaggression declaration incorporated some elements proposed by the South.

They failed to produce a joint declaration at the second meeting due to an unwillingness to compromise on their differences,

but they did make some progress in substantial matters and their proposals had many ideas in common. These included the ideas and spirit of the July 4, 1972, joint statement, the end of the arms race, a hot line between military authorities, and other military cooperation regarding the US troop withdrawal issue.

The third round of Prime Ministers' talks was held as scheduled in Seoul on 12–13 December 1990. Prime Minister Kang Young-hoon put forward a ten-article draft basic agreement for improving inter-Korean relations,⁵ saying that it incorporated various demands North Korea had made during the past two rounds of talks. Kang again urged North Korea first to sign a basic accord for improving inter-Korean relations, and then he wanted both sides to discuss a nonaggression agreement *after* adopting the South-North basic agreement.

Kang made an eight-point draft nonaggression proposal to be discussed at a joint subcommittee on South-North political and military affairs, containing the following eight points:

1. Renunciation of the use of military force against each other, and non-aggression against each other.
2. Peaceful resolution of differences and disputes through dialogue and negotiation between the authorities of both sides.
3. Territories subject to nonaggression—those controlled by each side under the military Armistice Agreement of 27 July 1953.
4. Abandonment of policies to overthrow the other side.
5. Measures to end military confrontation and the arms race and to guarantee nonaggression.
 - (a) Exchange of military information, mutual visits and exchanges of military personnel.
 - (b) Notification in advance of all maneuvers or movements by military units and reciprocal invitation of observation teams.
 - (c) Installation and operation of a telephone hotline between the military authorities of each side.

5 For further details of South and North Korea's proposals, see the *Korea Herald*, 13 December 1990.

- (d) Correction of the military imbalance between the South and the North.
 - (e) Observance of the Military Armistice Agreement: the Demilitarized Zone turned into an effective buffer zone to be utilized for peaceful purposes.
 - (f) Exchange and operation of field verification teams and resident monitoring teams.
6. Establishment and operation of a South-North joint military committee.
 7. Measures for international guarantees of nonaggression.
 8. Non-influence of bilateral or multilateral treaties or agreements concluded by both sides.

In the meantime, DPRK Prime Minister Yon put forward a ten-article draft declaration, not much different in content from the South Korean draft. His proposal for a declaration of non-aggression, reconciliation and cooperation contains these ten points:

1. Recognition of and respect for each other's ideologies and social systems, non-interference in each other's internal affairs, peaceful settlement of any differences and disputes, and cessation of abuse and slander.
2. Renunciation of the use of arms against each other side and non-infringement upon the other by force of arms, a halt of the arms race, military confidence building and a step-by-step reduction of armed forces.
3. Demarcation line of nonaggression—the Military Demarcation Line in the 27 July 1953 Military Armistice Agreement. Conversion of the DMZ of the Military Demarcation Line into a peace zone.
4. Installation and operation of direct telephone links between the military authorities of each side to prevent the outbreak and escalation of accidental armed conflicts.
5. Realization of free travel and contacts between people from all walks of life of both sides.
6. Realization of economic cooperation and exchange of goods, and exchange and cooperation in all sectors of science,

technology, education, public health, sports, publication and the press.

7. Restoration of the severed network of transport and communications between the two sides.
8. Discontinuation of competition and confrontation and promotion of mutual cooperation in the international area.
9. Establishment of sub-committees under the framework of the present talks to discuss measures for the implementation and assurance of this declaration.
10. Validity of this declaration until unification unless one side abrogates.

The third Prime Ministers' talks also confirmed differences in their basic positions over which should be signed first by both sides: a basic agreement for improving South-North relations or a nonaggression declaration. The two governments were far apart in their basic positions on this issue. North Korea insisted that a nonaggression declaration be signed first, while South Korea wanted to sign a basic accord for improving inter-Korean relations before the conclusion of a nonaggression declaration. No progress in inter-Korean dialogue would be made unless compromise could be made on this issue.

The South made it clear that it could not sign a nonaggression accord with the North because despite the July 4, 1972, South-North Joint Communiqué, Pyongyang had provoked the South. The South insisted that the North adopt a basic agreement on improving bilateral relations and that both sides should restore mutual trust first, and then discuss the issue of nonaggression.

Prime Minister Yon said that the US troops in Korea must withdraw as soon as both sides adopt a nonaggression declaration, claiming that the South objected to the adoption of a nonaggression declaration because it wanted to keep the US troops on its territory. Yon also said that his side would have no discussions on any problems concerning peace on the Korean peninsula if the South continued to seek the protection of American

nuclear weapons, which "could drive the whole nation into a nuclear holocaust."⁶

The Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation between the South and the North, and the Joint Declaration on the Denuclearization of the Korean Peninsula

My earlier proposal in July 1991 was that to generate mutual trust both sides needed to reach an agreement on the declaration of a *Peace Charter* containing those points to which they had already agreed at three rounds of inter-Korean Prime Ministers' talks in 1990.⁷ In December 1991, South and North Korea dramatically signed the two historic agreements through mutual concessions and compromise, thus paving a new road to peaceful coexistence.

Let us now turn to the inter-Korean high-level political negotiation process. The fourth round of Prime Ministers' talks was held in Pyongyang on 22–25 October 1991, ten months after the conclusion of the third round of talks in December 1990. The South and the North unprecedentedly agreed to adopt a single accord on reconciliation, nonaggression, exchange and cooperation in an effort to ease four decades of hostility. The agreement to adopt a single document was the first visible sign of progress in the fourth round of inter-Korean premiers' talks.

The Pyongyang talks provided an important momentum to the inter-Korean talks. The North made concessions and compromise on several contentious issues.

First, Pyongyang accepted Seoul's proposal for adopting a comprehensive accord covering reconciliation, nonaggression and exchanges. In deciding the title of the accord, the North let

6 *Korea Newsreview*, 15, December 1990.

7 Tae-Hwan Kwak, "Designing a Peace Formula on the Korean Peninsula," Report on the Second International Conference of the Korean Political Science Association, 25–27 July 1991 (Seoul, Korea: The KPSA, 1991), pp. 581–99.

the word "reconciliation," which it had long disliked, to precede "nonaggression."

Second, Pyongyang withdrew its demand for abolishing the ROK National Security Law, which bans South Koreans from any contact with North Koreans unless they have government permission. Third, the North accepted the South's proposal to include the issue of ten million dispersed family members. This reconciliatory attitude surprised the South, and Pyongyang's new flexibility, derived perhaps from hopes for improving its relations with Japan and the US to improve its faltering economy.

While both sides agreed on the title of the proposed agreement, they were sharply divided on the contents of the non-aggression declaration and how to replace the 1953 Armistice Agreement with a new peace system. While South Korea called for a peace regime through negotiations between the two Koreas, North Korea maintained that a new form of agreement guaranteeing peace on the peninsula should be made between it and the United States.

Premier Yon proposed a nine-article draft declaration on denuclearization of the Korean peninsula, which surprised the South Korean delegates. It included the following major provisions: (1) neither North nor South Korea test, manufacture, introduce, possess or use nuclear arms, (2) both North and the South Korea prohibit the deployment of nuclear weapons in Korea and "the passage, landing and call of aircraft and warships that are or might be laden with nuclear weapons through or in its airspace or territorial waters," (3) neither North nor South Korea accept the offer of a "nuclear umbrella," (4) neither North nor South conduct any war exercises, (5) both North and South Korea "discharge the duty of simultaneous nuclear inspection as required by the international treaty."⁸

However, they failed to narrow their differences over the nuclear issue during the closed-door session. Seoul demanded

8 *Pyongyang Times*, 26 October 1991.

Pyongyang's immediate acceptance of international inspection of its nuclear facilities under the regulation of the Nuclear Non-proliferation Treaty and the International Atomic Energy Agency as South Korea had done. This nuclear issue became a hot issue in the talks.

In response to a US decision to withdraw tactical nuclear weapons from Korea, President Roh made a "declaration of non-nuclear Korean peninsula peace initiatives" on November 8, 1991. He strongly stated that the ROK "will faithfully carry out this non-nuclear, no chemical-biological weapons policy."⁹ However, the South Korean government would continue to be included under the US nuclear umbrella in the form of nuclear bombs not on Korean soil or of nuclear-tipped submarine-launched missiles, and the South would allow US nuclear-armed submarines to make port calls if necessary. The North Korean government maintained, however, that since South Korea was still under the US nuclear umbrella, Pyongyang did not feel its nuclear-free-zone plan for the peninsula could be realized.

The DPRK Ministry of Foreign Affairs on 25 November 1991 published a statement clarifying its stand on the question of signing the nuclear safeguards accord. North Korea stated that the North and the South "must not develop nuclear weapons, but accept nuclear inspection simultaneously."¹⁰

The fifth round of Prime Ministers' talks was held on Seoul in 10–13 December 1991. The Prime Ministers of South and North Korea on 13 December signed the historic "Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation between the South and the North," the most important agreement between the two Koreas since the division of Korea in 1945. This agreement indeed represented a historic milestone and opened a new chapter in inter-Korean relations. The agreement went into

9 *Choson Ilbo*, 9 November 1991, *New York Times*, 9 November 1991.

10 For the full text of the statement, see the *Pyongyang Times*, 30 November 1991; *Rodong Shinmun*, 26 November 1991.

effect at the sixth inter-Korean Prime Ministers' talks, on 19 February 1992 in Pyongyang.

It included the following provisions: (1) Both sides agree to respect each other's political and social systems, end slander and vilification, and pledge not to sabotage or subvert the other; (2) Both sides agree to work toward a peace system to replace the 1953 armistice agreement; (3) A South-North Liaison Office will be established at Panmunjom on the border within three months; (4) both sides agree to resolve dispute through dialogue; (5) A joint military committee and a telephone hotline will be established. Both sides agreed to exchange military information, give prior notification of major troop movements and work toward arms reduction, including weapons of mass destruction; (6) Both sides agree to economic cooperation, including joint development of resources, and joint industrial and commercial ventures; (7) The both sides will carry out exchanges of scientific, cultural, news and other information, will promote reunification of divided families and guarantee inter-Korean travel; and (8) Both sides will reestablish severed rail and road connections, and postal and telecommunications links will be set up.¹¹

It is most significant that the two Koreas also agreed to work toward replacing the present armistice with a formal peace treaty between the two. North Korea made a significant concession on this issue. At the Seoul talks, the nuclear issue became a key issue again. While Premier Yon repeated his earlier proposal for a nuclear-free Korean peninsula, Prime Minister Won-shik Chung made a draft proposal for "a Joint Declaration for a Non-nuclear Korean peninsula," in which he reiterated President Roh's 8 November 1991 proposal. Some important points of the ROK proposal included: (1) both sides will use nuclear energy solely for peaceful purposes and will not manufacture, possess, store, deploy or use nuclear weapons, (2) neither side will possess nuclear reprocessing nor uranium enrichment facilities, (3) both

11 For further details, see *Korea Newsreview*, 21 December 1991.

sides will actively participate in international efforts for total elimination of chemical and biological weapons, (4) separately from IAEA inspection of their nuclear facilities and materials, both sides will implement inspections of any military and any civilian facility, material or site in the South or the North in order to confirm compliance with the above items.¹²

Although they failed to deal with the North's nuclear arms development issue, including the safeguards agreement and international inspections of nuclear facilities and sites on both sides, they did issue a joint statement recognizing that there should be no nuclear weapons on the Korean peninsula.¹³

President Roh Tae Woo on 18 December 1991 announced that all US atomic weapons in South Korea had been removed. President Roh said in a televised address, "There is no reason or excuse for North Korea to develop nuclear weapons or refuse nuclear inspection,"¹⁴ and his declaration gave South Korea strong leverage in its campaign to force Pyongyang to renounce its nuclear arms development. Roh's declaration satisfied one of North Korea's conditions for allowing international inspections of its nuclear research complex, thereby putting additional pressure on North Korea to sign the safeguards agreement with the IAEA.

The South Korean government stated that if North Korea did not allow international inspection of its nuclear program in spite of the historic signing of the South-North non-aggression agreement, Team Spirit '92 would be conducted. The accord itself, however, had not dealt directly with North Korea's nuclear program.

North Korea's first official response to President Roh's declaration on the absence of nuclear weapons on the Korean penin-

12 *Choson Ilbo*, 12 December 1991. *Korea Herald*, 12 December 1991.

13 For further details, see *Choson Ilbo*, 13 December 1991; *New York Times*, 13 December 1991.

14 *Wall Street Journal*, 19 December 1991; *New York Times*, 19 December 1991.

sula, in its foreign ministry statement of 22 December 1991 was favorable. It welcomed Roh's declaration, but said Pyongyang would sign a nuclear safeguards accord under the NPT, thus opening the way for international inspection, only if the US confirmed that it had removed its nuclear weapons from the South.¹⁵ South and North delegates met to discuss the nuclear issue on 26, 28, and 31 December 1991. Each side made major concessions. On 26 December the North put forward a draft declaration containing a key clause stating that it had no nuclear-fuel reprocessing facilities, and pledging that it would not own facilities for nuclear reprocessing or uranium enrichment. The North denied that it was developing nuclear weapons. Inspections of nuclear facilities and sites became the single most important issue. The North proposed that North and South should jointly verify that all US nuclear weapons had been removed from South Korea prior to any inspections, but dropped its demand that the US itself confirm the absence of nuclear weapons in the South. The South proposed that the North sign the safeguards agreement with the IAEA by 15 January 1992, but the North rejected this, saying that the signing was strictly a matter between North Korea and the IAEA and that no other nation could set a deadline. The North told the South that it had begun the process of signing the safeguards accord, paving the way for international inspections, and promised to sign it "at an early date."

The North also made a concession on the US nuclear protection issue, no longer insisting that the South abandon altogether the protection of the US nuclear umbrella. The two sides had major differences over inspections of military bases. The North proposed that it be allowed into the South to verify the absence of nuclear weapons. The South, on the other hand, proposed reciprocal arrangements where the North could check military bases in the South, including US bases, while the South could

15 *Rodong Shinmun*, 23 December 1991.

check military bases and nuclear installations in the North. The inspection issue remained unresolved.

On 31 December 1991, without completely settling the issue of international inspection of nuclear facilities, North and South Korea initialed a joint declaration banning nuclear arms from the peninsula. Each side initialed a document titled the "Joint Declaration on the Denuclearization of the Korean Peninsula," major features of which include: (1) Both South and North Korea "will not test, manufacture, produce, receive, possess, stockpile, deploy or use nuclear weapons," (2) Both the South and the North will use their nuclear energy programs solely for peaceful purposes, (3) Neither the South and the North will "possess facilities for nuclear reprocessing or uranium enrichment," (4) "In order to verify the denuclearization of the Korean peninsula, the South and the North will conduct inspections of objects chosen by the other side and agreed to by both parties," and (5) These inspections will follow procedures determined by the South-North Joint Nuclear Control Committee, which will be formed within one month of the declaration's effective date. The declaration became effective on 19 February 1992.¹⁶

The non-nuclear Korean peninsula declaration certainly will pave a smooth way for peaceful Korean reunification so long as both sides observe the declaration in good faith. However, the declaration contains no enforcement measures to ensure compliance.

Problems of Implementing Arms Control and Disarmament Provisions Contained in the North-South Agreement

In the "Agreement on Reconciliation, Nonaggression, and Cooperation and Exchange between the North and the South" effectuated on 19 February 1992, Article Five is an important

16 For further details, *Choson Ilbo*, *Jung Ang Ilbo*, and *Hankuk Ilbo*, 26, 28, and 31 December 1991, and 1 January 1992; *Washington Post* and *New York Times*, 27 December 1991 and 1 January 1992.

provision for establishing a durable peace system in Korea. According to a North Korean translation:

The north and the south shall make concerted efforts to convert the present armistice into a lasting peace between the north and the south and observe the present Military Armistice Agreement until such peace has been achieved.¹⁷

A South Korean unofficial translation reads:

The two sides shall endeavor together to transform the present state of armistice into a solid state of peace between the South and the North and shall abide by the present Military Armistice Agreement (of 27 July 1953) until such a state of peace has been realized.¹⁸

As indicated earlier, it is most significant that both sides agreed to work together toward replacing the present armistice with a formal peace agreement between the two. Until then, North and South shall observe the 1953 Korean Armistice Agreement. Hence, North Korea made a significant concession. The question remains how to implement the provision. The issue could be a top priority for both sides.

In order to implement this provision, international cooperation is desirable, i.e., the United Nations can play an important role in converting the Armistice into a peace system. The real parties to the Korean Armistice agreement are undoubtedly South and North Korea, the US, and China. Since it was signed under UN auspices, the UN needs to play some role in it into a peace system. Hence, the author proposes a four-power conference be held soon involving the two Koreas, the US, and China

17 For the full text in English translated by the North Korean authorities, see the *Pyongyang Times*, 22 February 1992.

18 For the full text in English unofficially translated in the South, see *An Era of Reconciliation and Cooperation Begins* (Seoul, Korea: National Unification Board, ROK, 1992), pp. 35–43. To my best knowledge, there appears to be no official translation of these agreements.

in New York under the auspices of the UN Secretary General to discuss this critical issue. At a four-power conference, a peace system on the Korean peninsula replacing the Armistice could be discussed. Other issues may also be discussed including the dissolution of the United Nations Command in Korea, a peace treaty between China and the ROK, and a peace treaty between the US and the DPRK, formally ending the Korean war.

Chapter Two, North-South Nonaggression (Articles Nine through Fourteen), spelled out important provisions for North-South nonaggression. The issue emerged as a major one in the North-South High-level Talks since the North always considered a nonaggression declaration a top priority. Major contents related to non-aggression in the South-North agreement are:

- (1) No use of force and no armed aggression against each other side (Article 9)
- (2) Peaceful settlement of differences and disputes through dialogue and negotiation (Article 10)
- (3) Designation of the Military Demarcation Line in the 1953 Armistice Agreement as the demarcation line and zone of nonaggression (Article 11)
- (4) Establishment and operation of a North-South Joint Military Committee to implement and guarantee nonaggression, along with confidence-building matters to be dealt with by the committee (Article 12)
- (5) Installation of a telephone hotline between the military authorities of each side (Article 13)
- (6) Formation of a North-South military subcommittee to discuss concrete measures for the implementation and observance of the agreement on nonaggression and the removal of military confrontation between the two (Article 14).

Article Twelve in Chapter Two deserves special attention. The North-South Joint Military Committee will play important roles in implementing this provision. It shall discuss and promote the implementation of military confidence building and arms reduction (or disarmament), including: (1) mutual notification and control of large-scale movements of military units and major

military exercises, (2) peaceful use of the Demilitarized Zone, (3) exchanges of military personnel and information, and (4) realization of phased arms reductions including the elimination of weapons of mass destruction and attack capabilities, and verifications thereof. The North and the South had earlier agreed that weapons of mass destruction include nuclear, chemical, and biological weapons.

The process of implementing the agreement on North-South nonaggression will be very painful, but both sides need to work together to realize the nonaggression agreement. None of the military confidence-building and arms reduction issues can be solved easily in view of different approaches to those issues.

It should be pointed out that they need first to deal with less difficult issues in the nonaggression agreement, for example, the installation and operation of direct telephone hotlines between the military authorities of each side to prevent the outbreak of accidental armed conflicts. Still less difficult issues could include the use of the Demilitarized Zone for peaceful purposes and mutual exchange of military personnel. North Korea may be very sensitive to such issues as mutual exchange of information and verification problems.

The South-North Joint Military Commission was established in September 1992, but has produced not a single agreement on the implementation of the non-aggression declaration, primarily because of Pyongyang's nuclear weapons development issue.

Problems of Implementing the Joint Declaration on the Denuclearization of the Korean Peninsula

In accordance with the joint Denuclearization declaration, which went into effect on 19 February 1992, delegates met seven times from 19 February to 14 March 1992 to discuss and conclude the draft agreement on the formation and operation of North-South Joint Nuclear Control Commission. The joint communique on 14 March 1992 stated:

The north and the south reached an agreement on making joint efforts to adopt a document needed for verifying the denuclearization of the Korean peninsula within about two months after the first meeting of the North-South Nuclear Control Joint Committee and starting inspection within 20 days after the adoption of the document.¹⁹

The agreement on the formation and operation of North-South joint nuclear control commission went into effect on 19 March to implement the Joint Declaration on the Denuclearization of the Korean Peninsula.

The issue of nuclear weapons development in North Korea is a hot potato today, an obstacle to the peace building process in Korea. A North Korean nuclear arms development program would be a real threat to the security of the Korean peninsula and the Northeast Asian region. North Korea has at least two nuclear reactors in operation, and has almost finished building a nuclear reprocessing plant. They could make a bomb in two to three years. Despite wide publicity on its nuclear capability, North Korea officially denies intention or capability to produce nuclear arms.

In December 1985 North Korea signed the nuclear Non-proliferation Treaty (NPT). Within 18 months of signing, they were supposed to have signed a safeguards agreement with the International Atomic Energy Agency for international inspection of its nuclear facilities. The North finally signed this agreement on 30 January 1992, six years after signing the NPT. Why? If North Korea were developing nuclear weapons, it would not have signed the safeguards accord. A North Korean nuclear weapons development program certainly would contradict its declared policy of a nuclear-free Korean peninsula.

North Korea demanded three conditions for signing the safeguards agreement. These were: (1) the US must remove all nuclear weapons from South Korea, (2) the US and the South

19 For further details, see the *Pyongyang Times*, 21 March 1992.

must agree to allow international inspection of nuclear sites in the South simultaneously with inspections in the North, and (3) Seoul must abandon the US nuclear umbrella. If it is true that, as North Korea stated, it has neither intention nor capability to produce a nuclear bomb, why did they delay signing a safeguards accord? In my opinion, North Korea was using the safeguards agreement as a bargaining chip in the negotiations with the South and the US so that they would meet the three conditions. When the South and the US accepted two of North's three conditions, they finally signed.

Many believe that the North is developing nuclear weapons in an attempt to improve worldwide prestige and to protect the survival of its system. Some believe it will go to any means to protect its nuclear weapons development program. There are mounting pressures on North Korea. A worldwide trend is moving towards nuclear arms reduction. Nuclear proliferation will not be tolerated. The four major powers surrounding the Korean peninsula—the US, Russia, Japan, and China—do not want them to develop a nuclear bomb. They have been trying to improve relations with Japan, the US, and South Korea, for economic reasons and for the survival of the regime, and a nuclear arms development program would definitely jeopardize this relationship. Chinese leaders also advised President 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 weapons development in North Korea would destabilize the security of the entire Asian Pacific region. Due to mounting international pressures on the North, it finally signed the safeguards agreement on 30 January 1992. North Korea clearly stated that it would be ratified in April 1992 and that international inspection of nuclear facilities in North Korea would be conducted in June 1992.

Since North Korea finally did ratify the safeguards agreement with the IAEA in April 1992, the IAEA has conducted six international inspections of nuclear facilities in North Korea, and has

not found clear evidence that the North is making nuclear weapons. However, in February 1993 North Korea rebuffed the IAEA's 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 produced the seven to ten kilograms of plutonium needed to make a bomb.²⁰

In the meantime, the IAEA requested that North Korea open the two suspected sites for inspection by 25 March 1993. In response North Korea announced on 12 March 1993 that it would withdraw from the Nuclear Non-proliferation Treaty and its safeguard agreement with the IAEA. That decision will produce profound negative effects on the future of inter-Korean relations and its relations with the US, Japan, and other UN member states. What the UN Security Council will do about it remains to be seen.

Following the effectuation of the Joint Declaration of Denuclearization of the Korean Peninsula, the inter-Korean Joint Nuclear Control Commission (JNCC) 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. Since the first JNCC meeting of 19 March 1992 as of this writing thirteen commission meetings, nine commission chairmen's contacts and commission members contacts were held over more than a year, but they have failed to produce a bilateral inspection regime.

Let us look briefly at major issues over which the sides have negotiated at the JNCC meetings for a more than a year since March 1992.²¹

20 *US News and World Report*, 22 February 1993; *New York Times*, 11 February 1993.

The two Koreas could not produce a bilateral inspection regime because of their differences in three important issues. First, Seoul maintained the JNCC's major task was to verify the implementation of the denuclearization of the Korean peninsula and wanted to prepare rules on inter-Korean mutual inspections of nuclear facilities. In the meantime, North Korea demanded priority for discussion of an implementation agreement, and raised again the idea of a nuclear-free zone on the Korean peninsula calling for joint action against external nuclear threat and international guarantees for the denuclearization of the peninsula, issues which they had previously withdrawn. The South argued that unless mutual inspections were conducted, there could be no substantial progress in inter-Korean relations such as inter-Korean economic projects.

Second, the South and the North asserted different principles regarding inter-Korean nuclear inspections. The South maintained a mutual—the same number—inspection principle. Namely, the same numbers of the sites subject to nuclear inspections in the South and the North should be based on a principle of reciprocity, and all suspected nuclear sites should be inspected regardless of whether they are civilian or military facilities.

On the other hand, North Korea argued for a “suspicions-simultaneous elimination principle” under which the South could inspect the nuclear facilities of the Yongbyon area and the North would inspect all nuclear facilities, nuclear weapons and nuclear bases in the South at the same time. The North argued that since suspicion about the North's nuclear weapons development had been completely dispelled through international inspections by the IAEA, inter-Korean nuclear inspections should focus on looking for nuclear weapons on military bases in the South.

21 For further details, see *South-North Dialogue in Korea*, No. 55 (July 1992), pp. 87–96; *South-North Dialogue in Korea*, No. 56 (October 1992), pp. 91–102.

Seoul maintained that since nuclear facilities can exist anywhere in civilian or military areas, even military facilities suspected of once having been linked to nuclear arms development should naturally be included for mutual inspections. But Pyongyang insisted that since ordinary military facilities are one thing and nuclear facilities are another, no military facilities could be included in those areas subject to mutual inspections.

Third, the South also proposed special inspections or "challenge inspections" of military sites with twenty-four-hour notice whereby either of the two Koreas can inspect the places it designates at any time. The North, however, strongly rejected the proposal for special inspections, because it violates Article four provision of the Korean denuclearization declaration, which provides "inspections shall be conducted in places which the other side selects and on which both sides agree."

As discussed above, both sides want mutual nuclear inspections, but they propose different formulas. What should, what can, be done to achieve the nuclear-free zone on the Korean peninsula, sincerely implementing the joint declaration? Needless to say, it is essential for both Koreas to cooperate towards the realization of denuclearization. A nuclear-free zone could be realized, first, with the abandonment of the North's nuclear weapons development program including nuclear reprocessing and uranium enrichment facilities. In the long run, South Korea also needs to abandon the US nuclear umbrella protection and must eventually agree on the principle of non-transport of nuclear weapons into ports and air bases.

One can argue that the North's nuclear weapons development will not only accelerate the nuclear arms race between the two Koreas, but destabilize the security and peace in Northeast Asia. Therefore, it is in Pyongyang's best interest to abandon its nuclear development program.

The US could 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 the ROK government needs to cooperate with the United States. The US and South Korea could take advantage of the newly emerging international security environment to improve their relations with North Korea.

In the long term the United States, China, and Russia all need to consider guaranteeing non-use of their nuclear weapons on the Korean peninsula. A Korean nuclear dilemma could be solved peacefully by Koreans themselves in cooperation with the four major powers concerned with the Korean problem.

To realize a nuclear-free peninsula, South and North Korea need first of all to implement sincerely the provisions of the Joint Declaration on the Denuclearization of the Korean Peninsula, by reaching an agreement on an inter-Korean bilateral inspection regime. It would be in the best interest of both North and South to carry out in good faith all the provisions.

Finally, I would like to propose a compromise formula for preparing inter-Korean nuclear inspection rules on the basis of both sides' principles of mutual inspections. The compromise plan could be called a "step-by-step inspections for mutual suspicious areas" formula. It is based on a principle under which first of all, all civilian facilities be opened for mutual inspections, and gradually all military facilities be inspected.

Step I: Mutual Inspection of Nuclear Facilities in the North and the South — Both sides will open non-military facilities and the areas of mutual suspicions to mutual inspections. Mutual suspicions of nuclear arms development could be dispelled at this stage, which will be a foundation for the implementation of the Korean peninsula denuclearization declaration.

Step II: South-North Korean Joint Development of Nuclear Energy — Both sides will make a joint effort to develop nuclear energy for peaceful use. Through inter-Korean mutual cooperation in the area of nuclear energy, South and North Korea could verify the compliance of the Korean denuclearization declaration and also verify the safety of North Korea's nuclear plants. In the long

run, inter-Korean nuclear energy development cooperation will contribute to the peaceful development of nuclear energy for a unified Korea in the twenty-first century.

Step III: *Realization of Denuclearization in Korea* — Both sides enter the stage of a peaceful coexistence and a North-South Commonwealth, where all military facilities will be open and inspected. South Korea will abandon the US nuclear umbrella. The US, China, and Russia will guarantee non-use of their nuclear weapons on the Korean peninsula.

If South and North Korea accept this formula, they could reach an agreement on the inter-Korean bilateral nuclear inspection regime. There will be no progress in inter-Korean relations without dispelling the suspicions of the North's nuclear arms development.

Conclusion

South and North Korea have fundamentally conflicting approaches to the peace building process on the Korean peninsula. North Korea has argued, first of all, for the adoption of a non-aggression declaration, maintaining that if it could be adopted then military confrontation between the South and the North would be automatically dissolved. On the other hand, the South cannot accept this because the North cannot be trusted. Seoul insists that there should first be an improvement in inter-Korean relations and confidence building through inter-Korean exchanges and cooperation, and *then* a non-aggression declaration can be adopted on the basis of mutual confidence. Otherwise the adoption of a nonaggression a declaration might endanger national security.²² These two approaches are incompatible and conflicting in the order of priority.

22 For further discussions on the South Korean approach to arms control on the Korean peninsula, see *Arms Control on the Korean Peninsula: What lessons can we learn from European experiences?* (Seoul, Korea: Institute of Foreign Affairs and National Security, 1990), especially Parts II and III. For an evaluation of military

Which approach would serve the best interest of the Korean nation? They were finally adjusted creatively through mutual concessions and compromise. Mutual concessions and compromise of both sides finally led to the effectuation of the North-South "basic" agreement and the joint declaration on a non-nuclear Korean peninsula in February 1992.

As discussed above, in order to implement both agreements in good faith, South and North Korea need to be patient and sincere in dealing with current issues in arms control and disarmament agreements, and could consider the following suggestions. First of all, a summit meeting between Presidents Kim Young Sam and Kim Il Sung should be held as soon as possible. There are still many hot issues to be discussed and resolved at a summit meeting. Second, in the North Korean view, Team Spirit is incompatible with the successful progress of inter-Korean relations. As long as Team Spirit was under way, there has been no inter-Korean dialogue. Thus, the South needs to consider permanently suspending the US-ROK joint military exercises to improve inter-Korean relations.

On the other hand, North Korea needs to reciprocate the South Korean initiatives. First, North Korea needs to understand clearly that a nuclear arms development program will not serve their best interest. Hence, if it is developing a nuclear bomb it must stop now. Second, North Korea needs to modify its "Southern" strategy. Now is the time for North Korea to promote its own interests by adopting a pragmatic policy in the new international politico-economic environment. Third, DPRK President Kim Il Sung should accept a summit conference with President Kim Young Sam without any conditions.

Now is the time for North and South Korea to implement the inter-Korean basic agreement, particularly a declaration of non-

capabilities of South and North Korea see Tae-Hwan Kwak, "Military capabilities of South and North Korea: A Comparative Study," *Asian Perspective*, Vol. 14, No. 1 (Spring-Summer 1990), pp. 113-43.

aggression between the South and the North, and 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. They both need to reduce their military force levels for economic reasons. They have yet to agree to an acceptable formula for arms reduction. Given the rapidly changing international security environment and positive developments in inter-Korean relations, this author argues that both sides need to consider at least a fifty-percent cut in their military forces.²³ Of course, each will maintain a credible, stable deterrence against the other but with reduced troop levels and qualitative improvement in modern weapons systems. Realistic arms reduction could better serve the common interests of South and North Korea. North Korea cannot afford over 20% of its entire GNP for defense. The ROK government spends about 30% of its own annual budget on national defense. Such spending on national defense is far too high in this post-Cold war era. A realistic approach to the South-North arms control would be: *political-military confidence building measures* → *arms freeze* → *arms limitations and reductions* → *disarmament* → *Korean reunification formula*. Both sides need to develop military cooperation in order to achieve peace and Korean reunification.

North and South Korea need seriously and sincerely to consider taking a step-by-step formula for the following specific arms reduction measures in implementing provisions of the non-aggression agreement:

1. The South and the North shall agree to withdraw forward-based offensive forces from the front line to a point where both sides shall agree to, and shall reduce offensive forces through, the mutual balanced force reduction principle.

23 For an evaluation of military capabilities of South and North Korea by comparison, see Tae-Hwan Kwak, "Military Capabilities of South and North Korea: A Comparative Study," *Asian Perspective*, Vol. 14, No. 1 (Spring-Summer 1990), pp. 113-43.

2. With successful verification measures, the South and the North shall reduce their forces to a level of reasonable sufficiency only for a "defensive defense" system. The South and the North shall maintain a minimum deterrence force by eliminating first-strike attack capabilities completely and keeping the "defensive capability" for self-defense purposes.

3. With successful implementation of arms reduction and verification measures, the South and the North shall agree to the complete withdrawal of US forces in Korea.

The new peace regime in Korea will emerge in the 1990s only by sincerely implementing the historic arms control and disarmament agreements as discussed above. The Korean people must work together to create essential conditions for achieving peaceful unification of Korea.

빈 면

APEC in the Post-Cold War Era

Kyu-Ryoon Kim

During the 1980s there have been many changes in the international political economy. Among them one of the most prominent developments is that the center of global economic dynamism shifted from the North Atlantic to the Pacific Basin.¹ The collective Pacific economic strength now exceeds that of the North Atlantic region.

The continued fast growth of newly industrializing economies (NIEs),² the emergence of new NIEs,³ and the success of the economic opening of mainland China have all contributed to this shift together with the continually stronger Japanese economy.

In these dynamic environments, there have been many proposals during the past decades about forming a regional entity that encompasses both developed and developing countries in the Asia-Pacific region.

To meet these demands the Asia-Pacific Economic Cooperation: Ministerial Meeting (APEC) was formed in 1989. APEC was

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- 1 Yamazawa, Ippei, "On Pacific Economic Integration," *The Economic Journal*, 102 (November 1992), pp. 1519-1529.
 - 2 Newly Industrializing Economies in the region are South Korea (Republic of Korea), Singapore, Hong Kong and Taiwan (Chinese Taipei).
 - 3 Malaysia, Thailand, and Indonesia became followers of the NIEs owing to the success of export-oriented development strategies similar to the national developmental strategies adopted by the NIEs, and they have earned the title of new NIEs now.

designed to promote economic cooperation among member countries, but the demise of the Soviet Union and concurrent weakening of the Russian Federation and a new regional security environment posed by the end of the Cold War plea for additional roles.

This paper is an attempt to analyze factors to promote a new APEC in the post-Cold War era. The first section delineates the historical background of Asia-Pacific economic cooperation. In the following section an analysis shall be attempted of the factors affecting future development of APEC in the economic, political, and security dimensions. APEC's future shall be discussed as a conclusion.

Past Asia-Pacific Economic Cooperation

Asia-Pacific regionalism

There have been numerous proposals about the formation of regional entity to promote economic cooperation in the Asia-Pacific region. Within the academic sphere, Japanese economists Kiyoshi Kojima and Hiroshi Kurimoto published an article in 1966 proposing a free trade area for the developed countries in the Asia-Pacific region. It was largely criticized by other scholars who touted the success of the General Agreement on Tariffs and Trade (GATT) in reducing trade barriers throughout the area. However this study has frequently been cited as an initial activity of Asia-Pacific regionalism.

In 1967 officers of financing, trading, and manufacturing concerns from the developed countries of the area formed the Pacific Basin Economic Council (PBEC) to facilitate consultation on regional economic matters. Meeting regularly over the years, the group has become one of the major supporters of current Asia-Pacific Economic Cooperation.

Scholarly interest in Asia-Pacific regionalism soon led to the organization in 1968 of regular meetings on a yearly basis that

are now known as the Pacific Trade and Development (PAFTAD) conferences. The Pacific Economic Cooperation Conference (PECC) was established in 1980. The PECC became the cornerstone of APEC with its tripartite participation on a private level by government officials, business leaders, and scholars.

The Association of Southeast Asian Nations (ASEAN) was also formed in 1967. ASEAN, while often considered a slowly developing organization, is now playing a central role in deciding the future of Asia-Pacific economic cooperation. ASEAN agreed to the formation of ASEAN Free Trade Area (AFTA) in its summit meeting in 1992 and launched a fifteen-year plan in 1993 to reduce tariffs among its member countries.

On the other hand, the United States, Canada, and Mexico, agreed in 1992 to form a free trade area (NAFTA) and are now in the process of acquiring ratification to launch NAFTA formally in 1994.

With the above existing regional arrangements, there have been proposals about the formation of an economic entity to promote economic cooperation under a narrower regional framework in East Asia. One of the most noticeable was made by the Malaysian Prime Minister in 1990. He proposed the East Asian Economic Group (EAEG), excluding the US and Australia, but encountered strong criticism from the United States. This proposal was later revised and dubbed the East Asian Economic Caucus (EAEC) to emphasize a looser consultative role. At the ASEAN meeting held in Singapore in July 1993, member countries agreed that EAEC could be associated with APEC, which includes more diverse countries.

Also scholars have put forth numerous ideas about the economic groupings of Northeast Asian countries⁴ at sub-regional levels. These ideas have been formulated in multiple ways in terms of encompassing territories and levels of regional

4 The Northeast Asian region covers, in general, the countries of South and North Korea, China, Japan and the Far Eastern part of Russia.

cooperation proposed: Great Chinese Common Market which would include China, Taiwan, Hong Kong and Singapore; the Greater South China Economic Zone including Hong Kong, China's Gwandong and Fuzian provinces, and Taiwan; the Yellow Sea Economic Zone to include Northeast China, the Korean peninsula, and the West Coast of Japan; and the Sea of Japan Economic Zone which would cover Northeast China, South and North Korea, Far Eastern Russia and Japan.

APEC in historical perspective

The above Asia-Pacific regionalist movements contributed to the launch of APEC in 1989. The first ministerial meeting was held in Canberra, Australia. The founding members of the APEC were twelve nations: South Korea, Australia, the United States, Japan, Canada, New Zealand and six ASEAN countries (Indonesia, Malaysia, Thailand, Singapore, Philippines and Brunei). The first meeting presented general principles of Asia-Pacific Economic Cooperation as follows: the objective of enhanced Asia-Pacific Economic Cooperation is to sustain the growth and development of the region; cooperation should involve a commitment to open dialogue and consensus; cooperation should be based on non-formal consultative exchanges of views; cooperation should be directed at strengthening the open multilateral trading system and it should not involve the formation of a trading bloc; cooperation should complement and draw upon, rather than detract from, existing organizations in the region, including ASEAN and PECC.⁵

APEC held subsequent annual meetings in Singapore in 1990, South Korea in 1991, and Thailand in 1992. The fifth meeting is scheduled to be held in November of this year in the United States. APEC is now consists of fifteen countries; China, Hong

5 The First Asia-Pacific Economic Cooperation Ministerial Meeting, "Summary Statement by the Chairman," Canberra, November 1989.

Kong, and Chinese Taipei joined the APEC at the third meeting held in South Korea in 1991. At the Seoul meeting the ministers adopted the APEC declaration which delineates principles, objectives, scope of activity, mode of operation, participation and organization.⁶

At the fourth meeting held in Thailand in 1992, member countries agreed to establish a secretariat in Singapore. It is also expected that Mexico will join APEC at the fifth annual meeting. Thus with the establishment of a secretariat, APEC has just begun the process of institutionalization.

However, new regional environments provided by the post-Cold War era ask for more roles from the APEC. The following two sections shall be devoted to analyze factors behind regional cooperation among the nations in the Asia-Pacific.

Regional Cooperation: the Economic Dimension

Facilitating Forces

The Asia-Pacific region has shown remarkable economic growth rates during the past two decades. Increasing interdependence among the regional nations could not be handled appropriately solely by bilateral means and negotiations. A multilateral approach is called for to extend economic cooperation among regional nations. Overlaid upon the inherent necessity to promote such cooperation in the Asia-Pacific was the delayed resolution of the Uruguay Round, which further dismayed the

6 The participating member countries recognized that the dynamic growth of economies of the Asia-Pacific region has brought with it growing economic interdependence and strong common interests in maintaining the region's economic dynamism. They also acknowledged the important contribution made by the ASEAN and the pioneer role played by the PECC in fostering closer regional links and dialogue. They also pointed out that Asia-Pacific Economic Cooperation should serve as an exemplary model of open regional cooperation. "Seoul APEC Declaration," Seoul, November 1991.

governments of the region in their search for a multilateral regional framework.

Second, there is a need to reach a balance with other regional economic entities such as the European Community (EC). The EC launched its single European market this year, and it will become harder for the Asia-Pacific countries to infiltrate as time passes.⁷ On the other hand, if we accept the proposition that the trade-creating effect will be greater than the trade-diverting effect as the promoters of regional economic integration insist, the results of regional economic integration may contribute to promoting freer trade at the world level.

Third, the nations of the Asia-Pacific have ample opportunities to cooperate with each other. Since the region includes economies at every level of development, economic relations between regional countries can be maintained complementarily so long as the region sustains its economic dynamism. As the world economy becomes more interconnected and makes traditional territorial boundaries more and more meaningless, it is necessary to strengthen regional ties in the Asia-Pacific for achieving maximum use of complementary advantages.

Fourth, there is a need to search for a new framework that can accommodate transitional economies such as China. Even though China adopted a socialist market economy as its official economic system, its future is still uncertain. Another uncertainty comes from North Korea's policy of limited opening. To deal with uncertainties posed by the socialist countries of Asia, multilateral approaches may be more effective than bilateral ones.

Fifth, the existence of ASEAN and NAFTA encourages regional economic cooperation in the Asia-Pacific. On one hand, if ASEAN and NAFTA became successful in reducing trade

7 For arguments about the inevitable fortress Europe, see Lester Thurow, *Head to Head: The Coming Economic Battle Among Japan, Europe, and America* (New York: William Morrow, 1992).

barriers among the member countries it could provide spill-over effect to other nations of the region, which will lead to further regional economic cooperation. On the other hand, it is necessary for Northeast Asian and Oceanian countries, who are not members of ASEAN and NAFTA but who have strong economic relations with them, to develop multilateral ties with the two organizations.

Finally, environmental problems pose significant threats to economic development of the region as regional countries become increasingly industrialized. They cannot be solved by bilateral means because it is not easy to determine the origins of pollution and to eliminate environmental damages by the efforts of one or two nations. Thus it is absolutely necessary to build a strong multilateral arrangement to deal with snowballing environmental problems.

Restricting forces

There also exist factors that inhibit progress of regional economic cooperation in the Asia-Pacific. First is the dominant and globally critical economic roles of Japan and the United States. It would be difficult for the United States and Japan to harmonize their global roles with regional ones if they were to become too much tied into regional interests.

Second, it is not easy to provide efficient arrangements that satisfy both developed and developing economies. The Asia-Pacific region includes countries with GNPs per capita from less than one thousand dollars to more than thirty thousand dollars. Regional countries also show an extreme disparity in terms of industrialization. These differences have made it difficult to pursue stronger regional arrangements.

Third, it should also be noted here that many countries in the Asia-Pacific experienced Japanese invasion during World War II. Japan used the concept of "greater co-prosperity of East Asia"

as a rationale for its imperialist policies towards neighboring countries.

Regional Cooperation: Political and Security Dimension

As the world is confronted with new challenges of the post-Cold War era, it is also necessary for the Asia-Pacific regional countries to rethink their political and security futures. This section is an attempt to analyze new challenges that necessitate multilateral approaches to solve regional political and security problems of the region.

Political cooperation

The end of Cold War brought about the following political challenges to the countries of the Asia-Pacific. First, leaders of the Asia-Pacific countries are obliged now to think of former enemies as friends. Second, if we accept the proposition that the primary cause of the end of the Cold War was the success of capitalism and democratic ideals, then democratic nations are tempted to urge socialist countries to alter their political system. Third, as the world has changed from bipolar to uni-multipolar owing to the breakdown of the Soviet Union, political relations among the nations of the Asia-Pacific region need to be changed to become compatible with new regional environment.

Among these broad contexts of political challenge, some of them can be dealt with bilaterally, but others demand multilateral arrangements. The most important factor to encourage a multilateral approach in the political dimension may be that regional leaders feel the need for opportunities to discuss regional matters collectively. Second, the inadequacy itself has created another factor to encourage bilateral means. For example, China's human rights issues could be dealt with under multilateral forum more smoothly rather than for the United States to blame the Chinese government for improper treatment of Chinese people. Thirdly, multilateral arrangements could

provide an important learning experience for the socialist countries who have been accustomed to live in isolation. For example, two Kims of North Korea have holed up behind the iron curtain for half a century. It would be hard for them to meet with the leaders of democratic leaders one on one; they would feel more comfortable side by side with Chinese and Vietnamese leaders. Fourth, it should also be pointed out that Japan intends to expand its political role in the region. In order to induce Japan to contribute constructively to the Asia-Pacific community, it is necessary to form a regional entity that can accommodate regional nations' expectations from Japan and at the same time, a greater Japanese political role. Finally it is possible that rivalries among the United States, Japan, and China could become more pronounced in the post-Cold War era, and multilateral dialogues are expected to mitigate these rivalries.

Security cooperation

The post-Cold War era also brought about new security challenges: a power vacuum generated by the relative decline of the Russian Federation, scheduled reductions of American armed forces stationed in the region, and North Korean nuclear problems.

To meet them the leaders of the Asia-Pacific need more frequent meetings. There is a need to search for new regional arrangements different from those that existed during the Cold War. Security problems of the post-Cold War era, however, are not well defined because the same Cold War security relations remain in large part unchanged in the region. For example, the threat from Indochina seems even more imminent to the ASEAN countries in spite of having been mitigated by the end of the Cold War and subsequent economic opening of Vietnam. During the Cold War years the main nexus of Asia-Pacific security was provided by the United States. The US claims its security role in

the Asia-Pacific will remain strong,⁸ but does express a need for multilateral gatherings of the leaders of the Asia-Pacific.⁹

North Korea's refusal to accept special inspection by the International Atomic Energy Agency poses another threat to the security of the region. The need to control proliferation of weapons of mass destruction in the region has attracted close attention to the North Korean nuclear problems. South Korea, the United States, and China worked closely trying to get North Korea to stay under the Non-Proliferation Treaty (NPT) and the IAEA. However, the issue could have been dealt with more efficiently and faster had there been a multilateral institution in the region ready to deal with such an issue.

A need to identify security problems provides an important ground for multilateral security dialogues because most of the countries are wary about all the uncertainties. Most of them want more chances to discuss regional security issues even though they do express divergent concerns as to the scope and level of security cooperation. Thus the uncertainties of the post-Cold War era have become another factor to encourage multilateral security cooperation.

Conclusion

Necessities for regional cooperation in economic arena do seem to be quite apparent. Issues and goals of regional arrangement in political and security dimension, however, seem some-

8 President Bill Clinton reaffirmed the United States' bilateral security relations with regional countries of the Asia-Pacific in his address to the Korean National Assembly on 10 July 1993 as follows: "The bedrock of America's security role in the Asian Pacific must be a continued military presence. In a period of change, we need to preserve what has been reliable. Today, we, therefore, affirm our five bilateral security agreements with Korea, with Japan, with Australia, with the Philippines and with Thailand.

9 President Clinton proposed "new regional dialogues on the full range of common security challenges." He also proposed "an informal economic conference among APEC's leaders following the ministerial meeting in Seattle, Washington, this fall." Refer to his Address to the Korean National Assembly, 10 July 1993.

what unclear. This situation brought about the current regional arrangements in the Asia-Pacific: all existing institutions, ASEAN, NAFTA, and APEC, are primarily targeting economic cooperation.

It is suggested here that the following approaches are needed to meet the new challenges of the post-Cold War era. First, in order to effectively manage the problems of multiple layers in the Asia-Pacific region, it is necessary to deepen cooperative efforts of the existing institutions. It will also be important to separate economic cooperative issues from political and security ones because it will take time for the leaders of the region to figure out common issues and interests in organizing multilateral cooperation for the purpose of tackling future political and security problems. In addition, it is necessary to start from a sub-regional basis and then expand.

First, maximize the existing institutions. Promote freer trade within the framework of existing institutions to enhance the general level of economic interactions. The primary step would thus be to promote freer trade among the member countries of ASEAN and NAFTA. In this way, the success (or failure) of the existing institutions will provide a testimony for broader regional economic cooperation. The approach can also be adopted for such political and security areas as the recent agreement made at ASEAN Post Ministerial Conference.¹⁰

Second, intensify economic cooperation. As the current development of Asia-Pacific regionalism demonstrates, it is also desirable to expand the cooperative efforts in those areas that are relatively well defined. Since the possibilities for economic cooperation have been well sketched out by the various promoters of

10 At the ASEAN PMC meeting held in Singapore in 27 July 1993, participating countries agreed to establish the Asian Regional Forum (ARF) in 1994. It is suggested that ARF be consisted of six ASEAN countries, seven dialogue partners (Australia, the United States, Japan, South Korea, European Community, New Zealand and Canada), and five new members (China, Russia, Vietnam, Laos and Papua New Guinea).

Asia-Pacific economic regionalism,¹¹ let us now proceed with more practical measures to execute those programs. It would not be efficient to mix relatively well-defined economic issues with political and security issues that are rather poorly defined. For successful incorporation of the socialist countries into the Asia-Pacific multilateral cooperation, it is also necessary for the regional countries to proceed with practical economic cooperation first.

Third, solidify the sub-regional foundations. To look at the Asia-Pacific regional organizations geographically, it is evident that no multilateral institution covers Northeast Asia. It was impossible to form a multilateral economic organization in Northeast Asia during the Cold War years, but the recent success of China's economic opening and reform has eliminated certain barriers to establish a regional economic organization in Northeast Asia. One could now be formed. After the above suggested regional economic organization as well as ASEAN and NAFTA become successful, it will be easier to form a broader regional economic organization in the future. It would also be desirable to extrapolate this "sub-regional to regional" approach to other issue areas.

In conclusion, APEC needs to concentrate its efforts towards promoting economic cooperation among Asia-Pacific nations. In so doing through APEC, the following points are necessary to be kept in mind. First, it is important for APEC to maintain its principle of open-regionalism. Second, it should pay more attention to harmonization of yet-developing with developed economies, since its success will depend upon the economic dynamism of all the Asia-Pacific countries. Third, APEC needs to prepare to incorporate other economic entities of the Asia-Pacific.

11 PECC and APEC has produced numerous reports about regional economic cooperation. For example, Report of the Ad Hoc Group on Economic Trends and Issues, Uruguay Round and Trade Liberalization in the Region, and so on were presented to the Fourth APEC meeting held in Bangkok, Thailand in 1992.

Japan's Quest For Global Leadership

Eugene Lee

In a report submitted in June to the Secretary General of the UN, Japan officially stated that it wanted a permanent seat on the Security Council (UNSC). As the world witnesses the disintegration of the old structure sustained by often brutal nonetheless stable hegemonic domination and as the importance of the UN is growing after the end of Cold War, this is a significant development that calls for close attention from not only its rivals in the Council but also from its neighboring countries. The world with no Soviet Union and declining American power would in itself cause a great deal of uncertainty; the rise of Japan could make the equation even more complex. What Japan does in the coming years will have critical impact on the shaping of the "new world order," whether it will be a stable and benign order or an unpredictable, vicious one.

This article examines the prospects for Japanese global leadership with a particular focus on its bid for permanent UNSC membership. What are the factors behind Japanese interest in a permanent seat on the Security Council? What are their intentions? What are the obstacles that Japan would face in achieving its goal? What is its strategy to gain permanent membership? What would that status mean to the future of the Japanese role in the world? These are the issues to be explored.

Background

In the background of the debate concerning the possibility of a permanent Japanese seat on the UN Security Council, we could consider three factors: the rising responsibility of the UN in the post-Cold War era and demands for its reform; Japan's growing importance in the international community; Japanese intention to become a global leader.

First, demands for UN reform. With the collapse of the Soviet Union and the Eastern bloc, the US emerged as the only superpower in the world. This fact could not have been more clearly demonstrated than during the Gulf War. However, as the old international system is undergoing profound changes causing instability and uncertainty, it also became evident that the US alone could not play the role of global policeman. Another conspicuous development since the end of Cold War has been the revitalization of the UN after long years of paralysis from East-West confrontation. This has raised hopes that the organization will be able to function effectively to deal with international disputes. Between 1988 and 1992 the UN has sent peacekeeping forces (PKF) to twelve different locations around the world on an unprecedented scale, including fourteen thousand troops to Yugoslavia, twenty thousand to Cambodia and two thousand to Congo.

The UN's burden of responsibility, however, is becoming heavier than it can bear as it struggles to regain its vitality and effectiveness. Questions are raised whether, with its limited resources and poor management, it is up to the job. This is why UN reform is being advocated. Reform advocates say that the credibility of the United Nation is at risk and it is facing a real crisis. A most prominent figure who advocates UN reform is Butros Butros-Ghali, the UN Secretary General. Since taking office he has become a champion of UN reform. He argues that the UN is facing numerous challenges such as environmental deterioration, wide-spread famine and religious, ethnic conflicts all over

the world, and that expectations of UN service have been rising faster than it can cope.¹

Apart from wasteful management and cronyism that has been plaguing the UN, another major issue is its decision-making process, particularly at the Security Council. The Council is said to be the only part of the UN where democracy does not apply, and this is considered by some as a blatant violation of democratic principles in today's international society. That is, the veto power of the five permanent members (P5) of the Security Council, given to the victors of World War II, cannot be justified in the 1990s. If the UN sincerely hopes to be a world government² in the true sense of the term, reformers argue, the Security Council has to be restructured to become more democratic and more representative.

The second factor is Japan's rising importance in the international community. The US-Japan military alliance was the core of American containment policy towards the former Soviet Union and has formed the backbone of Asian security. However, the relative decline of the US economy and the collapse of the common enemy the Soviet Union made it necessary for policymakers in both countries to reexamine the meaning of the alliance. The US-Japan relationship is currently undergoing a process of readjustment under the auspices of "Global Partnership" espoused in the "Tokyo Declaration" at the Bush-Miyazawa summit in 1992. The adjustment is being made in a way to expand Japan's regional and global responsibilities. At present Japan is perhaps the one country capable of assisting US efforts to reformulate the framework of international order in the post-Cold War era. The US is particularly interested in Japanese finan-

1 See Butros Butros-Gali, "An Agenda for Peace" (Report of the Secretary-General pursuant to the statement adopted by the Summit Meeting of the Security Council on 31 January 1992), 17 June 1992.

2 Takahiro Shinyo UN Division Chief at MOFA recently wrote a newspaper column in which he quoted Butros-Gali's argument. *Segye Times*, 12 March 1993.

cial contribution to its programs in maintaining order, and preventing and resolving international disputes either on its own or under UN auspices. Japan's permanent seat on the UNSC is considered in this context.

Japan on its part recognizes that maintaining political stability and continued economic growth in the East Asian region as a whole is crucial to its own interest, and it is making various efforts to achieve that goal. That is why Japan decided to dispatch Self-Defense Forces troops to the PKO in Cambodia. It considers the unstable situation in Indochina a significant threat to the security of East Asia and to its own interests. Japan has clearly shown through the so-called "Miyazawa Doctrine" its intention to play a political and economic leadership role in the region by taking an active part in resolving the Cambodian issue.³

Japan has been active in the UN since joining, having been elected to the Security Council seven times. Member states are giving overwhelming support for a Japanese role in the UN as evidenced in the 1991 Council election in which Japan received 158 of 161 votes cast.⁴ Japan's financial contribution to the UN in fiscal year 1993-94 was 12.25% of the total, second only to the US and far above Security Council permanent member China's 0.77% (see the table). Japan is financially more than qualified to sit permanently on the Council.

It is argued that as number one military spender in Asia, the largest ODA donor in the world, and the largest financier of the IMF, Japan is a great power and should be recognized as such.⁵

3 Speech given by Prime Minister Miyazawa during his visit to ASEAN in January 1993.

4 Toru Nakagawa, Keukdong Moonje (November 1992), pp.69-70. Among 175 UN member states, about two thirds are developing countries and most of them are Japanese ODA recipients.

5 *Sekai ga Gawaru, Nihon ga Gawaru* [The World is Changing, Japan is Changing], (Tokyo: Kodansha, 1992), pp. 190-92.

Contribution to the UN by Country

Rank	Country	Ratio (%)
1	the US	25.00
2	Japan	12.25
3	Russia	9.41
4	Germany	8.93
5	France	6.00
6	UK	5.02
7	Italy	4.29
18	China	0.77

How odd that Japan is not permanent member of the Security Council while recipients of Japanese aid, China and Russia, are. No doubt pressures to rectify this will continue to build.

The third factor is Japan's strong desire to become a permanent member. Discussions about its permanent seat on the Council has been activated partly because the Japanese government is now showing serious intention to pursue it. Japanese officials seem to feel it is time that Japan was recognized as a key UN player, and political leaders such as Prime Minister Miyazawa or ex-Foreign Minister Watanabe have publicly articulated the need for reform of the Security Council. Yoshio Hatano, Japan's Ambassador to the UN mentioned in 1991 that Japan wanted a seat within five years.⁶

We could consider two major factors behind this intention to apply for permanent membership. First, Japan wishes to clear itself of the stigma of a criminal state of WWII. Japanese leaders view the deletion of the "enemy state" clause from the UN Charter as one of the last remaining tasks for "postwar" Japanese diplomacy. Second, Japan now wants to be recognized as an equal with other western industrialized countries not only in an economic but also a political sense. Until now Japan has been

⁶ *Asahi Shimbun*, 17 October 1991.

faithfully following the US lead in world affairs. However, it now feels a need for change in the US-Japan relationship: it wants to see an equal partnership develop in place of the traditional patron-client relationship. Japan wishes to join the league of great powers who will shape the twenty-first century. To assert its international leadership there seems to be no better way than obtaining that seat, but Japan will face many obstacles and go through an extremely difficult process.

Issues

For Japan to obtain permanent membership, the UN Charter has to be revised, and that requires a two-thirds majority approval at the General Assembly and two thirds of the votes at the Security Council including those of the five permanent members. The Charter has been revised three times in the past: to increase the number of non-permanent members of the Security Council from six to ten, to enlarge the Economic and Social Council membership from 16 to 27 in 1965, and then to 54 in 1971.⁷ However, changing the number of permanent members is another matter. Overcoming the resistance from the P5 countries and other permanent membership aspirants, and devising a formula that could produce consensus among all interested parties would be a daunting task.

France and England made their opposition clear to any change in the composition of the Security Council that could diminish their own influence. The US does not want to see the Council again immobilized as a result of structural alteration. In addition, if Japan were given a permanent seat, it would be difficult to leave out Germany. If Germany becomes a permanent member, there will be complaints about three European seats out of seven permanent on the Security Council. Then the "fair regional representation" question comes in. India, Nigeria and Brazil will

7 Toru Nakagawa, p. 72.

object to European domination of the Council and would demand representation. If they are considered as candidates, then Mexico, Argentina, and Egypt may also insist. Starting the process would be much easier than concluding it.

Besides these legal and procedural difficulties, serious questions are raised about Japan's qualification for permanent membership. Critics of Japan's foreign policy contend that it has neither the necessary leadership nor philosophy to be a permanent member, nor concrete ideas in resolving various problems facing the UN. In addition, critics argue that the Japanese people do not understand what the responsibility of maintaining global security entails, and there has never been any serious discussion among the population about the meaning of the use of force to keep international peace and order. They say Japan is not yet ready for the job.⁸

Still others point to questionable Japanese morality, as it has been so reluctant to admit the atrocities it committed during the war period. Despite Japan's claim to be a peace-loving nation, suspicion runs deep among the neighboring countries about Japanese intentions. They contend that it is inappropriate for Japan to take permanent membership because it has been trying to conceal its dark history and has not genuinely apologized for its past wrong-doings. Such negative perception of Japan's qualification is a major obstacle for Japan to earn the permanent status of the Security Council. Not insurmountable, though: memories die hard but they eventually do. A more critical issue is whether Japan with its domestic legal constraints and public misgivings can actually perform its functions as a permanent Security Council member.

One of the responsibilities of Security Council permanent members is active planning of and participation in peacekeeping

8 See Yasuhiko Yoshida, "Anpojoninrijikoku no Hiyo tai Koka" [Permanent Membership of the Security Council: Cost vs. Benefit], *Bungei Shunju* (February 1993).

operations, including contributions of military personnel. However, the fact that the Japanese Constitution prohibits use of its military except for self-defense is a major hindrance. Japan already experienced serious political trouble in dispatching its Self-Defense Forces troops to Cambodia, even settling for only non-combat-related duties of the UNTAC. It seems useful to examine the issue of the Japanese PKO participation in considering the prospects of permanent Security Council membership.

The Japanese government passed the PKO Law in June 1992 and managed to dispatch Self-Defense Forces personnel to Cambodia, despite an internal split in the LDP, confrontations with opposition parties in the Diet, and popular discontent. It was the first time since WWII that Japanese troops put their feet on another country's soil.

The immediate cause of this historic decision was the Gulf War experience. Japan was harshly censured by the world public opinion for avoiding any human contribution to the multinational effort to assist Kuwait. Although Japan eventually did provide over thirteen billion dollars to finance the fighting against Iraq, criticism of "checkbook diplomacy" continued, and Japan was completely ignored and excluded from the post-war settlements and the reconstruction of war-torn Kuwait.

Experiencing frustration and diplomatic humiliation during the Gulf crisis, Japanese leaders seem to have realized that economic power alone does not translate into the status of global leader, and that Japan really must make a contribution to the international community commensurate with its economic capacity. The Japanese people also began to understand the need for an international role.⁹

The Japanese government came to view PKO as the most suitable means to expand its international role in the area of politics and security. Participation in PKO is considered the best

9 In a recent opinion poll, fifty to sixty percent of the Japanese are reported to support Japan's PKO participation as it is. *Asahi Shimbun*, 24 March 1993.

way to minimize fears among Japan's neighbors about the "revival of Japanese militarism" and to enhance the chance that it will gain permanent membership. Due to internal legal and political constraints, however, expanding international contribution through PKO participation is not necessarily a smooth process. The Japanese are taking many pains to stress that the UNPKO do not constitute such a use of military force that the Peace Constitution prohibits. The PKO Law also stipulates five principles of PKO participation by the SDF,¹⁰ and the troops must be pulled out if they ever come into a situation where maintaining these principles becomes impossible. In addition, the PKO Law put on indefinite hold any SDF participation in combat-related duties, thereby confining its duty to non-combat activities such as monitoring election processes, supporting civilian police, advising administrative matters, medical support, construction, transportation, telecommunication and the like.

PKO participation on the part of the SDF, debates over the revision of the Constitution, and gaining a permanent seat on the Security Council are all closely related. For Japan to become a permanent member, it will have to develop clear policies regarding PKO and this would require it to clarify the ambiguities in the current PKO Law and its relationship with the Peace Constitution.

There are two opposing interpretations of Article Nine of the Constitution as it pertains to the PKO Law. Some argue that the Law, which allows dispatch of SDF troops overseas, is unconstitutional. Others argue that the Law does not violate Article Nine because peacekeeping is not a use of military force as a means of foreign policy. In future debates of the constitutionality of PKO

10 Japan is allowed to participate in PKO under the following conditions: (1) if there is a truce agreement; (2) when there is an agreement on PKO among the parties in dispute and the country where PKO is carried out; (3) PKO should be strictly neutral; (4) if the truce agreement is broken or if PKO becomes unable to maintain neutrality, Japan should stop its activities and withdraw the troops; (5) Japanese troops may use small personal weapons for self defense.

participation, there will be basically three different arguments: (1) Japan's PKO is unconstitutional, (2) it is a matter of interpretation of Article Nine, (3) Japan's PKO should be expanded and, if necessary, the Constitution be revised.

Until now the existence of the SDF or its PKO participation was justified by reinterpreting Article Nine. However, demands will increase for the SDF's peacekeeping operations to include combat-related duties. Japan will raise the level of its PKO participation gradually by loosening the "five principles" and lifting the embargo on combat-related operations. This will inevitably result in clashes with the Constitution.

Some conservative politicians view that rewriting the Peace Constitution, which was written under the US Occupation Government, is the final task for Japan to "settle all the accounts" of the post-war era before moving forward to the twenty-first century. Unlike in the past when mere mention of any revision to the Constitution was taboo, active debate is now officially waged over the issue. The LDP's Constitutional Research Committee has started deliberation on the relationship between the Constitution and Japanese military contribution to the UN. Many LDP leaders such as Ozawa Ichiro, Mitsuzuka Hiroshi, Kajiyama Seiroku, and Watanabe Michio seem to favor constitutional revision in some fashion that could allow a more active international Japanese role. Positive opinions about a new constitution appropriate for Japan in the next century are slowly but steadily spreading among the general public. However, a recent opinion poll showed that about 70% of respondents were against revising the Constitution for the purpose of expanding PKO participation, and the majority of Japanese politicians still oppose it. Revising the Constitution requires two thirds majority approval at the Diet and a national referendum, which would be rather difficult.

Japan's current constitution is certainly a handicap for application to Security Council permanent status. However, the official position seems to be that permanent membership and the

Peace Constitution are not necessarily contradictory. The government is hoping Japan can join the permanently before the end of this century, and is expected to pursue the following strategy to achieve that goal.

First, rather than trying to justify Japanese candidacy as a long issue, Japan will emphasize the need to reform the UN as a whole, which happens to include the Security Council. The government will stress that the structure and operation of the Security Council were determined immediately after WWII and do not reflect present realities.¹¹ Foreign Ministry officials will argue that the UN is not up to the job demanded by the world community today and that the Security Council should be reformed to change that situation.¹² They will make full use of arguments made by international figures such as Butros-Ghali, who strongly advocates UN reform.

Second, Japan will try to remove the "enemy state clause" (Articles 53 and 107) from the UN Charter. In 1991 Taro Nakayama, then foreign minister, raised the issue at the General Assembly and openly demanded its elimination. Japanese officials argue that it is unreasonable that the Charter still considered Japan an enemy state while its financial contribution to the UN is second largest next to the US.¹³ In demanding the removal of the enemy state clause, Japan wants to open up the debate to reorganize the UNSC.

Third, to gain the support of the P5 Council members, Japan may seek permanent member status without veto power. Japanese officials will let it be known that what they want is not so much wielding power equal to that of the P5 as having greater

11 Hideyuki Tanaka, "'Atarashii Kokuren' no Shodokoku e," *Sekai* (March 1993), pp. 47-49.

12 Fusakazu Izumura, "Should Japan Get a Permanent Seat on the U.N. Security Council?" *Tokyo Business Today* (March 1993), p. 55.

13 See Akira Yoshikawa, "Kokurenkensho 'Kyutekkoku Joko' no Mondaiten" [Problems of the 'Enemy State Clause' of the UN Charter] *Seikyoken Kiyō* (January 1993), pp. 85-113.

participation in the UN's crucial decision-making process. Japan will also spur lively debate on the formula for UNSC reform. In one formula, for example, a Japanese analyst proposes to add Germany, Japan, Brazil, India and Nigeria to the permanent membership and to abolish veto power by introducing two-thirds majority decision-making.¹⁴ Another formula suggests that Japan and Germany be added to the permanent membership, but the three European countries share two seats in rotation.¹⁵

Fourth, Japan will boost its financial support of the UN, expand participation in PKO and increase various contributions to other international organizations. It will further expand its ODA to developing countries, most of which seem to support the Japanese bid for permanent membership. It will become more involved in dealing with global problems of environment, refugees, famine, drugs and so on, and try to strengthen its comparative advantage in contributing to international security by non-military means such as science and technology. In the field of military, Japan will try to develop an area of specialty where it can be active without using force. For example, it can play a leading role in creating a regime for arms control or disarmament. Of course, Japan considers PKO as the central element of its diplomatic efforts to gain a permanent Security Council seat and will put in a great deal of resources into it.

Prospects

The international community seems to be showing a mixed response to Japan's bid for a permanent seat. Most of the Southeast Asian Countries have registered their support. The Thai Prime Minister said that Japan should play a role in the UN

14 Sato Seizaburo's comment during an interview, 26 May 1993.

15 Nakagawa, p.73; Yasuhiko Yoshida, Terumasa Nakanishi, "Kokuren Garikoso to Nihon no Moso" [Gali's UN Design and Japan's Delusion], *Shokun*, April 1993, pp. 130-32.

commensurate to its economic capacity. The Malaysian Prime Minister held that it is unthinkable that Japan will ever become a military threat in the region and made clear that he supports its permanent membership.¹⁶ Filipino President Ramos also declared in a recent news conference that Japan's important role in the international community should be recognized and that UNSC permanent seat is an appropriate way to do so.¹⁷

Among the P5 countries, the US seems to be most supportive. The US seems to have realized that it needs a Japanese supporting role to establish a New World Order under its continuing leadership.¹⁸ Mr. Clinton was reported to advocate that the Security Council should be reformed and that Japan and Germany should be included.¹⁹ Assistant Secretary of State Winston Lord stated in a Senate confirmation hearing that the US government supports Japan's permanent seat.²⁰ American scholars and journalists also seem to be generally of the opinion that Japan's credentials are more than enough for the seat and that the US should support its most important ally to obtain it.²¹

Chinese and Russian attitudes are rather ambiguous. China's new ambassador to Tokyo recently stated that "Japan's permanent membership in the UNSC is a matter of time." He did not say whether China will actively support the application but suggested that at least it would not oppose.²² Officially, the

16 *Asahi Shimbun*, 17 January 1993.

17 *Asahi Shimbun*, 2 March 1993. See also *Sekai Shuho* (3 March 1993), pp. 51–53.

18 Fusakazu Izumura, pp. 54–55.

19 Bill Clinton's address at George Town University on 12 December 1992.

20 *Asahi Shimbun*, 1 April 1993.

21 Kenneth Dam, John Deutch, Joseph Nye and David Rowe, "Harnessing Japan: A U.S. Strategy for Managing Japan's Rise as a Global Power," *Washington Quarterly* (Spring 1993), pp. 39–40; Maiku Yangu, "Beikoku wa Nihon no Joninriji koku Iri o Shijisubekida" [The US should support Japan's permanent membership of UNSC], *Sekai Shuho* (12–19 January 1993).

22 *Nihonkeizai Shimbun*, 13 April 1993.

Russian government does not oppose Japan's application, either. France and England appear skeptical about the idea of sharing their privilege with Japan and Germany. English Prime Minister John Major once stated that he did not mind discussing the reorganization of UNSC, but that the focus of the discussion should be on how to make the Council function more effectively. The French and English positions are to oppose any change in the Security Council that may hamstring its effectiveness.

Although the US, China and Russia appear to endorse Japan's bid for a permanent UNSC membership, it is not at all clear whether they would do so when the time for decision actually comes. It is doubtful whether China would be willing to allow its regional rival to obtain permanent status. Neither is it certain how hard the US will try actually to help Japan beyond mere rhetoric, but it will be a determining factor. If US policymakers decide they really need an increased Japanese role in the UN, they will use their influence and persuade others.

Meanwhile, Japan seems not yet ready to launch a well-coordinated campaign to gain permanent membership. It has to resolve the issue of its Constitution, the SDF Law and the PKO Law. The public still does not quite understand what such status would mean and what responsibilities it would entail. Japanese society including the government and the political circles still do not have clear commitment to the idea of Japan as a permanent member of the Security Council. With the defeat of the LDP in the July election and the ensuing political instability, Japan will be unable for some time to come up with any consensus and take clear and confident policy steps toward permanent membership.

Nevertheless, there is no denying that Japan is playing a major role in world affairs today. And, given Japan's status as an economic superpower, there will be ever-increasing demands for Japanese responsibility and leadership. Japan's contribution to the UN both financial and personnel, including PKO, will rise steadily. We will see more SDF troops around the globe under the UN flag. Japan will eventually rewrite the PKO Law, too. It is

often argued that Japan cannot become a permanent UNSC member unless it revises its constitution. However, that may not be a necessary condition for permanent status itself. Informed observers generally predict that Japan could by the end of this century become a permanent member without veto.

The pace and scope of Japan's pursuit of global leadership will largely be determined by developments in the Japanese domestic political scene: the result of political reform, the philosophy and policy ideas of those who form the government, popular verdict on the revision of the Peace Constitution, among many.

The political map is now being redrawn as the traditional "conservative versus radical" structure has collapsed, the once-dominant LDP is in disarray, and an anti-LDP alliance led by newborn conservative parties is attempting to bring about some fundamental changes to Japan's political economic system and its foreign policy. The possibility of the advent of a two-party system is now greater than ever as the Social Democratic Party has shrunk to half and seems near its demise.

Revising the Peace Constitution is an extremely risky proposition for Japanese politicians, but it could become an election issue under a two-conservative-party system, and the popular mood against constitutional revision may decline in time. Ozawa Ichiro, the man behind the Renewal Party, believes that Japan cannot continue forever to depend on the US for its security, and that political reform towards a two-party system is necessary to invigorate the policy process and to formulate a more pro-active foreign policy. It is quite possible that more assertive and internationally minded conservative politicians such as Ozawa and his associates could form a major political force in a new Japanese system. With a revised Constitution backed by popular support, and with its name on the list of permanent membership of the UN Security Council, Japan would carry out a much more activist foreign policy and become ready to establish global leadership along with the US, whether we ask for it or not.