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Regionalism, Alliance, and Domestic Politics: The Benelux Model and Northeast Asian Cooperation

*Kent E. Calder**

Abstract

Most of the literature in International Relations stresses the central role of large states in international affairs. Yet smaller states too can at times play a role more than commensurate with their economic and geo-political scale. This paper explores the potentially important role of smaller states in regional economic integration, explicating the historical role of Benelux in European integration, and extrapolating implications for Northeast Asia. Particular attention is given to the prospectively important role of Korea, and of what the Benelux precedent suggests about what that Korean role in Northeast Asian regional integration processes might prospectively be. The comparative analysis devotes special attention to the incentive structure of key sub-national interests, and to how their aggregation through democratic political processes in turn affects broader regional integration prospects.

Key Words: Benelux model, Northeast Asian regionalism, regionalizing coalition, Pacific Alliance, San Francisco System

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Small States as Catalysts in Regional Integration: Can Korea be Northeast Asia's Benelux?

“Regionalism” and “alliance” were largely unrelated concepts until the middle of the Twentieth Century, although they have been in persistent tension since then. This paper explores the deepening conflict between these ideas, and their strategic manifestations, in an area of pre-eminent political-economic importance: Northeast Asia. Addressing concretely the prospective contradictions between the concepts, with special reference to Korea, it considers the particular relevance of the “Benelux model” from Western Europe as a means of resolving them, against the background constraints of domestic politics.

The “Benelux model,” presented later in further detail, is postulated to include five core elements:

- A catalytic role is played by a cohesive group of *smaller nations*, with strong, self-interested reasons for group cohesion.
- The smaller nations shape policy outcomes through key roles in *agenda setting* and *mediation* among larger powers which are otherwise mutually antagonistic to one another.
- Leaders in the smaller nations have strong *transnational networks* that magnify their influence in regional integration processes.
- Regional integration is initially seen by the small catalysts as a *survival strategy*, but this objective progresses over time into a proactive *affluence-maximizing* approach.
- Regionalism under this approach is accepted as being *compatible with alliance*, and with *globalism* as well.

Evolution of the Tension between Regionalism and Alliance

At the dawn of modern global diplomatic history, regionalism was a moot concept, as inter-regional relations were virtually non-

existent. Indeed, from the beginning of the nation-state system following the Peace of Westphalia (1648), until World War I, the concert of key powers was almost exclusively European. The United States was largely detached from the global alliance system: George Washington warned his countrymen sharply of foreign entanglements in his Farewell Address, and for a century and a half they largely complied. Asia's classical structure of international relations was likewise isolated from the broader world.

The Anglo-Japanese Naval Treaty of 1902, and the 1940 Axis Pact of Steel, to be sure, were exceptions to the more general pattern. Transcending regionalism, and indeed cultural differences as well, those alliances linked the West with the emerging military-industrial powerhouse of Asia, Imperial Japan, across great distances, in a provocative, unprecedented fashion. Yet both alliances proved fragile, and each disintegrated within a generation. The first half of the Twentieth Century was not congenial to trans-regional partnerships.

The post-World War II alliance pattern has been more durable—indeed, remarkably so. To be sure, the Sino-Soviet alliance, following the pre-war global pattern, ruptured less than fifteen years after its consummation in early 1950. Yet the other major alliance structures of both the Pacific and the Atlantic have persisted for remarkable periods of time. Both NATO and the “San Francisco System,”¹ in particular, continue in existence more than half a century after their respective foundations.² Indeed, the half century following World War II could well be considered an “era of alliance,” in which regionalism presented relatively few challenges.

¹On this concept, see Kent E. Calder, “Securing security through prosperity: The San Francisco System in comparative perspective,” *The Pacific Review*, Vol. 17, No. 1, March 2004, pp. 135-157.

²NATO, of course, was founded in 1949. The US-Japan Mutual Security Treaty was signed in September 1951, while the US-Korea MST was forged in 1954.

Embedded Pacific Alliance Structures

The San Francisco System is the integrated network of political-economic relations that has prevailed in the Pacific since the September 1951 peace treaty with Japan. It has had five defining features: a dense structure of bilateral alliances, including US-Japan, US-ROK, US-Australia,³ US-Philippines, and for many years US-Taiwan, US-South Vietnam, and US-Thailand; an absence of multilateral security mechanisms; strong asymmetry in alliance relations, with respect to both in security and economics; special precedence to Japan; and liberal trade access to American markets, coupled with relatively limited development assistance, compared to the trans-Atlantic pattern. These arrangements linked Asian nations in a “hub and spokes” framework with Washington, DC, across traditional cultural and ethnic barriers. The System was consolidated through asymmetrical understandings that rendered its provisions both remarkable, and prospectively vulnerable as well.

On the security side, the San Francisco System committed the United States to the defense of many East Asian nations around the perimeter of China, without obligating these countries explicitly, in most cases, to reciprocal support of the United States. The main support that Asian allies were obliged to provide was generally bases for American forces on their own soil. In the extreme case of Japan, the host nation to US forces was not even committed to collective self-defense in support of those forces, due to restrictions imposed by the local “no-war” Constitution.

On the economic side, the San Francisco System provided, as suggested above, extensive benefits to security allies of the United States, that were *fundamental* to the attractiveness of the System itself

³Originally ANZUS, including New Zealand, but New Zealand effectively fell out in the mid-1980s due to its defiance of the US “no confirm or deny” approach to nuclear weapons.

to them. Those benefits did not, to be sure, come in the form of the direct reparations from Japan for which most of the Allies had hoped. This omission provoked many prospective US allies in the vicinity of Japan, such as the Philippines, to explicitly reject ratification of the San Francisco peace treaty, or to make serious formal reservations.

The economic incentives provided by the System were largely embodied in bilateral Treaties of Commerce and Navigation, offering open access for Asian firms to a US market that was close to 40 percent of the global total. Although these treaties were nominally reciprocal in character, provisions for reciprocity were rarely enforced. The System thus established a political-economic framework offering economic opportunities to East Asia that were highly lucrative, under *two critical conditions*: as long as the US remained economically pre-eminent; and as long as the system remained effectively preferential in favor of US allies in the region.

Apart from these main institutional features, ambiguous, unsettled boundaries were a major additional element of the San Francisco System within Northeast Asia, arguably willed that way by its major architect, John Foster Dulles. These territorial issues had been dormant, of course, for the half century prior to 1945, during which Japan ruled the entire region in unified fashion, without meaningful boundaries of any kind. Since the San Francisco Treaty disposed of territorial issues concerning both the home islands of Japan and its former colonies, however, that treaty had the potential to either clearly define the post-war contours of the various Northeast Asian jurisdictions, including Korea and Taiwan, or to leave them in ambiguity.

The ambiguities that Dulles fostered helped to make Northeast Asia the “Arc of Crisis” that it has been, in security terms, ever since—a region in which geo-political differences make regional unity—and even moderate dialogue—consistently difficult.⁴ Lack of clarity in the

⁴On this concept, see Kent E. Calder, *Pacific Defense* (New York: William Morrow, 1996), pp. 13-42.

treaty over what constituted the Kuriles estranged Japan and the Soviet Union, for example. Similarly, ambiguity as to who held sovereignty over Tokdo, in the middle of the East Sea, complicated Korea-Japan relations. Lack of clarity regarding whether the Senkaku/Diaoyutai Islands were part of Okinawa or Taiwan likewise estranged Japan and China. The treaty also failed to resolve the North-South territorial division in Korea, not to mention relations across the Taiwan Straits. It thus enhanced prospects for future intra-regional conflict along multiple geo-political dimensions.

The intra-regional conflicts among Northeast Asian nations provoked by treaty ambiguity ultimately enhanced the geo-political leverage of the United States, particularly with an anxious and defensive Japan. Japan was surrounded by prospective adversaries, and heavily dependent economically on the US market. This situation served the geo-strategic purposes of John Foster Dulles, given his fears of Japanese revanchism. It likewise helped neutralize the potentially adverse long-term implications for US diplomacy of his indulgent approach to Japanese economic recovery. Yet the territorial ambiguities also impeded regionalism, in a part of the world where it had once been very strong.

Alliance Durability: The Key Role of Economic Interest

The distinctive *incentive structure* of the San Francisco alliance system bears re-emphasis here, as that incentive structure was at once the source of the System's short-term attractiveness in East Asia and its prospective long-run vulnerability. Unusual political-economic incentives, centering on preferential US market access, rendered the System particularly *attractive* to allies, *as long as* the US economy was strong and discrimination in favor of allies prevailed. Those discriminatory provisions also, however, rendered the System vulnerable to the emergence of a fully non-discriminatory global

economy, and to the rise of alternative economic growth centers, within Asia, that could ultimately spur the emergence of stronger regionalism.

The San Francisco System at its outset was thus a creature of American political-economic power, in a world where there were few alternative power centers. To explain the San Francisco System's remarkable durability, it is wise to remember both how *fragile* that system seemed at its origin, and how substantial the political-economic *benefits* conferred by the System to stabilize it soon came to be. There have, however, been substantial changes in the terms of the embedded bargain since this alliance system's foundation that affect its longer-term prospects, and that are sharpening the tensions with regionalism, as we shall see.

As noted above, virtually all major Asian nations, apart from Japan itself, either directly opposed the San Francisco peace treaty, or at least lodged formal reservations. The strong dissenters included not just China and the Soviet Union, but also India, Indonesia, Burma, and South Korea. Even the Philippines protested bitterly, mainly against the lack of reparations from Japan. Key Anglo-Saxon allies of the United States, like Britain and Australia, were ambivalent about the treaty, as was much of the US Congress. Ultimately it was mainly Latin American support, reflecting US pressure, that garnered the treaty its large overall ratification figures, and hence international legitimacy.

Since the precarious origins of the San Francisco System, amidst the Korean War, its political-economic environment has also sharply changed. Japan's economy, for example, was only one-twentieth the economic scale of the US in 1950, when negotiations on the San Francisco treaty began.⁵ It is now close to half as large.⁶

⁵Jerome B. Cohen, *Japan's Postwar Economy* (Bloomington, Indiana: Indiana University Press, 1958), pp. 12-13.

⁶In 2002 the US economy comprised 32.3 percent of global GDP, and Japan 12.3 percent. See Asahi Shimbun (ed.), *Japan Almanac*, 2004 edition (Tokyo: Asahi Shimbun Sha, 2004), p. 56.

Yet the System has expressed a remarkable ability to flexibly accommodate such massive change in the economic magnitude of key participants, together with numerous other challenges.

The Importance of Sub-National Incentives

Why should the San Francisco alliance system have proven to be so durable, despite apparent fragility at its inception? Some have recently stressed the “constitutional” character of the rule-based American political economy, which reduced the implications of *winning* in the international system, and hence locked weaker players, who feared losing, into an order that they could not control.⁷ Others—hegemonic stability theorists—have simply stressed the continuing pre-eminence of American power.⁸

This analysis suggests the need for dipping *deeper* into the *domestic systems* of key nations for an explanation of system persistence than international relations theorists are prone to do. Neither the rules of the international order—often disregarded—nor the fluctuating power position of the United States can explain the persistence of the Pacific order, its process of transformation, or the resolution of prospective tensions with regionalism. The overlapping *preference structures* of *domestically dominant groups* have been the key sustaining element of the San Francisco System, this analysis suggests. It is argued that those are critically dependent on the economic returns provided by the System, and are by no means immutable. An Asia-centric alternative regional order could potentially provide many of the same benefits.

A two-level analysis—understanding both *domestic* interest-

⁷ John Ikenberry, *After Victory* (Princeton: Princeton University Press, 2001), p. 32.

⁸ Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987).

group structure and showing how it alternately constrains or sustains *international* relationships—is crucial to grasping both the durability of the San Francisco System and its potential for change.⁹ In particular, the willingness of domestic interest groups in the US to trade off marginal economic costs to themselves in return for perceived security gains to their nation was critical to the stability of the San Francisco System in its early days. The openness of the system then gradually gave birth to new organized interests, such as large-scale distributors and multinational manufacturers, that helped sustain that trade and financial openness from the 1970s on.

American labor unions such as the AFL-CIO¹⁰ were willing, for example, to accept some marginal domestic job losses from import competition much more substantial than the major European powers were willing to accept, as the necessary price for eliciting security cooperation from America's Asian allies during the 1960s and 1970s. It was only in the 1980s, under a Republican Reagan Administration, with whom the unions deeply differed on many grounds, that they came to see these losses as unjustified even by national security imperatives.¹¹ By then, new transnational interests had arisen that countervailed their rising disaffection from the liberal international economic order.¹²

Meanwhile, in Asia, the central political priority—for both the elite and, to a large degree, for the broader citizenry as well—was consistently economic. If the United States offered open markets and some economic aid through the San Francisco System, few worried

⁹Robert Putnam, "Diplomacy and Domestic Politics," *International Organization* (Spring 1998), pp. 427-460.

¹⁰Literally, American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), the largest American labor-union confederation.

¹¹On the emerging criticism of national-security rationales for the San Francisco System, see Selig Harrison and Clyde Prestowitz, "Pacific Agenda: Defense or Economics?" *Foreign Policy* (Summer 1990), pp. 56-76.

¹²I.M. Destler and John S. Odell, *Anti-Protection: Changing Forces in United States Trade Politics* (Washington, DC: Institute for International Economics, 1987).

about the constraints to sovereignty or to nationalistic sensibilities that inevitably flowed from US pre-eminence in the military area. From very different domestic origins, Japan, South Korea, and Taiwan all smoothly evolved, with little resistance over the 1960s and 1970s, into commercially oriented trading states, all operating under the US security umbrella.¹³

The approach of America's Northeast Asian allies to the economics-for-security trade-off implicit in the San Francisco System was, in its emphasis on economics, highly complementary to the security bias of the United States. Yet it was based on the interests of dominant local political actors, rather than any particular respect for clear rules *per se*. The prominent role of bureaucrats in East Asian political economies, intensified the lack of transparency and the "case-by-case" orientation. Indeed, the frequent disrespect for liberal trading rules—both through non-trading barriers and "orderly marketing arrangements"—has been a persistent feature of trans-Pacific trade throughout most of the post-war period.

The relative weakness in Asia of local nationalist groups antagonistic to the security dimensions of the System also helped sustain the symbiotic trans-Pacific political-economic trade-off. Left-oriented labor unions and Communist parties, for example, have never been strong in post-World War II Northeast Asia, in contrast to patterns across much of Western Europe. The nationalistic far right has also had trouble gaining traction in Asia. Indeed, Asian Gaullism has never really emerged to challenge the region's uniquely asymmetric security bargains with the US, despite insistent predictions that this could happen.¹⁴

¹³Richard Rosecrance, *The Rise of the Trading State: Commerce and Conquest in the Modern World* (New York: Basic Books, 1986).

¹⁴Herman Kahn, *The Emerging Japanese Superstate* (Englewood-Cliffs, New Jersey: Prentice-Hall, 1970); Harold Malmgren, "Coming Trade Wars," *Foreign Policy* (January 1970), 1125-43; Isaac Shapiro, "The Risen Sun: Japanese Gaullism," *Foreign Policy*, 41 (Fall 1981), pp. 62-81.

Gradual regional transformation within the US domestic political economy also aided this symbiosis between East Asian economic development and a US-centric system of regional security.¹⁵ Over the course of the 1960s and 1970s, the Sunbelt states of the South and West steadily gained influence, as the leverage of the Midwest-Northeast Snowbelt slowly declined. In 1963, for example, California became America's most populous state, eclipsing New York. By 2001, California's population was 82 percent greater than New York's. Texas, rather than New York, had become America's second most populous state.¹⁶ Economically, California had become larger than all but five nations on earth.

In both the Congress and the Electoral College, Sunbelt representatives became correspondingly more numerous and powerful as well. The three largest Sunbelt states—California, Texas, and Florida—now provide over 41 percent of the electoral votes required to elect an American president. Although George W. Bush lost California in both 2000 and 2004, he carried Texas, Florida, and a broad range of other Sunbelt states in both elections, which provided the core for both of his narrow electoral college victories. At the White House, John F. Kennedy was the last president elected from a Snowbelt state, nearly half a century ago. Since then, two other Snowbelt candidates from Massachusetts—Michael Dukakis and John Kerry—have both been clearly defeated by Sunbelt Republican coalitions.

The politically emergent Sunbelt, and its Plain and Mountain States analogues, have weak unions, vigorous agricultural and construction sectors, and little heavy industry competitive with Asia. Indeed, to this day there is no integrated steel mill in the Sunbelt. The only auto plant, at Fremont, California, is a General Motors-Toyota

¹⁵Kent E. Calder, "The Emerging Politics of the trans-Pacific Economy," *World Policy Journal* (Fall 1985), pp. 593-623.

¹⁶US Bureau of the Census, *Statistical Abstract of the United States*, 2002 edition, 2001, pp. 22-23.

joint venture.

The Sunbelt, reflecting its economic complexion and interests, has exhibited a relatively moderate trade, financial, and investment orientation toward Asia, both in Congress and at the state-government level. Heavy inbound direct investment since the mid-1980s has further disposed US authorities—both state and federal—to be moderate in their approach to Asia. Consumers and distributors have also benefited from trans-Pacific interdependence, and been generally supportive of the open trading regime inaugurated under the San Francisco System.¹⁷

Despite rising US trade imbalances with Asia—reaching levels of 2:1 and 3:1 in favor of Asia by the 1980s, and stubbornly persisting ever since—there has hence been remarkably little support in the US for radical shifts in the status quo. This pattern has been especially pronounced in the Sunbelt. Conversely, across Asia, exporters, rather than consumers, have dominated local political processes, persistently reinforcing the asymmetrical bias of the San Francisco System even into the 21st century, despite its origins in an earlier, more hierarchical age. Both in Asia and in US internationalist circles, the clear common economic benefits of an open trade and financial system across the Pacific have thus been sustained by tacit, domestically rooted mutual political acceptance, rather than any clear, formalized constitutionalist bargain.

The security elements of the San Francisco system, forged in blood and crisis during the Korean War, in sharp contrast both to pre-war patterns and early post-war expectations, have likewise proven mutually acceptable on both sides of the Pacific, although there was never a clear “constitutionalist” bargain on security matters either. US bases, and the “hub-and-spokes” network of alliances within which they are embedded, largely maintained regional stability—international

¹⁷Destler and Odell, *Anti-Protection*.

stability, as well as domestic one-party conservative dominance in key nations until the late 1990s. And stability has been vital to economic prosperity. That has become particularly true since levels of transnational investment and other forms of interdependence began spiraling rapidly throughout the Pacific Basin during the 1980s and 1990s.

Northeast Asia's Regionalist Past

In the post-World War II Northeast Asian political-economic world, the United States has loomed massively large, like Gulliver among Lilliputians, and economic dependence on America has been heavy. Yet it was not always so. Before World War II, particularly during the 1930s, Japan, Korea, mainland China, and Taiwan traded mainly with one another. Northeast Asia made up the heart of Japan's colonial empire, and its wartime Greater East Asia Co-Prosperty Sphere. As noted in Table 1, eighteen percent of Japanese exports went to China alone during the mid-1930s, and 39 percent to Northeast Asia as a whole. This share dwarfed the 16 percent of exports flowing to the United States.

Pre-war Japan was traditionally dependent on China for key raw materials and food, as well as for export markets. This dependence became especially pronounced in the 1930s, as Japanese political-military involvement on the continent steadily deepened. By 1934-1936, for example, fully 71 percent of Japan's soybeans, 68 percent of its coking coal, and 34 percent of its iron ore were imported from China.¹⁸ Overall, as Table 1 indicates, 36 percent of Japanese imports flowed from its Northeast Asian empire, as opposed to only 25 percent from the United States.

¹⁸Jerome B. Cohen, *Japan's Postwar Economy* (Bloomington, Indiana: Indiana University Press, 1958), p. 182.

Table 1. Trans-War Patterns of Interdependence in the Northeast Asian Political Economy

(Unit: Percent)

	Japanese Exports		Japanese Imports	
	1934-36	1956	1934-36	1956
United States	16	22	25	31
China	18	3	12	3
Korea/Taiwan	21	6	24	2
South/SE Asia	21	6	24	2

Source: Ministry of International Trade and Industry data, presented in Jerome W. Cohen, *Japan's Postwar Economy* (Bloomington, Indiana: Indiana University Press, 1958), p. 153.

Japan, in short, had a history of deep economic interdependence with China, as did Korea and Taiwan as well, based on underlying complementarities. China had labor and raw materials, while the others had capital, technology, and managerial expertise. Their symbiosis was, to be sure, temporarily suppressed by the Cold War and inhibited by the political-economic uncertainties on the mainland typical of the Maoist years.

Yet the latent complementarity, of course, never disappeared. China has, for two thousand years and more, been looming as a potential colossus over the lands to the east, with economic traits potentially synergistic with their own, yet with potentially hegemonic political potential as well. It was the more powerful political-economic magnet of the San Francisco System in the post-war years, and the corresponding weakness and isolation of China, that pulled Korea and Japan into the historically distinctive new trans-Pacific orbit that was the San Francisco System.

Shifting Economic Interests: Asian Regionalism Revived?

There are thus two possible poles between which the Northeast

Asian political economy of the future can potentially oscillate, or evolve: the classical San Francisco System of asymmetric political alliance with the United States, accompanied by asymmetric, discriminatory benefits for American allies; and a Sino-centric western Pacific regional prosperity sphere, excluding the United States. Regional profiles seem unlikely to assume either form precisely. Yet their proximity to either pole will likely be influenced profoundly by changing economic interests, which could in turn create dilemmas for security, and rising geo-political tensions.

Although the classical San Francisco System has persisted to a remarkable degree, half a century beyond its foundation, some important emerging divergence from that pattern is now at last discernable. Moreover, attempts to paper over the divergence with American strategic interest, as through the strengthening of APEC, appear ineffectual. The tension between regionalism and alliance in Northeast Asia is clearly deepening.

The United States, to be sure, still looms very large in the Northeast Asian regional equation, as it obviously does in the global scales as well. The US in 2004 comprised nearly 29 percent of global GDP, in nominal terms, and China only four percent.¹⁹ In addition, in 2004 US trade with Japan, China, and Korea combined totaled more than \$507 billion, or nearly double of the total trade of these nations with one another (\$313 billion).²⁰ Yet the marginal changes are occurring rapidly, driven by China's sustained growth from a small base, and may well prefigure important future political-economic transformations in the structure of regional affairs.

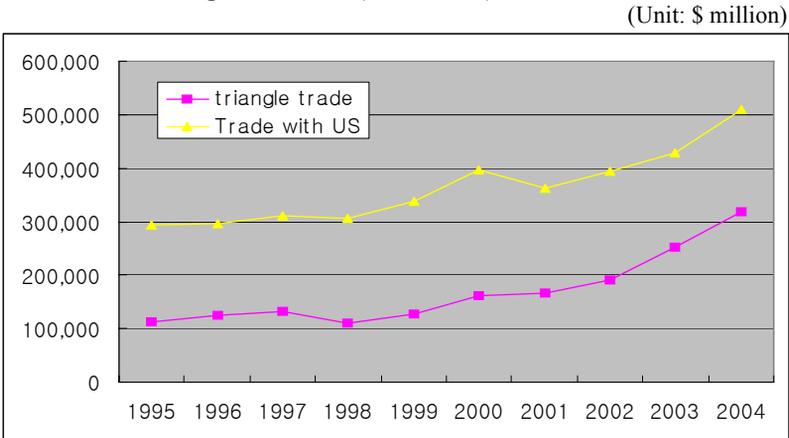
First of all, on the economic side, intra-regional trade in Northeast Asia is growing substantially faster than trans-Pacific trade. As is clear

¹⁹ Asahi Shimbun Sha (ed.), *Japan Almanac*, 2006 edition (Tokyo: Asahi Shimbun Sha, 2006), p. 101.

²⁰ OECD, STAN Bilateral Trade Database Vol. 2006 release 01, available at OECD website: <http://www.oecd.org>.

from Figure 1, the gap between the scale of overall trans-Pacific and overall regional trade within Northeast Asia has recently narrowed significantly. That narrowing trend seems likely to proceed still further, given the continuing expansion of the Chinese economy, and the ultimate likelihood of substantial revaluation of the Chinese renminbi.

Figure 1. The Rising Relative Importance of Northeast Asian Intra-Regional Trade (1995-2004)



Source: International Monetary Fund, *Direction of Trade Statistics*, 1995-2005 editions.

Bilateral trade indicators document, in particular, the explosive recent expansion of both Korea-China and Japan-China trade, as suggested in Table 2. China has become the largest export market in the world for South Korea, and the largest import market in the world for Japan. Indeed, over 20 percent of Japan's total imports now come from China—compared to less than 14 percent originating in the United States.²¹

²¹ In 2004 20.7 percent of Japan's imports came from China, and only 13.7 percent from the United States. See Asahi Shimbun Sha (ed.), *Japan Almanac*, 2006 edition, p. 134.

Table 2. The Explosive Expansion of Northeast Asian Trade with China
(Unit: \$ million)

	K-C trade	K-J trade	J-C trade
1995	16,562	49,658	46,079
1996	19,933	47,219	57,408
1997	23,689	42,678	65,124
1998	18,428	29,078	63,198
1999	22,551	40,004	63,772
2000	31,253	52,294	78,021
2001	31,493	43,139	91,349
2002	41,154	44,999	101,750
2003	61,319	53,883	135,036
2004	79,348	67,845	168,252

Source: International Monetary Fund, *Direction of Trade Statistics*, 1995-2005 editions.

A second latent pressure for change in the political economy of the San Francisco System, which also threatens to deepen regional geo-political tensions, flows from the declining relative benefits of the System to allies of the United States, as opposed to outsiders, notably China. Until the early 1970s, as is well known, the United States embargoed trade with the Chinese mainland, and conversely offered preferential access to products from allies like Japan, South Korea, and Taiwan. After ending the embargo, as it improved relations with Beijing, the United States moved to actively promote economic relations with China, even where Chinese products proved competitive with those of allies.

By 2004, as indicated in Table 3, the US was importing more than \$200 billion a year from China. Those American imports were more than half as large as those from Japan, which had an economy four times the size of China's, and more than six times the amount that the US exported to China. Of course, China's underlying competitiveness, rather than political favoritism, was the principal factor driving this trend. Yet the statistics suggest at a minimum that the United States of

late is *not* discriminating in favor of its allies, and against China, in the way that it clearly did during the 1950s and 1960s. To that extent, the discriminatory provisions of the San Francisco system *favoring allies* appear to have eroded, and an alternate system of either allowing markets to work or favoring China appears to have taken its place.

Table 3. The Rising Importance of China Trade for the United States
(Unit: \$ million)

	Export China	Import China	Export Japan	Import Japan	Export Korea	Import Korea
1995	11,754	45,543	64,343	123,479	25,380	24,184
1996	11,993	51,513	67,607	115,187	26,621	22,655
1997	12,862	62,558	65,549	121,663	25,046	23,173
1998	14,241	71,169	57,831	121,845	16,486	23,942
1999	13,111	81,788	57,466	130,864	22,958	31,179
2000	16,185	100,018	64,924	146,479	27,830	40,308
2001	19,182	102,278	57,452	126,473	22,181	35,181
2002	22,053	133,490	51,440	124,633	22,596	36,910
2003	28,419	163,255	52,064	121,233	24,099	38,346
2004	34,721	210,526	54,400	133,339	26,333	47,814

Source: International Monetary Fund, *Direction of Trade Statistics*, 1995-2005.

A third pressure for change in the San Francisco System, which could sharply accelerate future regionalist tendencies in Northeast Asia, is the prospect of US dollar depreciation. As noted in Table 2, recent US trade imbalances with Asia, as with the energy producers also, are large and rising. Accumulated US debt is substantial, and the debt-service burden is also rapidly expanding. The dollar has already fallen substantially against the Euro since the beginning of 2004, and many specialists project that these trends will continue. They of course rapidly depreciate the relative economic scale and importance of the United States for other nations of the North Pacific, and indeed the world.

A fourth pressure for change in the status quo is of course the rise of China. This has two dimensions: China's rapidly rising economic scale—albeit from a much smaller base than generally appreciated; and the rising pragmatism and subtlety of Chinese leaders in their dealings with the outside world. Until late 1999, for example, China rejected the notion of regionalist financial collaboration with Japan and other East Asian powers. Its shift in stance, at the late 1999 ASEAN Hanoi Summit, paved the way for the landmark Chiangmai swap-quotas agreement of May 2000.

Because the rising role of China in global political-economic affairs over the past five years has been so rapid, there is a tendency to single it out as the catalyst, or principal driver, for deepening regionalist tendencies in Northeast Asia. This is clearly an *over-statement*. As noted earlier, the Chinese economy remains relatively small: only between a third and a quarter the size of Japan's, and only one eighth that of the United States. Additionally, many other forces are at work in fueling regionalism, as we have seen, than simply the rise of China.

Yet the fact that China, with which the US has major political differences, is the primary catalyst for the new regionalist developments, rather than US allies Japan or South Korea, may well intensify both the geo-strategic tensions implicit in regionalism, and the difficulties of achieving a compromise resolution to the "alliance" vs. "regionalism" dichotomy. An exclusive regionalism centering on China, with which the United States is not involved, could potentially be, depending on its configuration, a national-security challenge to the United States. Moreover, achieving a compromise through an expansion of the functions of APEC is rendered problematic for China by the reality that APEC is the one Pacific regional grouping that includes the adversary Beijing continually and obsessively seeks to ostracize—namely Taiwan.

The Emerging Profile of Change: Deepening Tensions between Regionalism and Alliance?

It is important to be clear about what is really changing in Northeast Asia, from what embedded points of departure, and what is not changing. The United States still holds the dominant position in both the political economy of the Pacific, and in its security order. That can only slowly change, especially if US-Japan interdependence remains strong. Northeast Asia thus continues to need stable relations to the United States.

Although Asia's integration within global institutions remains strong, the marginal institutional movement toward regionalism since the Asian financial crisis has been substantial.²² This trend has been especially pronounced in Northeast Asia, because there was virtually no systematic policy networks or routinized policy consultation before 1997. During the Asian financial crisis of 1997, for example, the Japanese and Chinese governments engaged in virtually no bilateral consultation, and China's failure to support Sakakibara's Asian Monetary Fund proposal in the fall of 1997 was a major factor behind its failure. The two countries both thought and acted in almost exclusively global and trans-Pacific terms, as did Korea also. Those patterns are now rapidly changing.

The catalyst for new policy networks and regional policy-planning consciousness has been the "ASEAN plus Three" policy process, initiated by Singapore Prime Minister Goh Chok Tong at the fifth ASEAN Summit in Bangkok, during December 1995.²³ He suggested that ASEAN members should invite the three Northeast

²² For a good survey of developments from a constructivist perspective, see Takashi Terada, "Constructing an 'East Asian' concept and growing regional identity: From EAEC to ASEAN+3," *The Pacific Review*, Vol. 16, No. 2, 2003, pp. 251-277.

²³ *Ibid.*, pp. 262-264.

Asian countries to its informal summit meeting within one or one-and-a-half years, and this was realized at the 1997 Kuala Lumpur ASEAN summit. Japanese Prime Minister Obuchi saw the ASEAN +3 process as useful, and proposed both a trilateral Northeast Asian leaders dialogue among Japan, China, and South Korea before the ASEAN+3 meeting, and to hold a separate ASEAN+3 Foreign Ministers' meeting to support the implementation of the leaders' groups' deliberation.

These decisions for top-level consultations inspired the development of networks and planning processes embedded deeper in the respective national bureaucracies and intellectual establishments of the key nations. That institutional evolution has in turn both produced concrete policy proposals for regional collaboration, and also given birth to much more systematic planning and research processes within Northeast Asia than had ever existed before. Japan's NIRA, Korea's KIEP, and China's DRC, for example, have been tasked to provide research support for the ASEAN+3 summit meetings. They, together with other governmental and semi-governmental bodies, have been doing systematic research on the viability of free-trade agreements, expansion of the Chiangmai financial swap-quotas agreement of 2000, the Asian bond market concept, and other policy options. These analytical steps are increasing the prospect of tangible movement toward deeper regional integration, especially should inadequate Western response to any intra-regional crisis within Asia, as in 1997, give further momentum to such regionalist initiatives. Yet Northeast Asian integration—like that in Europe half a century ago—could still benefit greatly from the efforts of a diplomatic catalyst.

The need for mediators and catalysts in Northeast Asian regional integration is enhanced greatly by deepening geo-political tensions among the larger powers—especially between Japan and China. Despite territorial disputes, conflicts over energy resources, and diplomatic competition that is intensifying, the two nations did not

hold a single summit conference in the five years after mid-2001. Differing interpretations of wartime history and contrasting aspirations regarding the region's future add to the combustible mix.²⁴

National Response to Regional Transition: Emerging Contrasts

There are naturally important differences of opinion within Northeast Asia regarding the prospect and advisability of deepening regionalism, especially since it implicitly involves deepening political-economic dependence on mainland China. For Taiwan, regionalism presents a stark dilemma: at once a major economic opportunity and a troubling security threat. For Japan, it is also a mixed prospect: potentially expanded markets and lucrative potential investment opportunities, balanced by troubling geo-political interdependencies and economic competition from the continent, as noted above. Given Japan's insular character, it tends to detach itself from issues of regional integration that excite the continent much more intensely.

China and Korea are clearly the players for whom regionalism holds greatest attraction, and for whom alliance is arguably least attractive. This generalization holds clearly in the case of China: it increasingly sees the benefits of regionalism, as long as it is embedded within global structures such as the World Trade Organization (WTO), and it has always been skeptical about alliance. As the apparent threat of North Korea toward the South continues to wane, many in Seoul are coming to a parallel view, although South Korea remains deeply divided on the merits of alliance in the Northeast Asia now emerging.

At a minimum, the economic rise of China, coupled with the PRC's increasing political pragmatism, greatly complicates Washington's basic

²⁴For more detail on recent Sino-Japanese frictions, see Kent E. Calder, "China and Japan's Simmering Rivalry," *Foreign Affairs* (March/April 2006), pp. 1-11.

strategic design for Northeast Asia. During the late 1990s that blueprint was based on the imperative of a solid US-Japan-South Korea cooperative triangle, as expressed in the TCOG trilateral consultative process, and for many years the KEDO agreement. Relations between Tokyo and Washington, to be sure, are generally stable and cooperative.²⁵ However, domestic political pressures in South Korea, coupled with important differences between Washington and Seoul in policy priorities regarding North Korea, have so complicated ties between those two nations as to make the overall triangular TCOG process of decreasing coherence and utility. The so-called “six-party process,” among the US, Japan, China, Russia, and the two Koreas, has not yet effectively taken its place, despite some initial success during the fall of 2005 in getting the DPRK to formally entertain the prospect of dismantling its military nuclear program. Both the US-ROK bilateral alliance and broader multilateral dialogues within Northeast Asia are arguably in a state of drift.

Compromise Prospects for Northeast Asia’s Future? The Benelux Analogy

Clearly, as America’s political-economy wanes, Japan’s stagnates, and China’s rises in the constellation of influence in Northeast Asian affairs, the dangers of a turbulent balance of power dynamic in this volatile corner of the world are rising. Japan and China are distinctly wary of each other, especially with their respective strengths finely balanced, and with uncertain future prospects on both the Korean Peninsula and the Taiwan Straits. Deepening rivalry is a dangerous prospect, given the high level of armaments, including nuclear,

²⁵See Kent E. Calder, “The Outsider Alliance: US-Japan Security Ties in Comparative Perspective,” *The Korean Journal of Defense Analysis*, Vol. XV, No. 2 (Fall 2003), pp. 31-56.

chemical, and biological weapons, within the region. Some new creative means need to be found to defuse the deepening tensions between regionalism and alliance in Northeast Asia.

Early post-World War II Western Europe provides a useful analogy. For nearly two centuries, the continent had been plagued by the instabilities of balance of power politics, including a string of bitter conflicts among Great Power rivals, especially Germany and France. Even in the shadow of the most destructive of those conflicts, World War II, there was no clearly apparent road forward, out of the morass of conflict among the major powers.

The conventional wisdom is that it was Franco-German reconciliation that was the primary engine driving European integration forward. Yet this interpretation runs counter both to the expectations of realist international relations theory—that major nations maximize their interests defined in terms of power—and of important historical facts. France, for example, rejected the European Defense Community agreement of 1954, precisely due to the significant prospective defense role that it gave to Germany. The largest European powers remained deeply suspicious of one another, throughout the early days of regional integration, limiting their ability to play proactive leadership roles.

Ultimately a central role, disproportionate to their political-economic scale, was played by the Benelux countries (Belgium, the Netherlands, and Luxembourg), in close cooperation with one another. Although small, these nations had strong common interests in regional integration that coincided with those of the European continent as a whole. They were also blessed with a few enlightened leaders, such as Paul-Henri Spaak, long-time Belgian Foreign Minister, and subsequently Secretary General of NATO. Ultimately these cosmopolitan figures, with broad personal networks transcending both national origin and party affiliation, were able to provide a catalyst for compromise—both within Europe, allowing regionalism,

in the form of the European Union ultimately to rise, and also in trans-Atlantic alliance relations, allowing NATO to simultaneously grow stronger.

The Benelux history of mutual cooperation had venerable historic origins. The Belgium Luxembourg Economic Union (BLEU) was founded in 1922 to pool tariff negotiation authority and create a single customs area. After World War II, Belgium, Luxembourg, and the Netherlands deepened their cooperation as a survival strategy, to obtain raw materials and to aid their recovery from the war. After the formation of their own customs union in 1948, these nations played a key role in forging the Treaty of Paris, leading to the European Coal and Steel Community, founded in 1951. In 1955 it was again Benelux that proposed expanding ECSC in terms of both member states and fields of cooperation, leading to the Treaty of Rome (1958), and the birth of the European Economic Community (EEC). Later, Benelux were also a catalyst for financial integration, culminating in the Treaty of Maastricht in the early 1990s.

The Benelux nations succeeded in mediating among nationalist, regionalist, and alliance-related pressures because they had strong stakes in stable integration, but few provincial interests impeding them from a concern for the whole. They were open economies, so of necessity were pragmatically free-trade oriented.²⁶ Due to their radical dependence on the global economy, and the associated need to stay competitive, they could not easily allow clientelistic interest-group politics, especially protectionist varieties, to develop. Other factors conducive to their mediating role between “regionalism” and “alliance” were: *geography*, including a central location among France, Germany, and Britain that made broad access to all the large nations far superior to special relationships with any one; *size*, which

²⁶On their striking degree of openness, compared to other original EEC members, see Han, Seung Soo, *The Growth and Functions of the European Budget*, p. 152.

made trade access to other markets crucial to them; a related *conviction*, related to size, that security and prosperity were inter-related; and a strong mutual *understanding* that regional integration needs to be driven by national interest.²⁷

Korea stands in a strikingly analogous position to that of the Benelux nations within the political economy of Northeast Asia. Like Belgium, the Netherlands, and Luxembourg in the European context, it is a relatively small nation—actually, becoming a loose agglomeration of two distinct political systems, those of North and South Korea, for whom the BLEU, or Belgium-Luxembourg Economic Union, might someday be considered an apt model. The Koreas, like Benelux, are heavily dependent on the broader regional and global economies, and hence have strong stakes in both regional political stability and in dynamic regional economic integration.

Like Benelux, Korea thus has powerful stakes in the resolution of the natural emerging tensions between “regionalism” and “alliance.” As for Belgium in the era of Paul-Henri Spaak, who played such a historic role in the foundation both of the European Union and of NATO, the imperatives for Korea today are for activism, moderation, and foresight: both in working to stabilize the Korea-US alliance, which has guaranteed the ROK’s security for more than half a century, and simultaneously in encouraging the Northeast Asian integration process to continue to move forward, with a suitable role for the United States. The Six-Party Talks are certainly one of many prospective vehicles through which that needed Korean activism could be expressed.

Although Benelux is a provocative prescriptive model for Korea, the tensions in the analogy should be noted. Korea is obviously

²⁷ On Benelux calculations in the regional and alliance consolidation processes, see Erik Jones, “The Benelux Countries: Identity and Self-Interest,” in Simon Bulmer and Christian Lequesne (eds.), *Member States and the European Union* (Oxford: Oxford University Press, forthcoming).

larger—physically, economically, and militarily—than the Benelux nations, although it remains relatively small compared to Japan and China—just as the Benelux nations are, relative to Germany and France. The Korean political economy of the late 20th and early 21th century is also developing in a volatile global system subject to intermittent financial crises that can jeopardize national values like economic security and even democracy.²⁸ The global environment of the 1950s, as the Benelux nations were adopting their internationalist stance, was far less threatening. Korean domestic politics since democratization in the late 1980s are also arguably much more populist than those of Benelux two generations earlier. This may also dispose Korea toward a narrower version of regionalism—one more inconsistent with globalism—than was true of Benelux in the 1950s.

Building on the Benelux-Korea comparison, one may also speculate about the emergence, in the Korean case since 2003, of a “*regionalizing coalition*” that is internationalist enough to find liberalization in a regional context congenial, but that eschews globalization. The analogy here would be to Mercosur, in the Southern Cone of South America, during the 1990s. Brazilian industry and labor, in particular, wanted the opportunities of expansion into congenial markets like Argentina, without the rigors of competition with American multinationals that would be implicit in more global, or even hemispheric accords. Similarly, some Korean firms, labor unions, and NGOs appear to desire access to rapidly growing China under regionalist arrangements. What implications such regionalist proclivities might have for alliance relationships, if consummated, in such areas as third-country security commitments, remains to be seen.

²⁸ On these potential implications of globalism, see Chung-in Moon, “In the Shadow of Broken Cheers: The Dynamics of Globalization in South Korea,” in Aseem Prakash and Jeffrey Hart (eds.), *Responding to Globalization* (London: Routledge, 2000).

In Conclusion

“Regionalism” and “alliance,” as noted at the outset, were concepts with little relationship to one another from the origins of modern diplomacy in the mid-Seventeenth Century until after World War II. Since then, however, the empirical realities that under-gird them have come into fateful tension with one another. While the global alliance structure remains trans-regional, centering on the United States, local economic ties within Europe, the Southern Cone of South America, and Northeast Asia, in particular, have been rapidly rising in importance.

These economic changes matter for security, we have argued, because post-World War II security alliances, unlike their more evanescent predecessors, have an important *political-economic* dimension. They provide not only for security, but for prosperity as well. Indeed, it is that second, political-economic function that has arguably enabled post-war alliances to be so remarkably durable in the short-run, despite changing political exigencies and in the face of rising local nationalism.

International relations in the Pacific Basin for the past half century have been dominated, as we have seen, by a “San Francisco System” dominated by political-economic asymmetries. The United States has provided security, and received exclusive basing access, while Northeast Asian allies have received preferential economic access to the US market. Although many aspects of the System quite remarkably persist, half a century after their conception by John Foster Dulles, the System’s dynamics have been fundamentally altered by the rise of China, in the context of a globalization that has extinguished many of the original benefits of alliance with the United States.

In a world of rising regionalism driven by the political-economic scale and considerable pragmatism of China, the response of nations in the region has varied with local political-economic characteristics

and national interest. Korea, like the Benelux nations of Europe, has a particularly strong national interest in the stable progress of both “regionalism” and “alliance.” It can profit from the example of Belgium, Luxembourg, and the Netherlands half a century ago, in the urgent task of finding a stable resolution of tensions between those two contrasting vehicles for stability in the troubled world that is Northeast Asia today.

The Benelux states were by no means the largest nations in Europe, but they nevertheless had a powerful impact on both the terms and the timing of European regional integration. The essence of their approach was moderation in regional affairs, including the preservation of positive ties with both larger intra-regional neighbors and with trans-oceanic partners as well. Yet the possibility that the volatility of global markets, combined with populist domestic political forces, may blunt the Benelux analogy, radicalize Korean politics, and leave the way open for “regionalizing coalitions” with a more restricted vision, cannot easily be ignored.

Building a Peace Regime in Korea: An American View

Leon V. Sigal

Abstract

Mutual deterrence makes the risk of deliberate aggression on the Korean Peninsula quite low, but the very steps that both sides have taken to deter pre-meditated war have increased the risk of inadvertent war. For a peace treaty to be militarily meaningful, the force postures and war plans on both sides that pose an excessive risk of pre-emptive war have to be altered. That will require mutual and reciprocal, though not necessarily identical steps by both sides to defuse the volatile standoff at the DMZ. That is a demanding task, and one that is unlikely to succeed without fostering a conducive political environment first. One way to foster that environment is a series of peace agreements, as distinct from a peace treaty, that establishes a new three-way peace mechanism and develops some politically useful, though militarily less meaningful, confidence-building measures. Such peace agreements, in which the United States is a signatory, are a way to give the DPRK a form of diplomatic recognition, thereby facilitating a resolution of the current nuclear crisis. The September 19, 2006 joint statement gives impetus to this effort when it says “the directly related parties will negotiate a permanent peace regime on the Korean Peninsula at an appropriate separate forum.”

Key Words: peace regime, peace agreement, peace mechanism, inadvertent war, Six-Party Talks

In 1994 the United States and South Korea almost stumbled into war with North Korea after North Korea abruptly unloaded plutonium-laden spent fuel from its nuclear reactor at Yongbyon. On June 16, in anticipation of a UN Security Council vote on sanctions, President Clinton convened his top advisers to discuss military precautions. For months the US commander in Korea, General Gary Luck, had been recommending reinforcements in such an eventuality. "He feels that sanctions are a dangerous option," an administration official said. "As the commander of 37,000 men there he will want to try to increase deterrence if we go that route."¹ Contrary to some South Korean accounts, the Pentagon did not propose a plan to attack the North's nuclear sites, but it did recommend, and the president approved, deployment of 10,000 troops, mostly logistics units to prepare for 400,000 additional troops that General Luck said he would need in the event of war, the dispatch of 30-40 fighter planes and other aircraft to South Korea and F-117 stealth fighter-bombers and bombers to Guam, and stationing of a second aircraft carrier in the region, to be followed by a gradual buildup of Army and Marine combat troops.²

Yet these very precautions, the president was warned, risked provoking a war that neither side wanted. The dispatch of the reinforcements would trigger mobilization by the North, compelling counter-mobilization by the allies and raising the risk of preemptive attack. Luck and James Laney, US ambassador in Seoul, were well aware of that risk. "We were all worried. We were talking about evacuating all civilians, ratcheting it up, going on a wartime footing," says a high-ranking US officer privy to their conversations.³ Given Pyongyang's paranoia, it could well misread a large-scale American

¹Michael R. Gordon, "Pentagon Studies Plans to Bolster US-Korea Forces," *New York Times*, December 2, 1993, p. A1.

²Michael R. Gordon, "Clinton May Add G.I.'s in Korea While Remaining Open to Talks," *New York Times*, June 17, 1994, p. A1.

³Interview with senior military officer, May 2, 1997.

buildup in Korea as a signal that war was imminent, prompting it to mobilize or attack before the American troops could arrive. “We both agreed,” recalls Laney, “that if we started to bring in several divisions, the North Koreans would think they were about to be attacked.” Detering North Korea put the allies in a predicament, in his view. “If one side is weaker and thinks the other side is building up, they would be tempted to preempt.”⁴

After 1994, Korea began to move away from being a flashpoint of war toward becoming a zone of peace. Yet US and South Korean armed forces still stand toe to toe with North Korean forces along the Demilitarized Zone, just as they have for over a half century. Moreover, a second nuclear crisis has been brewing since 2002, after the United States confronted North Korea over efforts to acquire the means to enrich uranium, used in nuclear weapons.

To put a permanent peace regime in place in Korea and prevent a recurrence of the June 1994 crisis, the force postures and war plans on both sides that pose an excessive risk of unintended war on the Peninsula have to be altered. That will require mutual and reciprocal, though not necessarily identical steps by both sides to defuse the volatile standoff at the DMZ. In short, *for South Korea and the United States to be more secure, they will have to take steps to make North Korea more secure, and vice versa.*

Stabilizing the military balance is a demanding task, and one that is unlikely to succeed without fostering a conducive political environment first. To build a permanent peace regime in Korea, some militarily less significant, but politically useful steps could help create that environment. Those steps, taken in parallel with negotiations in Six-Party Talks, could also help to defuse the nuclear crisis. This paper first examines the military balance, then examines its implications for concluding a peace treaty and concludes by suggesting that a series of

⁴Interview with James Laney, June 4, 1994.

peace agreements, not a peace treaty, could establish the political prerequisites for a peace regime in Korea. It could also help end the nuclear crisis.

Poised for War

North Korea's army of one million is the third largest in the world. Seventy percent of its active-duty force -- including some 8,000 artillery systems and 2,000 tanks -- is dug in within 100 miles of the DMZ. The inference that the allies have long drawn from this posture, at least in public statements, is that North Korea is poised for aggression and that the allies are so positioned in order to defend Seoul.

The military realities are somewhat at odds with that assessment. The North's vaunted million-man army is largely a fiction. Of the estimated 1.1 million North Koreans under arms, a half million of them are either soldier-workers engaged in civil construction, North Korea's equivalent of the US Army Corps of Engineers, or paramilitary troops, who train irregularly and are not combat-ready. North Korea has some 3,950 tanks, but most are obsolescent, and it lacks the logistical capacity to mount a sustained armored thrust deep into the south. It has conducted a few large-scale tank and artillery exercises in recent years, but its pilots still log little flying time and most of its artillery exercises are little more than punitive barrage attacks not associated with any large-scale armored and infantry movement southward. The North can field some 600 combat aircraft, but many are older models, no match for South Korea's modern fighters. That leaves the North's ground forces and lines of supply vulnerable to attack from the air.

Forward deployment, instead of demonstrating North Korea's aggressive intent, may be its way of compensating for qualitative

inferiority, putting it in a position to move south should war appear imminent and adopt “hugging tactics” -- close quickly with allied forces at the first sign of war before allied air power can blunt an attack and interdict its long lines of supply, as occurred during the Korean War. “They don’t want to be all strung out the way they were the last time,” says General James R. Clapper, Jr., director of the Defense Intelligence Agency from 1991 until 1994 and former chief of intelligence in Korea. “They think the best defense is a good offense.” So precarious is their position that every time a large-scale exercise takes place in South Korea, the North Koreans feel compelled to mobilize their forces, at considerable expense. “That’s why,” says Clapper, “they go nuts at Team Spirit.”⁵

US and ROK forces are similarly concentrated near the DMZ. The allies say that forward deployment is necessitated by Seoul’s proximity to the North Korean border. Yet, as a recently announced redeployment shows, it is due as much to their own choice of strategy as to geographic necessity.

For two decades after the 1953 armistice, US war plans had called for allied forces to fall back to the Han River in the event of a North Korean attack and assume a defensive posture until reinforcements arrived from the United States. Those plans were revised in 1974, a time of tense relations with South Korea. At the root of the disaffection in Seoul was the Nixon Doctrine, stating that the United States would “look to the nation directly threatened to assume primary responsibility of providing the manpower for its defense.” That doctrine, along with the withdrawal of 20,000 US troops from Korea and detente with China, seemed to portend US disengagement from the Peninsula. That alarmed South Korea’s military dictatorship under Park Chung Hee and prompted him to enter into talks with North Korea. It also led him to order the covert development of

⁵Interview with General James Clapper, October 31, 1996.

nuclear arms.

In this uneasy climate, General James Hollingsworth took command of I Corps, responsible for the defense of Seoul, and drew up a new plan to take the war to the North in the event of aggression. Under Op Plan 5027, Hollingsworth had the US 3rd Marine Division and the ROK 1st Marine Division land at Wonsan and attack Pyongyang from the east. Redeploying most of his artillery far forward near the DMZ, he assigned two brigades of the US 2nd Infantry Division to march north and seize Kaesong, North Korea's southernmost city. That left a static line of allied forces to defend Seoul. To fortify that line, he relied heavily on air power, artillery, and landmines. To impede North Korean forces from massing for an offensive, he planned to have B-52s bomb potential axes of attack and lines of supply. That strategy, with some modifications, guides allied forces today.

North Korea's response emerged in the early 1980s: to rely less on mass infantry and more on mechanized forces. At the same time it repositioned more of its forces closer to the DMZ. Its ever increasing numbers of forward-deployed tanks and armored vehicles seemed to confirm the allied assessment that the North was poised for aggression. At the same time it was concentrating its artillery within range of Seoul. That artillery is not useful for rapid offensive maneuver, however, suggesting it had a different mission: a spoiling attack, aimed at wreaking havoc in Seoul, in order to deter attack from the South.

North Korea's security continued to erode as the South outpaced the North militarily. By the mid-1980s the North could no longer count on its sometime allies, the Soviet Union and China, to take its side. Ever since, some US intelligence assessments have given South Korea the edge, especially in the air, concluding that it could repulse a North Korean attack on its own even without throwing US forces

into the balance.⁶

Even as the likelihood of premeditated aggression by North Korea declined and Pyongyang renounced the aim of seizing the South by force in favor of an ideological struggle for the hearts and minds of Southerners, allied strategy did not change.⁷ Instead, as the North's military inferiority vis-a-vis the South worsened, Op Plan 5027 was revised to bolster the offensive and provide for pre-emptive strikes against North Korea's bombers and artillery in the event of unambiguous warning of preparations for attack. In 1992 the 2nd Division was pulled back from its front-line role and reassigned to new duties as a mobile mechanized reserve with the mission of pinching off breakthroughs and counterattacking locally -- "expanding the battle space" -- until reinforcements arrived from the United States. Then it would join the mechanized 3rd Corps in a counter-offensive that included an invasion of North Korea by amphibious and air mobile forces.

Today, even though a surprise attack by North Korea cannot be ruled out, the allies would defeat it decisively. In other words, allied deterrence is quite robust. For its part, the North can credibly threaten a devastating artillery and short-range missile barrage on parts of

⁶ Reflecting those assessments, Senators Sam Nunn and Richard Lugar carefully noted in a statement on the Korean Peninsula on February 23, 1994, "both US and South Korean forces maintain a qualitative edge over their North Korean counterparts in most force categories, especially in the air and at sea." These assessments make worst-case assumptions about the other side's capabilities to wage war against the United States. American analysts then engage in mirror-imaging and assume that the other side shares their conclusion, but what if the other side does a worst-case assessment of its own? Its military disadvantage may have seemed even greater in Pyongyang, given this fundamental asymmetry in net assessments.

⁷ Article V of the 1972 constitution of the DPRK says, "the DPRK strives to achieve the complete victory of socialism in the northern half, drive out foreign forces on a nationwide scale, reunify the country on a peaceful basis, and attain complete national independence." The phrase, "drive out foreign forces on a nationwide scale," was taken to mean communization of the entire Peninsula. This phrase was dropped from the 1992 constitution of the DPRK and replaced with "struggling for the realization of the unification of the fatherland on the principles of independence, peaceful unification, and grand national unity."

Seoul within range of its front lines, which should suffice to deter attack from the South. By this calculus, *mutual deterrence makes the risk of deliberate aggression on the Korean Peninsula quite low.*

The problem is that the interaction of the two sides' strategies and force postures give each side a compelling reason to mobilize quickly, triggering preemption by the other side. In other words, *the very steps that both sides have taken to deter pre-meditated war increase the risk of inadvertent war.*

From a War Posture to a Peace Regime

A number of unhappy conclusions flow from this analysis:

First, *a peace treaty would hardly be worth the paper it is written on unless it includes practical military steps to reduce the risk of inadvertent war.*

Second, *the only step that would accomplish that aim is the elimination of the North's forward-deployed artillery and short range missiles or their redeployment well to the rear, out of range of Seoul.* Proposals to thin out or pull back deployments of troops or tanks are of little military utility.

Third, *in return, if the allies were to share real-time intelligence with the North, that could dispel dangerous misperceptions of impending attack.* It could help put an end to repeated spy submarine incursions and armed reconnaissance in the DMZ by the North, which lacks satellites of its own.

Fourth, as Europe's experience with MBFR and CFE suggests, *such far-reaching steps to reduce the risk of unintended war require a fundamental improvement in the political relationship between the two sides.* That change is already under way between North and South Korea, but the United States, which moved fitfully to reconcile with North Korea in the 1990s, has changed course since 2001. Pyongyang

has shown no sign of entering into serious conventional force negotiations and won't until it is convinced that Washington is cooperating to end enmity.

Fifth, *US willingness to end enmity is Pyongyang's sine qua non for defusing the armed standoff along the DMZ.* Why would the DPRK give up its artillery threat to Seoul if the United States remains its foe?

Sixth, *even if the United States moves to end enmity and the DPRK in return carries out its pledge in the September 19, 2005 six-party joint statement to eliminate its nuclear forces, that would leave the forward-deployed artillery and short-range missiles as North Korea's ultimate deterrent, making their elimination or withdrawal much less likely.* In other words, there is a trade-off between ending the North's nuclear program and eliminating its forward-deployed artillery.

In short, *negotiating a peace treaty does not make much military sense under current circumstances. However, peace agreements, as distinct from a peace treaty, though militarily less meaningful, may be a politically useful way to proceed at this time.* Such peace agreements may even facilitate a resolution of the current nuclear crisis.

Breaking the Nuclear Deadlock

One point of agreement among the United States, South and North Korea is that the critical first step on the path to peace is a negotiated resolution of the nuclear crisis. For five years the Bush Administration hesitated to embrace this conclusion and top officials are still divided about acting on it. That is clear from Washington's acceptance of the September 19, 2005 joint statement and its subsequent backtracking.

Believing North Korea will never abandon arming itself, a hard-

line cabal in Washington sees negotiations as an exercise in futility. They identify diplomatic give-and-take with “rewarding bad behavior.” This stance rests on a fiction that North Korea duped President Clinton by halting its plutonium program while starting a covert effort to enrich uranium for bombs, or as President Bush put it on March 6, 2003, “my predecessor, in a good-faith effort, entered into a framework agreement. The United States honored its side of the agreement; North Korea didn’t. While we felt the agreement was in force, North Korea was enriching uranium.”⁸

The trouble is, the United States reneged on the 1994 Agreed Framework first by failing to reward North Korea’s good behavior. Washington got what it most wanted up front -- a freeze of the North’s plutonium program. Had that program kept operating, it could have generated enough plutonium by now for at least fifty nuclear devices. Washington did not live up to its end of the bargain, however. When Republicans won control of Congress in elections just days after the October 1994 accord was signed, they denounced the deal as appeasement. Shying away from taking them on, President Clinton backpedaled on implementation. Washington did little to ease sanctions until 2000. Having pledged to provide two nuclear power plants “by a target date of 2003,” it did not pour the concrete for the first foundation until August 2002. It did deliver heavy fuel oil as promised but seldom on schedule. Above all, it did not live up to its promise in Article II of the Agreed Framework to “move toward full normalization of political and economic relations” -- end enmity and lift sanctions.

When Washington was slow to fulfill the terms of the accord, Pyongyang threatened in 1997 to break it. Its acquisition of gas centrifuges to enrich uranium from Pakistan began soon thereafter --

⁸ White House Press Office, Transcript of President Bush’s Press Conference, March 6, 2003.

in 1998 according to Secretary of State Colin Powell. That was a pilot program, not the operational capability US intelligence says it moved to acquire in 2001 after the Bush Administration refused talks and instead disclosed that the North was a target for nuclear attack. The Administration retaliated in November 2002 by halting shipment of heavy fuel oil promised under the Agreed Framework. North Korea did not take long to respond. In January 2003, with US forces tied down preparing for the war in Iraq, it challenged Washington by lighting three nuclear fuses. It refueled and restarted its reactor at Yongbyon, which had been verifiably frozen under the Agreed Framework of October 1994. It resumed reprocessing to extract the five or six bombs' worth of plutonium from nuclear fuel rods that it had removed from its reactor in 1994 but had stored at Yongbyon under international inspection, as required by the October accord. It also stepped up acquisition of gas centrifuges to enrich uranium.

It has since resumed construction of two larger nuclear reactors that it had suspended under the Agreed Framework. When completed, in a few years from now, these reactors will have the capacity to produce thirty bombs' worth of plutonium a year. In early 2005 it shut down the reactor, removed spent fuel and reprocessed it to extract two more bombs' worth of plutonium. It also refueled and restarted the reactor.

Pyongyang's tactics convinced many in Washington it was determined to arm and should be punished for brazenly breaking its commitments. It convinced others it was trying to extort economic aid without giving up anything in return. It was doing neither. It was playing tit-for-tat -- cooperating whenever Washington cooperated and retaliating when Washington reneged, in an effort to end hostile relations. It still is.

Why has Pyongyang persisted in negotiations in the face of hostility from Washington? In October 2001 Kim Jong Il decided to reform North Korea's moribund economy, a policy he promulgated

formally in July 2002. The economy has begun to revive but reform cannot succeed without a political accommodation with the United States, South Korea, and Japan that facilitates reallocation of resources from military use and aid and investment from outside.

In the belief that North Korea was on the verge of collapse, however, the hard-line cabal in the Bush Administration pushed for an economic embargo and naval blockade to strangle it to death. All the North's neighbors know that an embargo and blockade will provoke it to arm sooner than collapse, which is why none of them were willing to proceed down this route in the first instance. Instead they pursued talks of their own with North Korea, which convinced them that Pyongyang was willing to deal.

By impeding a cooperative solution, hard-line unilateralists in the Administration put Washington on a collision course not just with Pyongyang, but more importantly with US allies in Asia. They have been eroding political support for the alliance in South Korea and Japan and jeopardizing the US troop presence in the region. Their intransigence has been a catalyst for unprecedented cooperation in Northeast Asia to rein in the United States. The 2003 Japan-Russia and two Japan-DPRK summit meetings should be seen in this light. So too should South Korea's warming relations with China. Given the history of antagonism and the resurgence of nationalism in the region, such cooperation would have seemed unthinkable just a few short years ago.

Awareness of the eroding US position in Northeast Asia finally led the Administration to show a newfound willingness to let US negotiator Christopher Hill meet directly with his North Korean counterpart Kim Gye-gwan in the fourth round of Six-Party Talks and discuss the North Korean concerns at length. Faced with isolation if it failed to go along, it accepted an agreement in principle drafted by China.

The agreed statement of September 19, 2005 incorporates the

main goal sought by Washington, a commitment by Pyongyang to abandon “all nuclear weapons and existing weapons programs.” The accord also commits the North to observe and implement the Joint Declaration of the Denuclearization of the Korean Peninsula, which prohibits all “enrichment facilities.” The United States, in return, “affirmed that it has no nuclear weapons on the Korean Peninsula and has no intention to attack or invade the DPRK with nuclear or conventional weapons.” It undertook to “respect [the DPRK’s] sovereignty.” Stopping short of what North Korea wants, it agreed only “to normalize ... relations in accord with [its] bilateral policies.” It committed itself, along with the other parties, “to promote economic cooperation in the fields of energy, trade, and investment bilaterally and/or multilaterally” and stated its “willingness to provide energy assistance to the DPRK.”

Pyongyang is not about to settle for fine words any more than Washington is. It insists on concrete signs that Washington is ending enmity as it dismantles its nuclear programs. One sure sign would be the provision of two nuclear reactors Washington promised under the 1994 Agreed Framework but never delivered.

Under the Faustian bargain at the core of the nuclear Non-Proliferation Treaty (NPT), members in good standing have the right to nuclear power. Pyongyang cannot exercise that right until it rejoins the NPT and eliminates any weapons and nuclear programs it now has to the satisfaction of the International Atomic Energy Agency. Washington balked at acknowledging this right, but under pressure from South Korea and Japan, as well as China, it “agreed to discuss at an appropriate time the subject of the provision of light-water reactors to the DPRK.”

Does Pyongyang mean what it says? The surest way to find out is sustained diplomatic give-and-take to implement that accord in phased reciprocal steps. That requires the Bush Administration to do something it had only just begun to do, decide what it wants most and

what it will offer in return.

Washington's initial response has not been reassuring. The ink on the September 19 accord was hardly dry when hard-liners led by Vice President Dick Cheney struck back, backtracking on the deal and hamstringing US negotiator Hill.

In a closing statement immediately after accepting the accord, Hill announced a decision, dictated by the hard-liners, to "terminate KEDO," the international consortium established to provide the nuclear reactors.⁹ Later that day, Secretary of State Condoleezza Rice implied that the "appropriate time" for discussing the provision of LWRs was when hell freezes over: "When the North Koreans have dismantled their nuclear weapons and other nuclear programs verifiably and are indeed nuclear-free ... I suppose we can discuss anything."¹⁰

Pyongyang reacted sharply. "The basis of finding a solution to the nuclear issue between the DPRK and the US is to wipe out the distrust historically created between the two countries and a physical groundwork for building bilateral confidence is none other than the US provision of LWRs to the DPRK," a Foreign Ministry spokesman said, "the US should not even dream of the issue of the DPRK's dismantlement of its nuclear deterrent before providing LWRs, a physical guarantee for confidence-building."¹¹ An alternative "physical groundwork for building bilateral confidence" or "physical guarantees" is conceivable, so whether Pyongyang will insist on Washington's commitment to provide reactors before it begins elimination remains to be seen.

⁹ Department of State, Text of Assistant Secretary of State Christopher R. Hill's Statement at the Closing Plenary of the Six-Party Talks, September 19, 2005.

¹⁰ Department of State, Transcript of Secretary of State Condoleezza Rice's Press Conference at the United Nations, September 19, 2005.

¹¹ *Korean Central News Agency (KCNA)*, "Spokesman for DPRK Foreign Ministry on Six-Party Talks," September 20, 2005.

Even worse, having declared in the September agreement that it had “no intention” of attacking the North “with conventional or nuclear weapons” and having pledged to “respect [DPRK] sovereignty,” diplomatic code words for renouncing military options and regime change, the Administration backed away. Under pressure from hard-liners, Hill undercut those commitments in Congressional testimony days later by sounding the hard-liners’ old refrain that “all options remain on the table.”

Worse yet, when Hill wanted to go to Pyongyang to jump-start negotiation of dismantlement, instead of giving Hill bargaining chips, the cabal set a precondition for the talks. Hill was instructed not to go unless the North shut down its Yongbyon reactor, assuring that no talks took place and that the fifth round of Six-Party Talks in November would go nowhere.

Worst of all, the Administration began to impose sanctions under the Illicit Activities Initiative. The United States is right to try to prevent counterfeiting of US currency and other illicit activities by North Korea. However, the irreconcilables’ idea of a deal is no deal at all. The North has to capitulate -- disarm first before the United States provides any political or economic inducements. They are exploiting sanctions to block diplomatic give-and-take while they wait for North Korea to collapse.

The most urgent need is to restore the inspectors’ control over the 1994 plutonium and shut down the reactor at Yongbyon which is generating more plutonium in its spent fuel. Satellites and other technical means can monitor a freeze of the Yongbyon reactor and reprocessing plant but not enrichment sites at unknown locations. Inspections of these sites, as desirable as they are, will take time to arrange. They can wait. US intelligence estimates the North cannot produce much highly enriched uranium for a decade, allowing time to arrange for access.

The North has offered to freeze the reactor and reprocessing

plant, including the return of all the reprocessed 1994 plutonium to inspection, but the hard-line cabal has blocked a deal by refusing to take any reciprocal US step. Their reasoning is as simple as ABC – anything but Clinton.

The cabal is also likely to keep Hill from amassing enough bargaining chips for an alternative first step that would give both sides something to show for their efforts -- what might be called freeze-plus -- which would involve token elimination of some of the 1994 plutonium or some gas centrifuges for enriching uranium.

That left Hill little choice but to seek an initial declaration in which Pyongyang lists all its plutonium and uranium facilities, fissile material, equipment and components, which can be cross-checked against what US intelligence has already ascertained. Negotiating that declaration will require reciprocity by Washington, for instance, its participation along with South Korea in supplying electricity to the North, further relaxation of sanctions, and a willingness to normalize relations sooner. The cabal opposes such steps. Hill will try to treat the initial declaration as part of a negotiating process in which any ambiguity can be cleared up over time, but hard-liners will surely try to use any omission as conclusive evidence of North Korean cheating and grounds for breaking off talks.

Hill does not have much leeway on diplomatic recognition, either. He can urge the North to accept an exchange of liaison offices, something the North has shown little interest in doing, but a longstanding US negotiating position, dating back to the Clinton Administration and endorsed in the June 6, 2001 Bush Administration statement of its North Korea policy, links full political normalization to North Korean action on human rights and other issues.

An alternative way to give the DPRK a form of diplomatic recognition is a series of peace agreements in which the United States is a signatory. The September 19 agreed statement gives impetus to this effort when it says, “the directly related parties will negotiate a

permanent peace regime on the Korean Peninsula at an appropriate separate forum.”

Peace Building with Peace Agreements, Not a Peace Treaty

The DPRK has long sought a peace agreement with the United States. A notable example came on June 16, 1998, when North Korea made public an offer to negotiate an end to its export, testing, and production of ballistic missiles. With that offer came a threat to resume tests, a threat the North carried out on August 31, 1998, when it launched a three-stage Taepodong 1 in a failed attempt to put a satellite into orbit. The June 16 statement said, “the discontinuation of our missile development is a matter which can be discussed after a peace agreement is signed between the DPRK and the United States and the US military threat [is] completely removed. If the US concern about our missiles is truly related to the peace and security of Northeast Asia, the United States should immediately accept the DPRK-proposed peace agreement for establishment of a durable peace mechanism on the Korean Peninsula.”¹²

By “peace agreement” the North did not mean a peace treaty, but a declared end to enmity and a pledge to respect each other’s sovereignty. Nor was “the US military threat” synonymous with the US military presence. Only a basic change in the political relationship with Washington -- reconciliation -- would remove the threat as Pyongyang perceives it; the withdrawal of US armed forces would not since the North would remain at risk from US armed forces based offshore. The “peace mechanism” is a military-to-military channel among the United States, South Korea, and North Korea that Pyongyang has sought to replace the Military Armistice Commission

¹²KCNA, June 16, 1998.

set up to monitor the cease-fire at the end of the Korean War. Involving all three parties with forces on the ground in Korea, the new channel would do more than resolve disputes like the shooting down of a US reconnaissance helicopter in 1996 after it strayed across the DMZ, the repeated incursions of North Korean spy submarines, or the firefight sparked after North Korean fishing boats ventured south in 1999 and were rammed by the South Korean navy. Pyongyang also saw the peace mechanism as a channel for negotiating various confidence-building measures. These could be the subject of other peace agreements.

Starting in 1996, the North Koreans privately expressed interest in CBMs. They soon underscored their words with deeds. After an armed clash in the DMZ on July 16, 1997, according to a South Korean military briefing, the North Korean armed forces began providing advance notice that “a certain number of their soldiers will go out for routine reconnaissance at a certain time and a certain location in the DMZ.”¹³ In the spring of 2000, the DPRK accompanied acceptance of a North-South summit with a pullback of FROG-7 rockets from the DMZ and Silkworm missiles from the Northern Limit Line, as well as a reduction in operating tempo of its naval patrols.¹⁴ All three acts were confidence-building gestures of sorts.

The venue for negotiations -- the shape of the negotiating table -- has long been a contentious issue. Article 12 of the December 13, 1991 Agreement on Reconciliation, Nonaggression and Exchanges and Cooperation says the South-North Joint Military Committee “shall discuss and carry out steps to build military confidence and realize arms reductions.” An alternative venue for working out such arrangements was the now-moribund four-party talks, established to

¹³“N.K. Gives Prior Notice for DMZ Reconnaissance,” *Korea Herald*, September 8, 1997, p. 3.

¹⁴*Agence France Press*, “Two Koreas Set to Hold Crucial Talks for Summit, Military Tension Eases,” April 26, 2000.

write a formal end to the Korean War.¹⁵ In Pyongyang's view, would have been the venue for agreeing on the political principles for easing tensions. Seoul has preferred two-party talks, where the North and South have worked out confidence-building arrangements on their own, including a hot-line and partial de-mining of the DMZ, and are nearing agreement on "rules of the road" to avoid naval clashes as well as redrawing the Northern Limit Line. Other CBMs lend themselves to three-way talks that bring in the United States as well. They include advanced notification and mutual observation of military exercises, data exchanges, and military-to-military exchanges.

What does the North see in such peace agreements? Any formal document that it signs with the United States constitutes a modest token of recognition of its sovereignty. The DPRK has always taken such tokens seriously. In short, *modest confidence-building measures, however reassuring they may be, cannot defuse the toe-to-toe standoff along the DMZ, but they may be useful first steps to US normalization with the DPRK.*

A first such step could be a peace agreement to replace the Military Armistice Commission with a three-way peace mechanism sought by Pyongyang.¹⁶ That military-to-military channel, involving

¹⁵The North first proposed three-party talks, with the United States and South Korea, on force reductions on July 23, 1987. The South preferred two-party talks on conventional forces, instead. To break the deadlock, the United States proposed four-party talks. President Kim Young Sam turned them down. He grudgingly came around to accepting four-party talks in 1996 only after President Clinton held up a planned visit to Seoul that April. South Korea wanted the United States and China to convene the talks and then leave it alone to deal with the North. The North is prepared to talk to the South, but only if the United States is a party to the talks as well. That makes sense since all three parties have forces on the ground in Korea and no party can make binding agreements on behalf of another.

¹⁶The DPRK first proposed the peace mechanism on April 29, 1994, in announcing its intention to withdraw from the M.A.C. The North at that point had in mind a bilateral forum that excluded the South. That was one way for it to get Washington committed to ending enmity as well as to gain a measure of US diplomatic recognition. Replacing the M.A.C. had another implication as well: that the United Nations was the North's enemy, not the United States. The DPRK renewed its demand for a peace mechanism in talks with the US after it shot down an

all three countries with armed forces on the Peninsula, would work out the details of a gradual pullback and drawdown of forces poised along the DMZ.¹⁷ On August 25, 2000, in the aftermath of the historic North-South summit, Kim Dae Jung took a half-step toward the North by publicly referring to the need for a new peace mechanism.¹⁸ That became South Korean policy.

US negotiator Christopher Hill wants to begin negotiations on a peace regime. Since North Korea has long been interested in that, it would give Hill a bargaining chip for Six-Party Talks. Whether the hard-liners in the Administration will let him do what he wants remains to be seen. Blocking him would again cast Washington in the role of impeding North-South reconciliation, which could further

American helicopter that strayed across the DMZ on December 18, 1994 when the US and DPRK held talks under M.A.C. auspices in which only a US general and a DPRK general took part. The US turned down a DPRK request to institutionalize that arrangement. The DPRK further elaborated the idea on February 22, 1996. An interim agreement would cover, among other matters, “the management of the Military Demarcation Line and the DMZ; ways to resolve armed conflict and accidents; the composition, duty, and authority of a joint military body.” To implement that agreement it called for “a DPRK-US joint military body to be organized and operated in Panmunjom in place of the M.A.C.”

¹⁷In the meantime, the North still participates in the M.A.C. On the eve of the four-party preparatory talks in 1996, the DPRK agreed officially to respect the Military Armistice Agreement “until a new institutional mechanism is established to replace the present armistice body.” In 1998, after Kim Dae Jung let an American general resume chairing the delegation, the North resumed participation. It showed that it meant what it said after a violent clash at sea on June 15, 1999 when some 20 North Korean boats fishing in crab-rich waters of the Yellow Sea crossed the Northern Limit Line, which South Korea claims as the boundary of its territorial waters. When ROK navy vessels attempted to ram the fishing boats, North Korean naval vessels crossed the line to escort them. After three of the North Korean ships were rammed, a North Korean patrol torpedo boat opened fire. In the ensuing exchange, one North Korean PT boat was sunk, and all 17 of crew drowned. A larger North Korean navy vessel heavily damaged was towed home. The North promptly raised the issue in the M.A.C. Later, South Korea’s foreign minister expressed willingness to discuss the legal status of what he referred to as the “de facto maritime boundary” [“Seoul to Open Talks on NLL Dispute: Hong,” *Korea Times*, June 18, 1999].

¹⁸Chon Shi-yong, “Kim Calls for Measures to Ease Military Tensions on Peninsula,” *Korea Herald*, August 25, 2000.

alienate South Koreans.

Force Reductions and the US Role in Korea

Much of the public discourse on defusing the armed standoff focuses on force reductions. In its June 6, 2001 statement of North Korea policy, the Bush Administration called for “a less threatening conventional military posture” in the North. Given its military inferiority, Pyongyang cannot do that on its own. Reciprocal military steps are required by Seoul and Washington. Similarly, a persistent feature of all the North’s troop reduction proposals has been its demand for all US troops to withdraw from Korea and the surrounding region. In its public propaganda as well, the DPRK still characterizes the American forces in the South as an army of “occupation” and calls for their withdrawal.

A drawdown of troops would have many political advantages for the North. Not the least, it would free up resources to put to work in its fields and factories. Similarly, US force cuts would have political consequences in South Korea and the region. Yet a withdrawal of US troops or even strike aircraft from Korea would be militarily inconsequential. As North Korea’s military is well aware, the United States has the capability of mounting air strikes from bases in Japan and beyond and South Korean forces are a match for their own. *Withdrawal of US strike aircraft from the Korean Peninsula would not reduce the reciprocal fear of surprise attack. Similarly, North Korean troop cuts would do little to reduce the risk of inadvertent war unless accompanied by the elimination of its artillery and missile threat to Seoul.* Indeed, the United States, North and South Korea have each made unilateral cuts in troop levels in recent years with no discernible effect. Without a fundamental change in political relations, the risk of inadvertent war remains.

Reflecting upon these military realities, at least some North Korean officials had begun to view the US military presence in a new light in the 1990s -- as a restraint on South Korea and Japan and a counter-weight against China. That stabilizing role for US troops made sense if the relationship between the DPRK and the United States was no longer adversarial.

There was mounting evidence for the North's change of view. In 1996, for instance, a North Korean broached the subject of the stabilizing role of US forces in unofficial discussions: "The DPRK believes the US troops have two missions: to protect the South against the North and the balance of power in Northeast Asia. The DPRK stresses the first reason but a peace treaty could change that and focus on the second." In anticipation of the start of four-party talks, a DPRK Foreign Ministry statement on July 31, 1997 sounded a new variation on an old theme: "At the preliminary talks, the issues of replacing the armistice agreement with a peace agreement in conformity with the purpose of the proposed four-party talks and of withdrawing the US troops from South Korea should be decided as the main agenda items to be deliberated at the four-party talks." The word "withdrawing" was crossed out and the words "disposition of" the US troops "stationed in" South Korea handwritten into the text.

Some North Koreans later spoke of Washington as a "harmonizer" of relations between North and South. They had in mind not Camp David, where the United States mediated between former enemies, but something more subtly supportive of reconciliation between North and South Korea. Other North Koreans spoke of Americans standing "in a neutral position on the DMZ, listening with one ear toward Pyongyang and the other ear toward Seoul." That may have been more than a metaphor. Another North Korean saw no incompatibility between a US role as peacekeeper and continuation of the US-ROK Security Treaty: "You can have two allies, why just one." Retaining the alliance preserves the prerogatives of the

combined forces commander, a US general. As Kim Jong Il told Kim Dae Jung at the June 2000 Summit, “American forces can prevent you from invading the North.”¹⁹

Another North Korean once talked about enlarging the DMZ and deploying peacekeepers there. If the DMZ were wide enough, US peacekeepers could be deployed amid the North Korean artillery within range of Seoul, obviating the need to relocate it.

That could be a better formula for defusing the DMZ than trying to draw down, thin out, or disengage forces deployed on both sides of the DMZ. Troop cuts would not necessarily reduce the risk of inadvertent war. Nor would disengagement -- pulling back or thinning out forward-deployed forces on both sides. Seoul’s proximity to the DMZ and allied strategy make it difficult to arrange a symmetrical or stabilizing withdrawal.

In effect, what Pyongyang has been telling Washington since 1990 is that so long as the United States is its enemy, US troops are a threat to it and must leave Korea, but once the hostile relationship ends, US troops would no longer be considered a threat and could remain. *Negotiations on force cuts are premature at this point, but once they begin in earnest, the withdrawal of US forces is not likely to be the issue; the US role will be.*

¹⁹ *Joongang Ilbo*, June 20, 2000.

Search for Peaceful Resolution of the North Korean Nuclear Issue

In-Kon Yeo

Abstract

The Policy for Peace and Prosperity is a basic idea of the Roh Moo-hyun government comprising an overall policy for unification, foreign relations and security. Its short-term action plan is to resolve the North Korean nuclear issue peacefully. The parties to the Six-Party Talks succeeded in getting a clue to its solution by adopting the September 19th agreement. However, they failed in creating a breakthrough for its peaceful resolution largely due to the deep mistrust between the US and North Korea and the lack of a concrete timetable for phased implementation. In order to create a breakthrough to this issue, the other four countries should persuade both the US and North Korea to mutually make a concession. While the South Korean government draws up a new roadmap in collaboration with the US government, the six countries should prepare for a new approach based on the principle of “action for action.”

Key Words: North Korean nuclear issue, Six-Party Talks, Policy for Peace and Prosperity, September 19th agreement, peaceful resolution

Introduction

With the end of the Cold War in the late 1980s, it seemed likely that the apparent new era of peace and cooperation would dawn and cast its light not only on the region of Northeast Asia but also on the Korean Peninsula. However, the first North Korean nuclear crisis in 1993-94 ensured that implementing the South-North Basic Agreement, “the Agreement on Reconciliation, Nonaggression and Exchange and Cooperation between the South and the North” concluded on December 13th, 1991, would remain an impossibility. Although it was aimed at establishing a durable peace regime on the Korean Peninsula, the four-party talks among South and North Korea, the US, and China from December 1997 through August 1998 didn’t produce any positive results.

In spite of the June 15th summit talks in 2000 between President Kim Dae Jung and Chairman of the Defence Committee Kim Jong Il, the second North Korean nuclear crisis erupted in October 2002. It has become a matter of grave concern not only in the region of Northeast Asia but also in the international community. Therefore, the North Korean nuclear problem has become the most serious pending issue to the Roh Moo-hyun government which came to power in February 2003. Although this government sees a breakthrough for peaceful resolution of the North Korean nuclear issue and a durable peace regime on the Korean Peninsula as one of its strategic tasks, it remains very uncertain when this important strategic task can be accomplished.

In this context, the purpose of this paper is to uncover new approaches to a peaceful resolution of the North Korean nuclear issue. For this purpose, chapter II examines the Roh Moo-hyun government’s strategy for establishing a peace regime on the Korean Peninsula. In chapter III, the substance of the North Korean nuclear issue is analyzed and the September 19th Joint Statement adopted at the fourth round of the Six-Party Talks in 2005 is assessed from an impartial

point of view. In conclusion, some policy tasks and a new approach for a peaceful resolution of the North Korean nuclear issue are offered to the South Korean government.

Roh Moo-hyun Government's Strategy for Creation of a Peace Regime on the Korean Peninsula

The Policy for Peace and Prosperity is initiated from President Roh Moo-hyun's strategic vision. It aims to lay the foundation for a peaceful unification of Korea through the promotion of peace on the Korean Peninsula and to achieve mutual prosperity of South and North Korea. The South Korean government maintains that this policy will also contribute to the development of a Northeast Asian business hub on the Korean Peninsula.¹ Therefore, it can be said that the Policy for Peace and Prosperity is a basic idea of the Roh Moo-hyun government comprising overall policy for unification, foreign relations and security and that it is a strategic principle of unification policy. It contains three action plans that are set up as follows:

- Peaceful resolution of the North Korean nuclear issue as a short-term action plan
- Establishment of a durable peace regime on the Korean Peninsula as a mid-term action plan
- Building a Northeast Asian business hub as a long-term action plan.²

The establishment of a durable peace regime on the Korean Peninsula as a mid-term action plan entails the eventual replacement of the current armistice agreement with a peace agreement between South and North Korea. International institutional arrangements safeguarding the peace regime should also be pursued. According to the South Korean government, once established, the peace regime will

¹The Policy for Peace and Prosperity,“ <http://www.unikorea.go.kr/index.jsp>.

²“Action Plans,” <http://www.unikorea.go.kr/index.jsp>.

ensure peace and mutual prosperity on the Korean Peninsula and also lay the groundwork for the development of Korea as a business hub in Northeast Asia.³ In order to establish a peace regime on the Korean Peninsula the Roh Moo-hyun government presents an implementation strategy by stages as follows (see Table 1).

Table 1. Implementation Strategy by Stages for Establishing a Peace Regime on the Korean Peninsula

Stage I : Resolution of the North Korean Nuclear Issues and Promotion of Peace
<p>South Korea will</p> <ul style="list-style-type: none"> • endeavor to create a breakthrough for peaceful resolution of the North Korean nuclear issue • continue to promote reconciliation and cooperation between South and North Korea and regularize inter-Korean military talks • provide a foundation for the firm establishment of peace through inter-Korean summits and other forums • create an environment for peace and cooperation in Northeast Asia on the basis of a strengthened diplomatic capabilities • reach an agreement on peaceful resolution of the North Korean nuclear issue and missile issues.

Stage II : Expansion of Inter-Korean Cooperation and Laying of the Foundation for a Durable Peace Regime
<p>South Korea will</p> <ul style="list-style-type: none"> • undertake concrete measures for the implementation of matters agreed upon for the resolution of the North Korean nuclear and missile issues • deepen substantive cooperation and promote military confidence-building measures between the South and the North • propose and promote an initiative for a forum for peace and cooperation in Northeast Asia.


³“Action Plans,” <http://www.unikorea.go.kr/index.jsp>.

Stage III: Conclusion of an Inter-Korean Peace Agreement and Creation of a Durable Peace Regime
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South Korea will

- conclude a South-North Korea peace agreement and secure guarantees for it
- take the various necessary steps following the transition to a peace regime
- promote the formation of an inter-Korean economic community and the reinforcement of operational arms control
- establish a forum for peace and cooperation in Northeast Asia.

Source: http://www.unikorea.go.kr/kr/uninews/uninews_policyfocus.php; "ActionPlans," <http://www.unikorea.go.kr/index.jsp>.

Substance of Nuclear Issue and Assessment of the September 19th Joint Statement

Substance of Nuclear Issue

The second North Korean nuclear crisis, which erupted in October 2002, can be characterized as product of the conflict between these two sometimes conflicting notions: "Pax Americana (American Peace) versus North Korea's policy for survival." The US has two main goals in its foreign policy in general: enlargement of the US values such as free democracy and the market economy system; and Weapons of Mass Destruction (WMD) counter-proliferation and the war on terror. The short-term objective in the Bush Administration's foreign policy toward Northeast Asia is estimated to develop and deploy effective missile defenses (MD) in cooperation with Japan, while the mid- and long-term objective is to contain China, rising rapidly as a political, economic, and military power by consolidating its political and military ties with Japan.⁴ In this regard, the Bush

⁴"Quadrennial Defense Review Report (February 6, 2006)," <http://www.globalsecurity.org/military/library/policy/dod/qdr-2006-report.htm>; "President Bush Delivers State of the Union Address (January 31, 2006)," <http://www.whitehouse.gov/news/releases/2006/01/20060131-10.html>; The White House, President Delivers State of the Union Address (January 29, 2002); The White House, A National Security Strategy of Engagement and Enlargement (Washington, DC: US Government Printing Office, July 1994).

Administration seems to make use of the North Korean nuclear issue to some extent for its strategic interest. Therefore, the North Korean nuclear issue should be understood and estimated not by itself, but within the framework of the US global and regional strategy.

Internally, North Korea now maintains its political stability on the basis of *Songun* (Military-First) politics, but it has been in severe economic difficulties since the disintegration of the former Soviet Union. Externally, North Korea has been isolated to a great extent from the international community since the transformation of the former socialist countries in Eastern Europe. In this internal and external situation, North Korea has tried every possible means in order to maintain the last Stalinist system in the world. In particular, North Korea began to develop nuclear weapons so as to maintain its socialist system and make use of them as a kind of diplomatic card in negotiating with South Korea and the West, including the US and Japan.⁵

Since the Agreed Framework adopted on October 21, 1994 in Geneva⁶ puts emphasis not on ensuring the transparency of North Korean nuclear programs conducted already in the past but on freezing those to be conducted in the future, all suspicions about North Korean nuclear development have not been dispelled.

During his visit to North Korea in early October 2002, the US “Assistant Secretary James A. Kelly and his delegation advised the North Koreans that we had recently acquired information that

⁵Oleg Bagdamyan, a professor at the Diplomatic Academy of Ministry of Foreign Affairs of the Russian Federation, asserts that “in the late 1980s the DPRK lost its nuclear ally, the USSR, and faced mounting attempts by Seoul and Washington to speed up the demise of the communist regime. Reacting to these formidable circumstances Pyongyang decided to go nuclear in order to stop potential interference or even outright aggression from outside.” Oleg Bagdamyan, “Russia’s Viewpoint toward Peace Forum on the Korean Peninsula,” paper presented at KINU international conference on Peace Forum on the Korean Peninsula: Strategy and Implementation (The Seoul Plaza Hotel, June 9, 2006), pp. 105-106.

⁶“Agreed Framework between the United States of America and the Democratic People’s Republic of Korea,” <http://www.armscontro.org/document/af.asp>.

indicates that North Korea has a program to enrich uranium for nuclear weapons in violation of the Agreed Framework and other agreements. North Korean officials acknowledged that they have such a program. The North Koreans attempted to blame the United States and said that they considered the Agreed Framework nullified.”⁷ On January 10, 2003, North Korea declared its withdrawal from the Non-Proliferation Treaty (NPT). Since the US military operation against Iraq on March 19, 2003, North Korea has stressed the importance of possession of nuclear weapons.⁸

Assessment of the September 19th Joint Statement

President Bush searched for dialogue with North Korea through the mediation of China. As a result, in Beijing the three-party talks among the US, North Korea, and China were held in April 2003 and following that successively the four rounds of Six-Party Talks joined additionally by Japan and Russia were held from August 2003 through September 2005. During the trilateral and multilateral talks the US delegation made it very clear that there needed to be a verifiable and irreversible termination of North Korea’s nuclear weapons program and that once North Korea did that, it could move on to the comprehensive approach to US-North Korea relations. However, North Korea demanded normalization of relations with the US and economic measures in exchange for giving up the nuclear and the missile programs.⁹ The consensus among the parties concerned on

⁷Richard Boucher, Spokesman, North Korean Nuclear Program, Press Statement (October 16, 2002), www.state.gov/r/pa/prs/ps/2002/14432.htm. However, North Korea insists that it had never acknowledged such a program.

⁸“Memorandum of the Ministry of Foreign Affairs of the DPRK,” prompt Report of the North Korean Broadcasting (March 3, 2005), p. 4 (Korean).

⁹Richard Boucher, Spokesman, Daily Press Briefing (April 28, 2003), www.state.gov/r/pa/prs/ps/dpb/2003/20025.htm. For negotiating process of the Six-Party Talks, see “Hot Issue: The North Korean nuclear problem/the Six-Party Talks,” <http://www.mofat.go.kr> (Korean).

preventing the aggravation of nuclear crisis led at last to the adoption of a joint statement at the fourth round of Six-Party Talks, of which six points were released in Beijing on September 19, 2005:

- Reaffirmation of denuclearization of the Korean Peninsula, North Korea's abandonment of all nuclear weapons and existing nuclear programs and its returning to NPT and to IAEA safeguards, the US affirmation not to attack or invade North Korea, respect for North Korea's right to peaceful uses of nuclear energy, discussion at an appropriate time on the subject of the provision of light-water reactor to North Korea
- Taking steps to normalize US-North Korea and Japan-North Korea relations
- Five countries' willingness to provide energy assistance to North Korea, South Korea's reaffirmation of its proposal to provide 2 million kilowatts of electric power to North Korea
- Negotiation for a peace regime on the Korean Peninsula at a separate forum, exploration of ways and means for promoting security cooperation in Northeast Asia
- Implementing the afore-mentioned consensus in a phased manner in line with the principle of "commitment for commitment, action for action"
- Holding the fifth round of the Six-Party Talks in Beijing in early November.¹⁰

In terms of the September 15th agreement among the six countries, a positive assessment can be given in the respect that they got a clue to the solution of the North Korean nuclear problem by confirmation of what appeared to be the main framework, "nuke abandonment for compensation." It can be said that the US, which had adhered to a hard-line policy toward Pyongyang, made some

¹⁰"North Korea This Week No. 363 (September 22, 2005)," <http://bbs.yonhapnews.co.kr> (September 22, 2005).

concessions to North Korea since Washington agreed to the provision of light-water reactors and energy assistance.

However, the means to achieve a phased implementation of plans which could resolve the North Korean nuclear problem remained elusive for the six countries. Moreover, not only North Korea but also the US did not and until now do not have the intention to resolve the nuclear problem on the basis of “action for action.”

First, in the agreement there is no concrete timetable for provision of light-water reactors, normalization of relations, supply of energy, building of a peace regime on the Korean Peninsula, and security cooperation in Northeast Asia. For example, regarding provision one, when is ‘an appropriate time’ to discuss the subject of provision of light-water reactors to North Korea?

The basic stance and policy of the six countries on the five points of dispute over the September 19th agreement have been put into the form of a diagram as follows (see Table 2).

Table 2. The Basic Stance and Policy of Six Countries on the Five Points of Dispute

	US	North Korea	China	South Korea	Japan	Russia
Point of Time for Provision of Light-water Reactors	Nuke abandonment and returning to NPT and IAEA safeguards first	Provision of light-water reactor first, and then returning to NPT and IAEA safeguards	Reservation of defining its position	Nuke abandonment and returning to NPT and IAEA safeguards first	Nuke abandonment and returning to NPT and IAEA safeguards first	Returning to NPT and IAEA safeguards first
Normalization of Relations	After solving issues on nuke, missile, conventional forces, human rights etc.	US-N.K. normalization first and then nuke abandonment	Support for US-N.K. and Japan-N.K. normalization	Support for US-N.K. and Japan-N.K. normalization	After solving issues on nuke, missile, and kidnapping	Support for US-N.K. and Japan-N.K. normalization

	US	North Korea	China	South Korea	Japan	Russia
Supply of Energy	Assistance in case of nuke abandonment	Light-water reactor and 2 million kilowatts of electric power first	Assistance in case of nuke abandonment	Heavy oil, 2 million kilowatts of electric power, light-water reactor in case of nuke abandonment	Assistance in case of nuke abandonment	Assistance in case of nuke abandonment, provision of its nuclear reactor
Peace Regime on the Korean Peninsula	Ease of military tension and guarantee for its interest in security first	N.K.-US peace agreement	Against N.K.-US peace agreement, for S.K.-N.K. peace agreement	S.K. and N.K. as subject	Discussion at multilateral conference	Discussion at multilateral conference, support for S.K.-N.K. peace agreement
Security Cooperation in Northeast Asia	Priority on bilateral alliance	Negative	Positive	Development of Six-Party Talks	Positive	Positive

Secondly, as shown in Table 2, there are wide gaps in the basic stance and policy between Washington and Pyongyang on the issue of the North Korean nuclear program. On the North Korean side, the provision of light-water reactors is a precondition for their returning to the NPT and to IAEA safeguards. Secondly, the normalization of US-North Korea relations is a precondition for abandoning their nuclear program. On the US side, on the contrary, abandoning the nuclear program and returning to the NPT and IAEA safeguards are preconditions for the provision of light-water reactors. The basic positions of both sides are not based on the principle of “commitment for commitment, action for action.”

Pyongyang undermined the September 19th agreement a day later. Kim Kye-gwan, North Korea’s top negotiator at the Six-Party Talks, said in Beijing on September 20, 2005 that his country would not act until the US demonstrated that its hostile policy toward the North has ended. “They are telling us to give up everything but there will be no such thing as giving it up first,”¹¹ said Kim.

¹¹“North Korea This Week No. 363,” September 22, 2005, <http://bbs.yonhapnews.co.kr> (September 22, 2005).

Just as North Korea was unwilling to take action first, so was the US. Washington announced sanctions on September 20, 2005 on Banco Delta Asia SARL (BDA), a Macau-based bank, alleging it had helped Pyongyang distribute counterfeit currency and engage in other illicit activities. When a time difference between Beijing and Washington is taken into consideration, these US financial sanctions against North Korea took place at nearly same point of time, as when the agreement was adopted in Beijing. This fact demonstrates that the Bush Administration was not ready to take certain action in compliance with the agreement.

On October 21, 2005, the US also placed sanctions on eight North Korean companies for alleged participation in the proliferation of WMD. North Korea announced on January 3, 2006 that it could not return to the Six-Party Talks unless the US lifted the sanctions. The US State Department said, "US sanctions were a separate issue from the multilateral talks to end North Korea's nuclear weapons programs."¹² Although the US government briefed North Korea's representatives in New York on March 7, 2006 on the action taken against BDA and measures to protect the US financial system from illicit activities, Pyongyang's position remains unchanged. As the fifth round of the Six-Party Talks went into recess, Washington is ready to conduct talks with North Korea on financial sanctions in the context of the Six-Party Talks.¹³

Because of these wide differences in their basic position and policy, especially mistrust between the two countries, it seems very difficult for the six countries to find a solution in the near future. In the process of implementing what the six parties have agreed upon, a very great many unexpected variables could arise.

¹²"Sanctions on North Korean Companies Unrelated to Six-Party Talks," <http://usinfo.state.gov/utills/printpage.html> (January 3, 2006).

¹³"US ready to talk about N.K. financial issue at 6-way talks: Hill," <http://bbs.yonhapnews.co.kr> (April 11, 2006).

Conclusion

The second North Korean nuclear crisis, which erupted in October 2002, is a very worrisome issue for the global non-proliferation regime and regional security in Northeast Asia. North Korea continues to develop nuclear weapons in order to maintain its socialist system by deterring aggression from potential enemies and make use of them as a negotiating card with South Korea and the West, including the US and Japan. Moreover, until now, it seems that North Korea will adhere to its position that it would not abandon the nuclear development program until the US demonstrates that its hostile policy toward the North has ended. On the contrary, the US, which regards WMD counter-proliferation as one of its aims of security strategy, demands that North Korea abandons their nuclear weapons program first in a verifiable manner. Nevertheless, several analyses show that to some extent the US makes use of the North Korean nuclear issue so that it may complete the development and deployment of MD with Japan in the short-term and contain China in the mid- and long-term.

The parties to the Six-Party Talks succeeded in getting a clue to the solution of the North Korean nuclear problem by adopting the September 19th agreement. However, they failed in creating a breakthrough for its peaceful resolution because of the deep mistrust between the US and North Korea and the lack of a concrete timetable for phased implementation. For the present, it is very uncertain as to how long it will take for the parties concerned to overcome the second North Korean nuclear crisis.

In order to create a breakthrough for peaceful resolution of the North Korean nuclear issue, at least three of the following tasks should be implemented by the South Korean government or the other parties concerned.

First, as the US and North Korea until now are not ready to undertake action to advance the September 19th agreement, the other

four countries should make an all-out attempt to persuade the US and North Korea to mutually concede, each taking a step backward. Every series of diplomatic negotiation between states can be led to success, only when one party tries to understand the position of the other party and makes a concession to him, in the process, finding a compromise. The stalemated negotiations on the nuclear issue are ascribed to mutual mistrust between the US and North Korea. In order to rid themselves of this mutual mistrust, both sides should not adhere strictly and inflexibly to their own position and policy, forcing the other party to accept it, but they should make concessions step by step. The other four countries should also try to create a favorable atmosphere so that the US and North Korea may reach an agreement on the nuclear issue.

Secondly, the North Korean nuclear problem is an issue which is closely related to the US security strategy at the global and regional level. Therefore, the South Korean government should draw up a new roadmap in collaboration with the US government.

Thirdly, the six countries have no choice but to resolve the North Korean nuclear issue on the basis of the principle of “action for action.” The following three-stage approach might be one possible solution to the nuclear problem:

- The first stage: “North Korea’s declaration of returning to the NPT and IAEA safeguards” in exchange for “the US lifting of financial sanctions and resumption of providing heavy oil”
- The second stage: “Freezing and inspection of the North Korean nuclear facilities” in exchange for “the resumption of constructing light-water reactors”
- The third stage: “North Korea’s dismantlement of all nuclear weapons and programs” in exchange for “normalization of US-North Korea relations.”

60th Anniversary of Korea Liberation: Current Status of Inter-Korean Relations and Future Direction

Moon-Young Huh

Abstract

The purpose of this paper is to answer the questions of where we are in terms of Korean Peninsula's unification problem and where to and how we can improve in the future. To answer these questions, we should emphasize understanding duality (situation, structure), position of analysis (balanced perspective, nationalistic thought, future-oriented view), and division structure (territory, system, mentality) of the Korean Peninsula's problem. Where are we now? In terms of territorial unification, the formation of a peace regime in the Korean Peninsula is delayed albeit the antagonistic triangle system is mitigated. In terms of system unification, there is a paradigm shift from confrontation to cooperation, but the military detente is inadequate. In terms of mentality unification, Cold War consciousness has dissolved but the conflict among South Koreans is intensifying. On the whole, the present condition is analyzed as being shifted from competitive coexistence to cooperative coexistence. Then, what should we do? Our basic goal should be 'Building a Peaceful Korea.' Also, promoting 'Rainbow Strategy' and 'Balanced Cross Diplomacy' into practice is necessary. For the territorial unification, we need to form a peace regime based on trust and grand national strategy. For the system unification, we need to fulfill all the basic agreements on the two Koreas. For the mentality unification, we need to make a peaceful national reconciliation based on 'Rainbow Pluralism' and prepare for the life after unification.

Key Words: inter-Korean relations, characteristics of Korea Unification, peace Korea, "rainbow strategy," "cross balance diplomacy"

Introduction

The year 2005 was a very meaningful one, marking as it did the 60th anniversary of national unification, the fifth year after the signing of the June 15th Inter-Korean Joint Declaration and the 15th anniversary of German unification. The year, according to the September 19th Joint Statement of the fourth round of the Six-Party Talks, can also be considered the starting point of addressing North Korea nuclear issues and seeking peace in Northeast Asia.

Up until now, South and North Korea have made strenuous efforts to realize unification. Starting from the reunion of separated families in August 1971, more than 500 rounds of inter-Korean talks have been held. The South has become the second largest trading partner to the North, with a bilateral trade volume surpassing US\$700 million. Exchanges of citizens between the two Koreas continue to be active, with a total of 85,400 (81,470 from the South and 3,930 from the North) made from 1989 to 2004. The number of tourists to Mt. Kumgang has exceeded one million, and railroads and roads have been re-linked through the DMZ. Moreover, one of the long-cherished dreams of the Korean people has begun to be realized with 11 rounds of family reunion meetings already held and work underway to build a permanent meeting venue at Mt. Kumgang. In addition, the North shocked the South by making a sudden visit to the National Memorial Board one day before the August 15th Korean Festival, and by its holding of three big events in 2005: the June 15th Grand National Unification Festival; the August 15th Korean Festival; and the October 10th event to celebrate the 60th anniversary of the Worker's Party. Additionally, the North not only agreed to form a single team at the 2006 Asian Games but also to discuss a peace regime in the process of resolving the North's nuclear issues.

Circumstances both internal and external to the Korean Peninsula have not been favorable. Internationally, Korea has had to

contend with ongoing historical and territorial disputes with China and Japan amidst rocky ROK-US relations. In terms of China, conflicts arose over its defining Koguryo as part of its minorities through the “Northeast Asia Project” officially launched in February 2002, and its inclusion of the ancient Korean dynasty as part of its own history. China also braced itself for a possible emergency in North Korea by preparing to make inroads into the Korean Peninsula through changing border guards at the Amnok And Tumen rivers from armed police to military forces in July 2003. In Japan’s case, absurd remarks by the country’s nationalist figures on the issue of its distorted history-textbooks continued. And disputes over Tokdo Island also continued, with the Japanese ambassador to Seoul even holding a press conference (in 2005) claiming Japan’s territorial rights over the island just one day before March 1, Korea’s National Independence Day.

Domestically, conflict within South Korea itself deepened, with disagreements between conservatives and liberals that began from the inter-Korean summit in 2000 eventually becoming full-blown, evidence of which can be found in the once again “separate” holding of celebratory events for March 1st Independence Day in 2003. Since Korean society is divided into “anti-nuclear and anti-Kim” conservatives, and “anti-war and anti-US” liberals, the two sides locked horns on every single issue including sending troops to Iraq, pulling US troops out of South Korea and abolishing the National Security Law. More recently, there was an occasion in which some lobbied to have the statue of General Douglas MacArthur removed, with the president—at the time on an official visit abroad—expressing his opposition.

Where does Korea stand now after 60 years of national independence and territorial division? In what direction are we heading? What are the reasons behind Korea’s current conflicts? Why have we not realized unification? How should we view the current situation and what actions do we need to take to achieve peaceful reunification?

These are all difficult questions with complex answers.

How Should We View the Current Situation?

Characteristics of Korea Unification: A Double-edge Sword

Is it possible to easily address crises surrounding the Korean Peninsula and build a peace regime as long as pending issues—like the North’s nuclear problem—are resolved? This does not appear to be so. This is because matters involving unification are not only linked to particular issues, like the North’s nuclear programs, but also to the essential issue of duality. Given that, it is crucial to clearly understand this duality in order to genuinely address unification matters.

Duality of Circumstances: Transitional Period

“Duality of circumstances” refers to the legacies of the post-Cold War and Cold War that continue to influence Korean unification. On the international front, the Cold War confrontation between the United States and Soviet Union based on ideology came to an end in the wake of the dismantling of the Soviet Union and the collapse of the socialist bloc in Eastern Europe. On the Northeast Asia front, however, China dreaming to become a “socialist country in the 21st century” and North Korea chanting for “our own style of socialist country” or “great leader style socialist country” to become a powerful nation, confirms that the ideological showdown between free democracy and communism is far from over.

In addition, on the historical front, matters involving the Korean Peninsula are affected by unfinished historical processes. The world has advanced from a nomadic society in pre-history, to an agricultural society in the Middle Ages, to an industrial society in modern times to our current information age. Put differently, our world has changed

from the [Mediterranean](#) age of medieval times, to a modern Atlantic age to our current Pacific era. From another perspective, the world went through an ideological conflict in the 20th century to arrive at a clash of civilizations or era of reconciliation in the 21st century.

In the meantime, “the Age of Extremes” of the 20th century, the Korean War and the 9/11 terrorist attacks in the early 21st century have forced us into having quite an extreme perspective¹ on many issues. Korean people suffered the tragedy of a fratricidal war during the Cold War and are still enduring the extreme conditions that result from living in a divided nation. Given the history of Korea, Korean people are apt to see things in black or white: it is either “me or you,” you are either “a friend or an enemy.” This extreme point of view arose out of a survival instinct, and it is what has stopped Korean people from considering various viewpoints under the framework of “us.” Moreover, as the United States—South Korea’s ally—declared its war on terror, defining North Korea along with Iraq and Iran as part of its “axis of evil,” our views toward the North have once again swung to the extreme.

Duality of Structure: A Strong Sense of Independence and Competition to Expand Influence from Four Surrounding Nations

“Duality of Structure” means that Korea unification is a matter that involves both Koreans and the international community, and a matter of maintaining or disrupting the status quo. It also implies the dual reality of North Korea being regarded as both a threat to the South’s security and a partner in unification.

Issues on the Korean Peninsula always become international

¹Michael Howard, translated by An Do Whan, *Invention of Peace* (Seoul: Jontong Gua Hyundae, 2002), p. 109; John Lewis Gaddis, translated by Kang Kyu Hyung, *The Shock of 9/11 and the US Grand Strategy* (Seoul: Seoul Publishing House, 2004), p. 158; Joseph S. Nye, Jr. translated by Hong Su Won, *Soft Power* (Seoul: Sejong Institute, 2004).

matters with the four surrounding nations' conflicts of interest often taking center stage, despite the fact they are Korean problems that should seemingly be handled by Koreans. From the perspective of Koreans themselves, issues on the Peninsula include such items as making Korea an "economic hub in Northeast Asia" and a "global hub" in the 21st century by transforming the nation into an independent and unified country after belatedly building a modern nation-state. Interestingly, these are tasks that were undertaken by almost all other nations during the 19th century.

Four countries have major interests in the unification of the Korean Peninsula and continually exert their influence over Korea as a way to reorganize the order of Northeast Asia and achieve their respective goals: the United States²—to keep its super power status in the 21st century; China³—to secure the groundwork for becoming a socialist powerhouse and maintaining regional hegemony in the 21st century; Japan⁴—to lay the basis for becoming the world's big power in the 21st century; and Russia—to reemerge as a big power by developing Siberia.

In addition, unification has a dual characteristic in that it involves two conflicting aspects at the same time: keeping the status quo to maintain the security of 45 million South Koreans, and destroying that balance to pursue peace and coprosperity for 75 million Koreans. Peacekeeping should be a priority over peacemaking as the former is based on firm security; peace making, which is based

² Walter Russel Mead, *Special Providence* (New York: Routledge, 2002); Henry Kissinger, *Does America need a Foreign Policy* (New York: Touchstone, 2002); Zbigniew Brzezinski, translated by Kim Myung Sup, *The Grand Chessboard* (Seoul: Samin, 2001); Samuel P. Huntington, translated by Lee Hee Jae, *Clash of Civilization* (Seoul: Kim Young Sa, 1997).

³ Yeats Chung, translated by Lee Woo Jae, *China's Global Strategy* (Seoul: 21 Century Books, 2005).

⁴ Yasuhiro Nakasone, translated by Park Chul Hee and O Young Whan, *Japan's National Strategy for the 21st Century* (Seoul: Sigongsa, 2001).

on reconciliation and cooperation, must be sought after in parallel.

It should be made clear that the South sees the North both as a partner for unification and an ideological competitor posing a threat to a free democracy. Of course, the North deleted the 5th clause on unification⁵ that detailed communizing South Korea in its revision of its old Constitution on April 9, 1992. Even so, the North inserted a new clause in the 11th article⁶ on how the Worker's party plans to "direct" the country. Accordingly, the North, a "great leader party-state regime," has stipulated the communization of South Korea⁷ in the preamble of the Rules of the party, indicating that national direction is changeable on the orders of the great leader.⁸ We should also keep in mind that "liberation children"—those who were born in the year of liberation—will turn 61—and that today's residents in the North regard the country as its nation not because they opt for communism but simply because they were born in a communist country. In fact, they account for 90 percent of the North's residents.

⁵The 5th article of Socialist Constitution (1972.12.27. revised), "The DPRK shall strive to achieve the complete victory of socialism in the northern half of Korea and reunify the country on the principle of independence and peaceful reunification based on democratic foundation by excluding outside forces," *Outline of North Korea 90* (Seoul: KINU, 1990.) p. 483.

⁶The 11th clause of the revised constitution (1992.4.9), "DPRK shall launch activities under the direction of the Worker's Party," *Outline of North Korea 2004* (Seoul: Ministry of Unification, 2004), p. 482.

⁷Rules of the Worker's Party (1980.10.13. revised), "The immediate goal of the Worker's Party is to achieve the complete victory of socialism in the northern half of Korea, national liberation and communization of South Korea. The ultimate goal of the party is to spread Juche ideology to every part of society and build a communist society," *Outline of North Korea 2004*, pp. 504-505.

⁸Jang Suk, *Study on General Kim Jong Il's National Unification* (Pyongyang: Pyongyang Publishing House, 2002); Kim Jae Ho, *Kim Jong Il's Strategy to Build a Strong and Rich Nation* (Pyongyang: Pyongyang Publishing House, 2000); Kim Chul Woo, *General Kim Jong Il's Military First Politics* (Pyongyang: Pyongyang Publishing House, 2000).

Analyzing Attitudes: Balance, Independence, The Future

Fierce debate over how to view North Korea and how to find ways to reconcile the two Koreas has been intense in South Korea since the June 15th Inter-Korean Joint Statement in 2000. At the same time, conflicts of interest among various countries, including the United States and North Korea, in the course of restructuring Northeast Asia have led to a deepening crisis on the Korean Peninsula (although they could be viewed as transitional pain in the seeking of a new agreement or order). With what attitude, then, should we view unification issues, and how should we solve them? Recognizing the intrinsic aspect of duality in circumstance and structure, we should strive to find an answer by embracing a balanced view.

A Balanced View

A balanced perspective, “not turning to the right hand or to the left”⁹ is required. Bearing in mind that unification issues are structural problems created out of a 60-year separation, extreme stances leaning to the far right or far left are not helpful at all in solving the issues. Conservatives and liberals should forge an agreement framework with mutual respect in order to put an end to the ever-growing vicious circle of confrontation and conflict perpetuated by the two extremes. As our creator gives us two eyes, we should look at both the right and left sides with both eyes. Seeing things with only one eye lacks perspective and the ability to see things three dimensionally. The same goes for North Korea and unification issues.

Despite the end of the Cold War in the 20th century, a post-Cold War has opened in the 21st century with the world’s center stage shifting from the Atlantic to the Pacific; however, the Korean Peninsula still remains in the shadow of the Cold War era regardless

⁹ *Old Testament*, Joshua 1:7.

of these changes. In order to take a leap forward, development in the 21st century should reach beyond the anachronistic Cold War view and also refrain from a post-Cold War attitude that totally ignores the current situation. At the same time, however, we should deal with unification issues in line with historical trends and national missions.

Independent Thinking

As mentioned earlier, issues on the Korean Peninsula are both national and international ones, and as such, demand an independent way of thinking on the part of Koreans. International pressures and intervention will grow if the two Koreas fail to solve unification issues independently. As a result, the chances that unification will go against the national will can't be ruled out. North Korea insists on realizing unification "by ourselves," citing "national cooperation," as stipulated in the first clause of the 6·15 Joint Statement. The communist country has also continued to argue that "genuine national cooperation" means to push aside cooperation with foreign countries and address national issues based on national independence.¹⁰ An attitude that puts excessive emphasis on "Koreans first" overlooks the international aspect of unification issues. Therefore, we should seek a peaceful solution to unification by building cooperation not only with the North, but with the surrounding four countries.

In this sense, it is desirable to not choose between national cooperation and US-ROK cooperation, but to develop inter-Korean and US-ROK cooperation into complementary relations rather than confrontational ones. In other words, we can hardly accept the North's idea of national cooperation.¹¹ In addition, since US-ROK coo-

¹⁰ Sim Byung Chul, *One hundred Questions and Answers on National Unification* (Pyongyang: Pyongyang Publishing House, 2003), pp. 169-170.

¹¹ The North, in a New Year's editorial in 2005, suggested "three cooperative tasks" in national cooperation: abolish ROK-US-Japan cooperation with "national and independent cooperation"; address the withdrawal of the United States Forces in

dination is not appropriate in that Koreans may repeat a pattern of blindly following the United States, a new approach such as US-ROK cooperation is needed. We should not make the mistake of emphasizing one thing over the other between “national cooperation” and “outside cooperation” (US-ROK). Pursuing both attitudes in parallel should be openly suggested. Although inter-Korean cooperation comes above international cooperation (US-ROK) from the perspective of values, putting US-ROK cooperation above inter-Korean cooperation in the process of solving problems is potentially a better strategy.

A Future-oriented View

Clearly, a future-oriented view is required. Looking back on world history centering on the ocean, global civilization has moved westward. The middle ages from the 4th to 14th century evolved around the Mediterranean Sea. The modern era from the mid 16th century to 20th century following the renaissance and religious reformation is a time when civilization blossomed. In the 21st century, a new era of civilization has opened up, this time centered around the Pacific. In other words, the total amount of trade among Pacific countries started to exceed that of Atlantic nations in 1996. The Korean Peninsula was under control of the continental forces when the continent was strong, and became a subject state (colony of Japan) when the pacific powers were dominant. When the continent and ocean confronted each other, the Korean Peninsula fell to a divided nation (the outcome of the showdown between the United States, Japan, and China, and the

Korea (USFK) and North Korea’s nuclear issues with “anti-war cooperation”; expand inter-Korea economic cooperation for “national coprosperity and benefits” by “patriotic cooperation for unification.” “Enhance the power of military policy by strongly uniting the whole party: Military and the people,” *Rodong Newspaper*, Jan. 1, 2005; Kang Choong Hee, *Three Projects for National Unification* (Pyongyang: Pyongyang Publishing House, 2005).

Soviet Union).

Therefore, Koreans in the Pacific era in the 21st century should no longer be caught between the continent and the ocean. Like the “Roman Empire,” a peninsula that led Europe and Africa centering on the Mediterranean Sea, Koreans should not only address peninsular issues through conciliation and peace, but also tackle unification issues with a determination to contribute to the peace and prosperity of Northeast Asia and the further development of humankind.

Subject of Analysis: Division of Korean Peninsula

How, then, did Korea become a separated state—a division that still grips the Korean people even in the 21st century? The division of the Peninsula was formed by three stages and a combination of three phases.

Territorial Division: The Formation of Hostile Dual Triangle Relations

In the 1st stage of the division, US and Soviet Union forces occupied South and North Korea, respectively, along the 38th parallel on August 15, 1945. On the international front, southern triangular relations of free countries consisting of the United States, Japan, and South Korea; and northern triangular relations of communist countries consisting of the Soviet Union, China, and North Korea, were formed, due to the ideological and military confrontation between the United States and the Soviet Union, and the Korean War. As a result, a Cold War style structure of division, with dual triangular relations, was created. Accordingly, overcoming a state of division at this level means transformation from bilateral alliances and ideological confrontation to bilateral relations among the six nations and a multilateral regional security regime. Since South Korea

established diplomatic relations with the Soviet Union and China in 1990 and 1992, respectively, now is the time to focus on normalizing North Korea's relations with the United States and Japan, and reorganizing the ROK-US, and DPRK, China and Russia alliance.

Regime Division: The Establishment of an Armistice Regime

In the 2nd stage of the division, a “regime (sovereignty/government)” was implemented. The Republic of Korea was established on August 15, 1948 and the Democratic People's Republic of Korea on September 9. From the perspective of inter-Korean relations, Cold War relations of military confrontation characterized by an armistice, arms race, and state of truce were built due to the Korean War, the establishment of an enemy government, and several provocative acts. Therefore, overcoming the division at this level meant a shift from unification by absorption or force and communization through political/military conciliation/cooperation to new relations based on peaceful coexistence and unification by agreement. Implementing this task is a major element of the agenda to solve the state of division since South and North Korea already agreed to the July 4th Joint Statement in 1972, the Basic Framework of Inter-Korean Agreement in 1991, and the Inter-Korean Joint Statement in 2000.

Divided Minds: Confrontations between the “Enemy” and “Sworn Enemy”

Following the three-year-long war initiated by the North on June 25, 1950, the 3rd phase, “divisions of the mind (people/heart)” began. As such, at the national level, a Cold War-style ideological showdown—characterized by South Korea's National Security Law and anti-communist education, and North Korea's Criminal Law and ideological education—was strengthened. Accordingly, overcoming the division at this level means to seek diverse ways to restore unity by

developing a system where the two Koreas can accept each other and by implementing peace education. In other words, a system should be implemented in which laws and institutions are revised or abolished, peace education is offered, and the pain of separated families in the two Koreas is relieved.

At the personal level, seeing the other party as one's "enemy" or "sworn enemy" has been the prevalent way of looking at these matters in Korea. In this sense, overcoming the division means cultivating a sense of "partnership," that is, building a unified Korea by restoring mutual trust for ordinary citizens. Holding summit talks among trusted top decision makers is also vital to this process.

After enduring the three-stage division process, South and North Korea have continually repeated a cycle of conflict and self-inflicted wounds. North Korea has become a "lost land to be restored" for South Korea, while South Korea has become an "object for complete revolution" for North Korea. In the South, the "Yushin order," under the national slogan of anti-communism and authoritarian capitalism, has been intensified while in the North the "sole system or great leader socialism" based on *Juche* ideology has been consolidated. As a result, "hostile interdependence" was created and has taken root in inter-Korean relations. Thus, separation on the Korean Peninsula led by international political powers has resulted in physiological hostility due to the power game between the two Koreas and resultant fratricidal conflict, with the division only deepening owing to the political needs of both South and North Korea. Therefore, tiding over the division means addressing separation at the territorial, institutional, and individual level as a way to institutionalize peace and cooperation in Korea and lay the groundwork for peaceful unification.

Former President Kim Dae Jung pronounced three unification principles: non-acceptance of military provocation; excluding unification by absorption; and actively promoting inter-Korean reconciliation and cooperation. Issues involving the Korean Peninsula will have to

be solved through unification by agreement while going through various stages. Where then do we stand in the course of achieving unification by agreement? To grasp this, Table 1 shows the changing circumstances on the Korean Peninsula, specifying the documents of each stage, the characteristics of each regime, and the stage of peace building and unification. The landscape surrounding the Korean Peninsula can experience the following stages: conflictive coexistence,¹² competitive coexistence,¹³ cooperative coexistence,¹⁴ inter-Korean confederation, and unified Korea.¹⁵

¹²Conflictive coexistence means transitional circumstances keeping relations by balance of power. This comes as full-scale confrontation in every aspect including ideology, politics, military, economy, society, and culture, and is intended to deny the other party's existence. From the Korean War to the early 1990s, South and North Korea have maintained conflictive coexistence.

¹³Competitive coexistence means circumstances where two parties agree to a non-aggression treaty or an expression equal to that. Subsequently, a substantive guarantee device is set up to maintain the coexistence while there is a lack of active cooperation between the two parties. Under this circumstance, there is limited exchange and cooperation in economy, society, and culture, while the state of confrontation remains unresolved in terms of politics, military, and ideology.

¹⁴Under cooperative coexistence, two nations with independent political systems set a joint goal for achieving coprosperity. To this end, they actively cooperate with each other under interdependent relations. Namely, despite ideological differences, the two sides cooperate and exchange with each other in full swing in the areas of economy, society, and culture, and even cooperate in the areas of military and politics.

¹⁵Moon-Young Huh, *North Korea's Stance on Dismantling Cold War Structure in the Korea Peninsular and South Korea's Policy Direction* (Seoul: KINU, 1999), pp. 5-11.

Table 1. Five Stages of Peaceful Unification

Stage Division	Conflictive Coexistence	Competitive Coexistence	Cooperative Coexistence	Con- federation	Unified Korea
Specified Document	Armistice Treaty	Inter-Korean Basic Agreement	Peace Treaty	National Charter	Unification Constitution
Regime Characteristics	Armistice Regime	Basic Agreement Regime	Peace Regime	De facto Unification	Unification
Peace and Unification Stage	Peace Keeping	Peace Making	Unification Making	Integration Building	Unification Completion

How Far Have We Come? From Conflictive Coexistence to Cooperative Coexistence

Territorial Integration: From Cold War Alliance to Post-Cold War Alliance

The Outcome: Easing Dual Triangular Confrontation and Securing the Two Koreas to the Status of Parties Concerned

Internationally, the Cold War order that caused Korea’s division has collapsed since the world’s order has shifted from a bi-polar to a single or multi-polar structure. During the Cold War, the international community was dominated by the US-led free camp and the Soviet Union-led communist camp. From the collapse of the Soviet Union and Eastern Bloc in the 1990s, the global community, while still led mainly by the United States, changed to a system where the European Union, China, Japan, Russia and others cooperate with and compete against each other in the fields of politics and economy, and science and technology. Consequently, military and security confrontation centering on ideology has shifted into competition centering on economy, and science and technology. In other words, amid the shift

from the industrial era to the information era, countries have competed to create high quality goods and services while intensifying mutual cooperation centered on certain regional blocks. In addition, non-traditional threats, including terrorism, guerrilla conflicts, and intelligence wars, have amplified. Terrorist attacks on the US Pentagon and the World Trade Center (WTC) on September 11, 2001 are examples of this trend. Such an international order in the post-Cold War era has posed hardship and threats to North Korea that were unimaginable in the Cold War era. In particular, the North—that had relied on socialist countries during the Cold War—suffered a setback both economically and diplomatically with China and Russia’s integration of capitalist systems. The North, albeit unprepared, must now cope with the abrupt shift to trade based on international market prices and hard currency settlement from past practices of prices favoring socialist countries and clearing settlement.

Consequently, at the regional level in Northeast Asia, the Cold War structure has eased to a certain extent. Best of all, once strong dual triangular confrontation has weakened. The East Asia order in the Cold War was in a confrontational mode with dual triangular relations: an opposition between northern triangular relations covering the Soviet Union, China, and North Korea; and southern triangular relations involving the United States, Japan, and South Korea. Since the 1990s, the northern triangle has been considerably diluted due to diplomatic ties established between South Korea and the Union of Soviet Socialist Republics (USSR) (1990), South Korea and China (1992), the breakup of the Soviet Union (1991), and the death of President Kim Il Sung (1994). The South Korea government’s “northern diplomacy,” promoted since the late 1980s, has significantly contributed to this development. Moreover, East Asia countries have changed from hostile competition to conciliatory and/or cooperative competitive relations with each other. The four countries surrounding the Korean Peninsula strategically cooperate in some areas and

compete in others whilst consenting that regional order should be stable. In particular, since the 9/11 terrorist attacks, cooperative relations rather than conflicts have been shown through the formation of anti-terrorism coalitions. Amid these trends, the security order of East Asia today has been influenced mainly by the United States, with China, Japan, and Russia exerting the most influence in politics, economics, and military to a certain extent. In the meantime, Japan and China have enhanced their national status while Russia is trying to restore its diminished influence.

From the perspective of Korea, South and North Korea tried to reclaim their lost status as parties concerned in solving Korean issues through three rounds of inter-Korean talks. The two Koreas, amid the US-China détente in the 1970s, attempted to open inter-Korean talks. With the firm Cold War structure of East Asia in dual triangular confrontation, however, the two Koreas used inter-Korean talks to strengthen their regime rather than as a means of overcoming the confrontational makeup by forming the “Yushin order” in the South and the “sole system” in the North. In the 1990s, South and North Korea resumed bilateral talks in a post-Cold War atmosphere. Eight rounds of high ranking inter-Korean meetings led to the Inter-Korean Basic Agreement, the Additional Agreement, and the Joint Declaration of the Denuclearization of the Korean Peninsula. Suspicion over the North’s development of plutonium nuclear weapons, however, stopped further advancement. With Cold War confrontation dismantling internationally due to the break-up of the Soviet Union and Eastern Europe’s socialist bloc, weakening dual confrontation in East Asia was not easy to accomplish. Since 2000, South and North Korea have recommitted themselves to improving bilateral ties “delayed by ten years” through the opening of inter-Korean talks from summit talks and through the June 15th Inter-Korean Joint Declaration in June 2000. Of course, this time the North’s nuclear issue was mainly sparked by HEU weapons

development. Seoul, however, has addressed “nuclear issues” and “inter-Korean exchange and cooperation,” not by linking the two but, by placing them side-by-side based on its improved national power. As a result, inter-Korean dialogue and relations have progressed continuously despite occasional ups and downs.

In any case, the summit talks have helped the two Koreas restore their status as parties concerned in the issues of the Korean Peninsula. Moreover, a turning point was made to transform an unstable regional order in East Asia into one based on conciliation, cooperation, peace, and prosperity. For all that the post-Cold War and the 21st century opened, in Northeast Asia, prior to the inter-Korean summit, the potential showdown between South and North Korea, and the United States and China worsened following the North’s launch of a Taepodong missile (August 31, 1998), its military engagement in Yunpyong Sea (June 1999), and competition to gain influence over the Korean Peninsula quietly continued. In this environment, South and North Korea were expected to agree to improve bilateral ties, help the North become part of the international community, and address WMDs gradually. The four surrounding nations, namely the United States, Japan, China, and Russia, vigorously welcomed the stabilization of the Korean Peninsula but were concerned about the sudden breakup of the status quo. In particular, China actively supported the development since it could reduce its economic assistance to the North and create conditions for developing three regions where three important palaces are located; the Clinton Administration held summit talks through exchanges with high-level officials from the United States and North Korea and almost agreed to and signed a missile treaty. Accordingly, at the national level, territorial integration has not yet made much progress.

Task: Delaying the North's Diplomatic Ties with the United States and Japan and Forming New Northern Triangular Relations

US-ROK Friction and the Failure to Form a Peace Regime

Lack of progress in normalizing the North's diplomatic ties with the United States and Japan has been a stumbling block to overcoming the territorial division. Since Kim Jong Il, head of the North's National Defense Committee in September 1998, was inaugurated, the North has actively sought to establish better ties¹⁶ with foreign nations under its vision of building a strong and powerful nation. Since the inter-Korean summit, US-DPRK ties have progressed significantly, with the North making a breakthrough in bilateral ties through a visit by Jo Myong Rok, head of the military's General Political Bureau, to the United States (Oct. 8-12, 2000), and US Secretary of State Madeline Albright's visit to the North (Oct. 23-25). However, then presidential candidate George W. Bush's victory canceled Clinton's visit to the North, pushing the issue of better bilateral ties back to square one. Indeed, from the time the Republican Party took control in January 2001, the atmosphere on the Korean Peninsula has chilled considerably. On top of this, the 9/11 terrorist attacks, the first ever intrusion onto US territory, have led to a more stern policy toward the North and an aggravated situation on the Korean Peninsula.

In response, the North has tried to stabilize conditions on the Korean Peninsula to improve inter-Korean relations ever since then special envoy to South Korea Lim Dong Won's visit in 2002 (April 3-5). North Korea has also internally initiated its own style of reforms and open door measures by introducing the "7·1 Economic Adjustment Measures" and developing the "Sinuiju special economic zone (Sept. 12)," while also attempting to promote ties with Japan by

¹⁶ Moon-Young Huh, *Characteristics of North Korea's Diplomacy and Possibility for Chang* (Seoul: KINU, 2001); Chun Hyun Joon et al., *The Guideline for Understanding North Korea* (Seoul: Pakyoungsa, 2005), pp. 311-326.

holding summit talks. Chairman Kim announced a four-point Pyongyang declaration after a summit meeting with his Japanese counterpart Prime Minister Koizumi (Sept. 17, 2002). Such reform/open door measures failed in the wake of special envoy to the United States James Kelly's visit to the North (Oct. 2002), with his questions over development of HEU nuclear weapons and the arrest of China's Yang Bin (head of Sinuiju special economic zone) on October 4, 2002. Against this backdrop, the North has tried to restore relations with its former ally Russia since 2001, holding a summit meeting between Chairman Kim and Vladimir Putin. North Korea has also reacted to the tough policy of the United States by forming new northern triangular ties—in particular, strengthening relations with its ally China. As seen in the arrest of Yang Bin, the North and China maintain a high-level of military alliance although they have been somewhat lowered¹⁷ from their former “blood alliance” to “traditional friendly and cooperative ties.” In addition, North Korea has maintained a considerable level of amicable relations with Russia.

The South's government's conflicts with the United States stand in the way of effectively addressing the territorial division. The government in Seoul, while going through the Government of the People and the Participatory Government, has had friction with the Bush Administration over the US-ROK alliance and the USFK. In particular, the participatory government has faced discord with the Bush Administration over coordinating the US-ROK military relationship pending such issues as financial matters (including defense cost sharing with the United States), the firing of the Korean Service Corps [KSC] in the USFK and WRSA-K, and matters of trust that include sending Korea troops to Iraq and reductions in the numbers of the US troops based on Korea. In addition, the USFK's “strategic flexibility” and the participatory government's theory of

¹⁷*Joongang Ilbo*, Sept. 21, 2005.

“a balancer in Northeast Asia” ran against each other. As well, Korea and the United States demonstrated fissure in traditional coordination among the United States, Korea and Japan toward the North by disagreeing on policies toward the North (nuclear issues, defector and human rights issues, the Kim Jong Il regime, a joint US-South Korean contingency plan, codenamed Operation 5029). Such a series of incidents revealed that dissolving the Cold War structure on the Korean Peninsula and creating a peace regime would not be easy.

Regime Unification

Outcome: Paradigm Shift and Progress in Inter-Korean Dialogue, Exchange, and Cooperation

The unification policies of the two Koreas resulted first in war, then in military engagement, then in talks and a conciliatory atmosphere, and ultimately in summit talks between the top leaders of the two countries. Let us look at changes in the unification policy of Korea. The policy can mainly be divided into three periods according to the attitudes of the North Korean regime. The first period,¹⁸ from separation to the 1960s, was to realize unification by the UN on the assumption of hostile relations between the two Koreas. The second period, from the 7-4 Inter-Korean Joint Statement in the 1970s to the 1990s, focused on creating conditions for unification and national development under the premise of establishing competitive relations between the two Koreas. The third period, from the June 15th Inter-Korean Joint Statement in 2000 up to now has concentrated on realizing independent unification and national prosperity based on inter-Korean cooperative ties. Changes in the North's unification

¹⁸Moon-Young Huh, “North and South Korea's Peace Strategy,” *Korea Peace Strategy* (Seoul: KINU, 2000), pp. 52-60.

policy can be divided into largely two or six periods¹⁹ according to the conditions of each revolutionary force (the international, North Korea, and South Korea revolutionary forces), and the leadership's view toward the current situation. The first phase attempted to materialize unification by force based on a "revolutionary democratic base" (1945-53); the second proposed peaceful unification based on a "two method theory" (1954-61); the third approached revolutionary unification based on the Three Principles of National Unification and the Five General Principles of National Unification (1961-79); the fourth advanced propaganda for federated unification based on Ways to Establish a Democratic Confederate Republic of Koryo (1980-87); the fifth pursued coexistence unification based on the Ten General Principles of National Solidarity (1988-1997); and the sixth sought coexistence unification based on The Three Charters for National Unification²⁰ (1998-now). From a strategic perspective, the North's unification strategy has shifted from "revolutionary unification" to "coexistence unification to maintain the regime."

The interactions of both Koreas in terms of unification goals and policies have led to the following changes in inter-Korean relations. Politically, inter-Korean talks saw great progress, including the holding of an inter-Korean summit and various meetings. The historic summit (June 13-15, 2000) provided a chance to shift the paradigm of inter-Korean relations from conflict and confrontation to cooperative coexistence. The fact that top leaders from the two sides met and spoke together marked a historic milestone in the 55-year separation of the country. Both Koreas have held more than 500 rounds of talks since the holding of the first meeting in the 1970s.²¹ Of course, talks were suspended for a long time and there were occasions when meetings

¹⁹ Moon-Young Huh, "North Korea's Unification Policy," Yang Sung Chul et al., *North Korea Foreign Policy* (Seoul: Seoul Press, 1995), pp. 131-172.

²⁰ Jang Suk, *Study on General Kim Jong Il's National Unification*, pp. 79-105.

²¹ *Yonhap News*, Sept. 13, 2005.

showed the limitations of such dialogues when superficial rather than genuine negotiation occurred. In particular, a total of 74 rounds of meetings were held in each field from the launch of the participatory government, and in the process, “a new kind of negotiating culture based on substantive issues” agreed upon by Chairman Kim has been successfully established.²²

Economically, putting three economic cooperative businesses—the Gyeongui (Sinuiju-Seoul) and Donghae (East Coast) Railroad and Road Connection Project, the Mt. Kumkang tourism project, and the Kaesong Industrial Complex project—on track,²³ agreeing to promote a joint anti-flood project for the Imjin river, and adopting a four-point economic agreement have become the basis for achieving co-prosperity of the Korean people.

Socially and culturally,²⁴ exchanges have grown in quality and quantity while civilian level exchanges have been diversified to open a way for regime integration. Not only that, South and North Korea have started to jointly cope with national issues by raising questions over Japan’s distorted textbooks and territorial claims over Tokdo Island and by holding joint academic conferences and exhibitions of Koguryo to counteract China’s inaccurate versions of history. North Korea has also agreed to hold and institutionalize meetings of separated families permanently, despite the fact that the issue is somewhat of a burden to the North. In response, starting from the mid 1990s, the South has expanded and sustained humanitarian aid to the North to encourage stable inter-Korean relations.

Such improved relations have had a positive effect on the North

²²National Policy Briefing, July 4, 2005.

²³Ministry of Unification, “Outcome of Participatory Government’s policy toward the North and Future Prospects,” Aug. 26, 2005.

²⁴Exchange and cooperation in various fields including media, culture, religion, sports, and public health are believed to enhance mutual understanding and levels of trust.

as evidenced in its willingness to change itself voluntarily. North Korea has publicly stated the need for change, making the implementation of a new mindset to ease economic hardship a top priority in building a so-called strong country. The country has also begun to actively join the international community, establishing diplomatic ties with the European Union (EU) and promoting open door activities.

Task: Failure to Ease Military Tension and Continuing the North's Unification Front Strategy

On the military front, however, as seen in the two rounds of military engagement that occurred in the west sea (1999; 2002), progress in easing tension between the two Koreas has not been substantial. The battle which occurred in the west sea demonstrates a lack of flexibility in linking economic exchange and the cooperation policy to conciliation on security issues, despite the argument that the Sunshine Policy is a conciliation and cooperation policy based on strong security. In addition, citizens in Seoul who were overly optimistic about quick changes in North Korea thanks to the theory of "Change in North Korea," were disappointed to learn that Pyongyang had not really changed at all and were doubtful of the justifications of the government's conciliatory and cooperative policy in the wake of the two rounds of fighting. However, progress was made in this area when the two sides agreed to "make efforts to guarantee solid peace" on the Korean Peninsula and "share[d] the view of [the importance of] holding military working level talks" at the 16th Ministerial meeting (Sept. 13-16, 2005, Pyongyang).²⁵ The inter-Korean ministerial meetings, once limited to discussions on economic cooperation and social and cultural exchanges, started to expand into political and military fields.

²⁵National Policy Briefing, *Naver News*, Sept. 16, 2005.

In addition, the unification front operation steadily put forward by the North has posed an obstacle to improving inter-Korean ties and overcoming the regime division. A “national cooperation” theory has been suggested as the latest version of the unification front operation.²⁶ The North uses national cooperation in three different ways. First, it is used to protect the North from US pressure and to resolve security threats. This has been expressed as a policy to put distance between the United States and South Korea,²⁷ and includes an argument for “anti-US activities and withdrawal of the USFK.” Second, it is used to relieve economic hardship by relying on the Seoul government’s assistance and corporate capital and technology. This is put as a 6-15 implementation strategy calling for the “strict carrying out of the June 15th Joint Declaration.” Finally, from the unification front operation perspective, it is used to build a foundation for coexistence and unification by communizing Korea through creating pro-North forces in the South. This shows up as a unification front operation to “abolish the National Security Law and legalize Han Chong Ryun, a pro-North student organization.”²⁸ The fact that the North has attempted to normalize ties with the United States in return for abandoning its nuclear programs at the Six-Party Talks by leading bilateral talks between itself and the United States: energetically leading three big events in inter-Korean relations (June 15; August 15; October 10); and support for the US decision to move troops to Pyongtaek on the sidelines show that pulling the USFK out of Korea has been pushed ahead on the unification front operation level.

Taken together, the relationship between the two Koreas today,

²⁶Choi Ki Whan, *6-15 era and National Cooperation* (Pyongyang: Pyongyang Publishing House, 2004).

²⁷Kang Choong Hee and Won Young Soo, *6-15 Independent Unification Era* (Pyongyang: Pyongyang Publishing House, 2005).

²⁸Moon-Young Huh et al., *Strategy to Stabilize Peace on the Korea Peninsula* (Seoul: KINU, 2003), p. 149.

compared to what it was during the Cold War era, has changed dramatically, with major advancements made. Moreover, since then the inter-Korean summit, dialogue, exchange and cooperation have been considerably promoted. The consistent military confrontation between the two Koreas and the North's unification front operation has made it difficult to see the improvements made in inter-Korean relations as part of the conciliation and cooperation stage. Although the two countries have failed to make it to cooperative coexistence, they have managed to change from conflictive coexistence to competitive coexistence in reaction to changes in the post-Cold War period to overcome regime division.

Unification of Minds

Outcome: Easing the Cold War Mindset

South Koreans had negative attitudes toward the North in the Cold War era mainly due to the Cold War structure of the US-USSR confrontation, the pain of the Korean War, the North's continuous military provocation after the armistice treaty, and anti-communism education.

However, the South's perspective toward the North has changed radically. According to a KINU (1992-2004) survey, views toward the North have changed significantly since the beginning of the post-Cold War era. For instance, more than 80 percent of respondents surveyed in 1992 and 1993 showed positive perceptions toward the North. In addition, right after the summit in 2000, quite a few South Koreans had positive attitudes toward the North. There were even mentions of creating a fan club for Kim Jong Il (KFC). There are specific reasons for such an overwhelmingly positive response. In the early 1990s, wishful thinking seemed to be prevalent among the people in Seoul who wanted to see good progress in the future following the positive outcome that showed up in the post-Cold War atmosphere, including

the adoption of the Basic Agreement and the Additional Agreement. South Koreans, following the summit in 2000, were believed to be more positive in relation to the North out of their wish to end hostile relations and open an era of unification at the threshold of a new century.

The positive opinions of South Koreans can either be seen as striking a balance or being “broken up” according to how one views that matter. Since 1994, attitudes toward the North haven’t led to one side over the other moving from 6:4 to 4:6.²⁹ Accordingly, if society generally respects other views and opinions, the figure can be evaluated as a balance between the right and left. As South Korean society lacks tolerance in relation to other opinions, and extreme confrontation is prevalent, the result shows that the society is divided.³⁰ In any case, the post-Cold War following the breakup of the Soviet Union and communist bloc of eastern Europe; the conciliatory and cooperative policy of the 6th republic and various kinds of discussions; and active participation from the public, has contributed to the balanced view or, to put it differently, the “division” of society. However, follow-up measures of the inter-Korean summit in June of 2000 and several talks and projects including the Gyeongui and Donghae Railroad and Road Project have taken the post-Cold War establishment aback, shaking their sense of identity.

On the other hand, obtaining objective statistical data—i.e. North residents’ views toward the people in the South—is very difficult. However, it seems reasonable to assert that their perceptions toward the South, very negative during the Cold War, are changing

²⁹Park Hyeong-Jung et al., *Engagement Policy toward the North and Ways to Create Conditions to Accept it in Domestic Politics* (Seoul: KINU, 2000), pp. 149-154.

³⁰Moon-Young Huh, “How do we view North Korea? Is the country a partner for peaceful unification or an ideological enemy?” *Conditions for Korea Peace and Prosperity*, Doerae Research Institute Symposium Study Collection, Mar. 8, 2003, pp. 23-25.

gradually thanks to various kinds of aid and economic cooperative projects and exchanges after the summit in 2000. Of course, authorities in Pyongyang are known to control their residents through ideological education. According to defectors from the North, residents that heard about food and fertilizer assistance from the South secretly remarked that “compatriots are the only ones that we can trust” and began to realize that South Korea is better off.³¹

Task: Deepening Divided Opinion (South-South Conflict) and Ideological Patterns of Thinking

It is true that the division of public opinion has been worsening over policies toward the North, the unification formula, and US-ROK relations. For example, contentious issues include reciprocity,³² speed-adjustment,³³ and assistance to the North,³⁴ and conflicts have deepened since the 6·15 Joint Statement over a unification formula³⁵

³¹ Interview with North Korean defectors, Oct. 12, 2004.

³² Conservatives argue for thorough reciprocity or mechanical reciprocity based on a “tit-for-tat” method: treating others how I have been treated. Liberals insist on flexible reciprocity: a party in a superior position makes concessions first, “pre-emptive concessions,” to relieve the other party and to elicit concessions later. In short, conciliation between the two Koreas can be triggered by “grit effect,” a negotiating term to ease tensions gradually.

³³ Conservatives believe that military threat from the North and its intention to invade the South still exist. Accordingly they insist on keeping the basic framework of the National Security Law and military power in tact, not being swayed by a conciliatory mood on the surface, and taking time and gradual steps to form national consensus and mutual trust. On the other hand, liberals view US-Korea combined forces as a military threat to North Korea. They say that compared to military expenditure and combat capability, the North is in a weaker position and believe that conciliatory works in the South and North are belatedly occurring.

³⁴ The conservative camp argues that it is a wrong policy to continue “unilateral aid” to the North despite the difficult situation in Seoul without general public agreement. The liberal camp emphasizes that aid to the North is morally right considering the country’s hardships. Realistically, it retorts that aid can not only serve to cut down on the cost of keeping peace by reducing tension, but can also reduce unification costs in the future.

³⁵ Conservatives see the possibility that the independent sovereignty of South Korea

and USFK issues. The conflict over policy toward the North adding to existing ruling-opposition/ideological/regional conflict is believed to have aggravated the divisions in the South's society.

Continuing ideological patterns of thinking is considered a problem in North Korea. The leadership's pursuit of communization of the Korean Peninsula, residents' anti-imperial and anti-United States mindset, and fears about unification led by the South,³⁶ are such examples. According to defectors,³⁷ residents in the North also long for unification due to acute economic difficulties, and consider unification with the South as a cure-all for their hardships. North Koreans have even gone as far as saying that they hope the Korean Peninsula is broken by war if unification fails. Of course, unification in that case is led by North Korea. This extreme mindset comes from North residents' belief that they would be executed if the South unifies the Korean Peninsula by absorption. They who experienced the dictatorship of the proletariat have no other choice but to imagine unification led by the South as dictatorship of the bourgeois. Moreover, North residents have been wrongly informed by the authorities that East German people were killed at the time of unification and that even today they are treated as second class citizens.

will be in danger. They believe a unification formula could ultimately come down to a Koryo federation offered by the late president Kim Il Sung as a "low level of federation" that is based on a high level federation. In response, liberals think that a "low level federation" is similar to the South's inter-Korean confederation, thus a proposal worth researching. They stress that the 2nd clause of the 6-15 Joint Statement doesn't mean going right to the federated system, but rather finding common ground between the low level federation and inter-Korean confederation as a transitional nature of unification.

³⁶ Interview with North Korean defectors, Sept. 15, 2005.

³⁷ Interview with North Korean defectors, Sept. 14, 2005.

What, Then, Is To Be Done?

What should we do? We should at the very least prevent a re-occurrence of war on the Korean Peninsula. War does nobody any good. If possible, we should expand peace, and then national capacity, to realize unification. Let us now look at basic directions and detailed action plans.

Basic Directions: Establishing “Peace in Korea”

First, let us build “Peace in Korea.” To this end, philosophy and strategy on peaceful unification need to be re-established and worked on steadily. “Peace in Korea” not only helps us to get over the inherent duality of circumstances and structure of the Korean Peninsula, but also creates peaceful relations with the four surrounding nations and gives greater hope to society. To achieve this, a unification philosophy and peace strategy based on balanced perceptions and tolerance need to be drawn up. A unification philosophy and vision that encourages pluralism, coexistence and reconciliation, and peace, and moves both to establish rational security and build cooperative relations with the four neighbors, are the South government and citizens’ responsibility in the course of exchange and cooperation. Along these lines, a new way of pursuing unification not yet experienced by humanity should be presented.³⁸

Second, “forgive but don’t forget.” We should no longer hold on to the hatred, anger, and grievances that resulted from the Korean War and the history of conflict between the two Koreas. That being said, the reasons and background of this painful history should not be forgotten in order to prevent repetition of these events. In this context,

³⁸This doesn’t mean unification by force as seen in communized Vietnam or unification by absorption as seen in capitalist Germany, but creative unification based on agreement.

it is better to take conservative views on the North's situation and its unification strategy toward the South, while taking on a new set of views in our responses to the North. It would also be more effective to take a goal-oriented attitude on how to realize an "ideal Korea" in a peaceful and democratic way, rather than concentrating on old practices, by analyzing the intentions of North Korea. Even though the North uses inter-Korean reconciliation and exchange and cooperation as a tool to achieve its unification front operation and North-style unification, we, South Koreans, should never give up our goal of conciliation and cooperation, as it is the only way to achieve national survival and prosperity at this current stage.

Third, the three pillars: international (US-ROK) relations, inter-Korean cooperation, and national harmony, which need to be developed, should be prioritized. Recent discussions over the North's nuclear problems and Korean peninsular issues are handled on the level of international or inter-Korean relations. Smooth solutions for those issues are not likely without enhancing national harmony and raising public awareness. Only if we are fully capable, developing the three pillars in parallel is very desirable. If our capacities are not sufficient, putting national harmony first, developing foreign relations (ROK-US) second, and improving inter-Korean relations later, in that order, is desirable. This is because resolving South-South conflict and achieving national harmony should come first to both help maintain peace on the Korean Peninsula and encourage the North's efforts to change. Policy toward the North without public support can stop, leading to confusion in the process of stabilizing peace on the Korean Peninsula and realizing peaceful unification. Accordingly, the government should fully consider the order of the three pillars in the course of pushing ahead with its unification policy. Recognizing that inter-Korean relations are unlikely to make big progress without US-ROK cooperation, policy coordination with the United States in advance is a good idea. At the same time, the government should

secure the neutrality of its government policy toward the North while building bipartisan cooperation in Seoul.³⁹

Detailed Action Plan: Rainbow Strategy

Mongolians call Korea “solongus,” meaning a “country of rainbows.” When I heard this, I was moved, because it conjured for me a vision of the “red” of the North, the “blue” of the South and the traditional multicolored jackets worn by our ancestors, all at the same time. According to the Bible, a rainbow consisting of seven colors—red, orange, yellow, green, blue, indigo, and purple—is a symbol of “salvation.” These colors desperately need to be restored on the Korean Peninsula in all their glory, so that Koreans can give hope to others as an example of conciliation and coprosperity of cultures not the clash of civilization in the Pacific era of the 21st century.⁴⁰

³⁹H. J. Kaack, former head of German Internal Department, mentioned two cases regarding bipartisan cooperation. One is the period before unification. Political parties taken to frequent power changes agreed, however, to a grand consent on a unification policy toward Eastern Germany. Accordingly, the Western government and congress made it clear that the subject to support is not the regime but the East Germans. But the West German congress argued that the eastern policy doesn't mean it recognizes countries within Germany, and the western government used opposition from the congress as a major negotiating card in its negotiations with East Germany. The other is the case after unification. The integration process of Germany has been done not by administrative branch, police and intelligence agencies but by various NGOs (social, civic and religious organizations commissioned by the government). Accordingly, since the 1990s, regime integration has gone well while social integration hasn't proceeded as expected. Taken from an interview with me in Korea – German workshop June 30, 2005.

⁴⁰Rainbow colors can be interpreted in a political and economic aspect. According to international peace advocate John Galtung, blue means a free US style economy centering on market and capital; red a socialist old Soviet Union economy centering on state and power; green a third world economy centering on civil society and discussion; pink a mixed economy as in Canada and Europe; and yellow a mixture of blue and red for the Asian economies of South Korea, Japan, China, and Taiwan. John Galtung, Kang Jong Il et al., *Peace by Peaceful Means* (Seoul: Dulnyouk, 2000), pp. 305-330.

■ **Territorial Integration: Forming a Peace Regime on the Korean Peninsula based on the Recovery of Trust and Grand Strategy**

First, Korea's grand strategy should be set up by accurately analyzing ever-changing circumstances surrounding East Asia from a geo-political, geo-economic, and geo-cultural point of view in order to realize peace on the Korean Peninsula and peaceful unification, the long-held wish of the Korean people. Amid the shift from the solid dual triangular relations of the Cold War to that of the post-Cold War in East Asia, skepticism over the future of the Kim Jong Il regime started to emerge, with cooperation and checks between the United States and China taking place at the same time. Without Korea's independent efforts, war could break out leading to permanent division, a far cry from unification. The participatory government's Peace and Prosperity Policy is meaningful considering the possibility of deepening ever-growing hegemony in Northeast Asia and the chances of collapse of the cooperation and coexistence order. The participatory government has suffered setbacks in promoting the policy due to resistance to its "over-ambitiousness" from neighboring countries. This resistance includes opposition to the establishment of Korea as a "Northeast Asia hub" from China and Japan; opposition to "independent defense (diplomacy)" from the United States; and disagreement over allowing "thoroughly organized and planned defection" and banning paying tribute to "Kim Il Sung's 10th memorial service" from South Korea. Although the "theory of becoming a "balancer in Northeast Asia" has good intentions, it has not easily garnered support theoretically or realistically.⁴¹ Therefore, we should

⁴¹ Balancer is a diplomatic strategy that Britain adopted to keep balance of power and peace in the 18th century and 19th century under Pax Britannica when it emerged as the world power dominated by five structures, France, Germany, Russia, Australia in continent, and Britain in ocean, due to the industrial revolution and colonial expansion. In a historical and theological context, the balancer theory has the following problems. The direction is right. Structure and timing, however, matter. Currently, East Asia is dominated by six countries (South, North Korea,

draw up a unification policy based on a new grand strategy. The great US strategist Z. Brzezinski argues that the United States should execute a “grand chess board” strategy centering on security to lead the world in the 21st century as a superpower. Further, another strategist, Joseph S. Nye Jr., insists on handling three chess boards (the military chess board in the upper, in the mid, supranational in the lower level, respectively) with “smart power,” a combination of hard power and soft power. I believe the pursuit of hard power, soft power, and spirit power as a grand strategy in the process or after Korea is unified is the key to Korean survival. A unification policy based on such a grand strategy needs to be established.

Second, let us pursue a rainbow strategy and cross balance diplomacy. Rainbow strategy means the building of national power befitting our dignity and ambition and the reorganizing of relations with the United States to become more future-oriented in the 21st century. Based on this, we can draw a larger concentric circle by nurturing close relations with the North and develop ties with the three surrounding countries (China, Japan, and Russia) by employing cross-balance diplomacy. In the process, forgive the pain inflicted on us by those countries without forgetting and forge peaceful relations with them for the future. Therefore, our long-term diplomatic strategy is to build friendly ties with both the United States and China. Passively speaking, this is a situation where Korea shouldn't be forced to choose one over the other when China and the United States confront each other; aggressively speaking, this is a situation where the United States and China can regard a unified Korea as a major ally,

the United States, Japan, China, and Russia) not five nations. Five nation structures come when the two Koreas are united, and the unified Korea is ready to take a role as a balancer. Consider that the defense expenditure of the United States amounts to more than US\$400 billion, Japan US\$44.4 billion (2000), China US\$41.2 billion (2000), Russia \$58.8 billion (2000), and Korea \$14.8 billion (2003). The US defense expenditure is more than that of the rest eight countries combined, and Korea tops the bottom in East Asia.

with traditional friendly and cooperative ties.

Third, to establish a peace regime on the Korean Peninsula, the following changes should be made aggressively. In politics, changes should be made from political negotiation to peace negotiation, and in security, from absolute to joint security. In economics, discussions over the economic collapse in the North and the cost incurring from early unification should be shifted to talks on the North's potential for economic recovery and a development strategy for the Korean people. In society, medical and humanitarian aid including food and fertilizer needs to be changed to development assistance for the North's agricultural structure and medical system. In foreign relations, international coordination should be used only in certain issues in order to maintain a large framework for achieving the basic goal of institutionalizing a peace structure. In addition, building a Korea peace regime is closely linked to the changing status of the USFK and the finances of the US-ROK alliance. The USFK issue is connected to USFJ and is of keen interest to China and Russia. Accordingly, a peace treaty should be signed after the realignment of the US-ROK alliance is completed and should be carried out based on sufficient consultation and trust with the United States before and after the signing. The concept of a peace regime should be presented as a system that can contribute to restoring and maintaining peace on the Korean Peninsula and as a way to further realize unification. Accordingly, the "permanent peace regime" mentioned in the 9-19 Joint Statement can be viewed as against unification and the term "peace treaty regime" should not be used as it is ambiguous.

■ **For Regime Unification: Full Implementation of the Existing Inter-Korean Agreement⁴²**

First, deepen discussion and research on the Composite State model. To make progress in regime unification, South and North

⁴² 7-4 Joint Statement, Inter-Korean Basic Agreement, and The 6-15 Joint Declaration.

Korea should lay the groundwork for peace and peaceful unification gradually by taking full advantage of the common ground of confederation and low level federation suggested by the South and North, respectively. To this end, the existing unification formula needs to be reviewed and discussed further. Such process can instill a new way of thinking among both Koreas that two different systems can coexist under the framework of a (free) democracy while not sticking to a capitalist-style or socialist-style unification regime. This would help narrow the physiological distance between the two Koreas by closing the gap between justifiability and the feasibility of unification.

Second, develop a unification policy focusing both on conciliatory cooperation and peaceful coexistence based on the Inter-Korean Basic Agreement.⁴³ To this end, an option to expand massive aid to the North to ease the country's economic hardship needs to be reviewed. In return, a call should be made for military leadership in the North to take action to ease tensions so that the basis for peace can be created in the short-term. Additionally, guarantees should be established so that growing economic power cannot lead to increasing military force to communize the Korean Peninsula in the mid- and long-term. In this context, South and North Korea should jointly formulate and push for an "economic development strategy for Koreans" and a "Korea peace plan."

Third, seek a new security policy for North Korea and the Korean Peninsula based on "common security" and "cooperative security."⁴⁴ There are two challenges regarding security issues. One is

⁴³ There was a time when the North actively argued for implementing the inter-Korean basic agreement. "In order to prevent war and guarantee solid peace, an agreement on conciliation, cooperation, nonaggression, and exchange should sincerely be implemented," Kang Sung Choon, *Embodiment of National Unification Philosophy revealed by Great Leader Kim Il Sung* (Pyongyang: Social and Science Publishing House, 1993), p. 72.

⁴⁴ On Man Kum, "Common security, cooperative security and peace keeping troops," Korea Military Academy, *Theory of National Security* (Seoul: Pakyoungsa, 2001), pp. 231-256.

to open a new era for peace and prosperity with the North, a country still clinging to its ideology, and the other is to settle peace in Korea and East Asia by overcoming the military buildup and technological hegemony of the four surrounding countries. This means a shift from a policy based on “absolute security” targeting unilateral security in the other’s territory, to a policy based on “reasonable sufficiency” to keep a proper level of military power and on “reciprocal joint security” to ensure mutual security.⁴⁵ At the same time, multi-diplomacy and cooperative security valuing negotiation and dialogue should be created for the six East Asia nations to resolve security issues transcending national borders. Accordingly, the Six-Party Talks shouldn’t be limited to addressing nuclear programs, but become a venue to build a multinational security consultative body guaranteeing the survival of North Korea and the peace and security of East Asia.

■ **Unity of the Heart: Preparing for Peaceful National Unity and Life after Unification**

First, we must respect diverse public opinions because excessive efforts to garner public consensus regarding policy toward the North run the risk of bringing about a uniform society. In fact, Korean society was overwhelmed by right wing inclinations under previous authoritarian regimes. That’s why a reactionary attitude thinking of uniformity as a yardstick of stability has reared its head as a response to the extreme “right and left polarization” that has shown up under the current democratic government. The direction to head for Korean society is to reach beyond polarization to the “pluralism of the rainbow.” As such, the government should approach inter-Korean dialogue and the Six-Party Talks by humbly accepting the reasonable criticism that emerged after the inter-Korean summit. It is clear that without harmony between governments and the current public,

⁴⁵Moon-Young Huh, *North Korea’s Relations with China and Russia in the post Cold War Era* (Seoul: KINU, 1993), pp. 120-121.

reconciliation with the North and with anyone else for that matter seems highly unlikely.

Second, the ruling and opposition parties should create national unity by agreeing on a policy framework toward the North and resolving South-South conflict. The ruling party should discard its monopoly over conciliation and cooperation toward the North and garner support from the general public by giving credit to former governments for the outcomes of their conciliatory policies. The opposition party in its part should acknowledge the conciliation and cooperation policy as the appropriate direction for national survival, unification, and prosperity in the 21st century while offering its criticisms where valid.

Third, we should try to relieve fears that residents in the North have regarding unification issues. To this end, assistance, exchange, and cooperation with the North must be expanded and maintained, despite the fact that aid seems to be used to support the military for the short-term. If the North's military is maintained by support from the South, what would they think? After all, they are the ones with whom we will live. Therefore, putting forth efforts to become a lighthouse of hope to North Koreans is the only way to achieve true unity of the heart.

Conclusion

Reflecting on the past 60 years of liberation and separation, Korea was divided at the climax of ideological confrontation in the 20th century and started its modern history with a self-inflicted wound largely caused by foreign countries. While going through several difficulties at home and abroad, inter-Korean relations have developed from competitive coexistence to cooperative coexistence.

The next 10 years are very important. We should hope that we

will not face the tragedy of marking the 70th year anniversary of national separation in 2015. Clearly, the challenges on the road ahead are not easy ones to overcome. Chinese presidents Deng Xiaoping and Jiang Zemin offered their cardinal rule “Do Kwang Yang Whae,” a strategy to develop power in darkness while hiding light, and Hu Jintao suggested China’s peaceful rise and development in response to the “China threat theory” while preparing for the 17th National People’s Congress in 2007, the 2008 Beijing Olympics and the 2010 World Expo to be held in Shanghai. Therefore, what would China desire from the Korean Peninsula and East Asia? On the other hand, according to political cyclical theory, the chances that the conservative era in the United States will last at least until 2015 are high. The US national security strategy, while shifting the weight from the European Union, the Middle East, and East Asia to Britain and Japan, has valued the geo-political importance of the Korean Peninsula less.⁴⁶ North Korea has also carefully executed a unification front strategy and federated unification. Two rounds of presidential elections are scheduled for 2007 and 2012 in South Korea.

Let us make the 70th year of national liberation the year for pursuing unification. Why should Koreans unify? One of our ancestors said that it is the duty of Koreans to fulfill the “world’s mission” by realizing unification, citing that Korea’s history is the history of affliction. Indian poet Tagore once prophesized many positive outcomes for Korea, despite the country’s being under the grip of colonial Japan.⁴⁷ To become a lighthouse to the world, we should pursue a policy of Peace in Korea. To this end, at the very least, an agreement that guarantees an inter-Korean conciliation and cooperation framework should be devised and efforts toward national unity should be pursued. We should strive to make Korean society

⁴⁶ *International Herald Tribune*, Nov. 18, 2005.

⁴⁷ Ham Suk Hun, *Korean History* (Seoul: Hangilsa, 1983).

healthy and prosperous but, at the same time, build a foundation for firmly establishing peace with surrounding countries to ensure Korea's success as a unified nation.

The Role of State Institutions, Organizational Culture and Policy Perception in South Korea's International Security Policymaking Process: 1998-Present

Byungki Kim

Abstract

In understanding foreign-policy outcome, institutional context, information-gathering and processing trajectory, perceptual preference, and policy dynamics are key variables. In particular bureaucratic context, information gathering/processing dynamics, the competitive policy deliberation process, and the holistic *Weltanschauung* of the decision-makers in South Korea in the executive branch and the following bureaucracy are analyzed as crucial: National Security Council (NSC), Ministry of National Defence (MND), National Intelligence Service (NIS), Ministry of Unification (MOU), and Ministry of Foreign Affairs and Trade (MOFAT).

Key Words: information-processing, policy preference, President, NSC, MND

Introduction

The purpose of this paper is to identify, conceptualize, and dissect in a very preliminary manner the general institutional context, information-gathering and processing trajectory, perceptual preference,

and policy dynamics underlying international security policy-making process in the Republic of Korea (ROK).

Given the preliminary scope of this research note, the purview of analysis will only entail the identification and conceptual outline of the noted bureaucratic context, the information gathering/processing dynamics, the competitive policy deliberation process, and, very briefly, the holistic *Weltanschauung* of the decision-makers in South Korea in the executive branch and bureaucracy: the National Security Council (NSC), the Ministry of National Defence (MND), the National Intelligence Service (NIS), the Ministry of Unification (MOU), the Ministry of Foreign Affairs and Trade (MOFAT) as opposed to the parliament, Non-Governmental Organizations (NGOs), media, industry, and other actors making up civil society (which would deserve a separate, lengthy analysis and indeed is worthy of study on its own merits).¹

¹ See, for example, David Steinberg, “The New Political Paradigm in South Korea: Social Change and the Elite Structure,” paper presented at International Conference, “New Paradigms for Transpacific Collaboration,” organized by the Korea Economic Institute at University of Washington at Seattle, October 16-18, 2005; David Steinberg and Myung Shin, “From Entourage to Ideology? Tensions in South Korean Political Parties in Transition,” manuscript (Washington, DC: Georgetown University, 2005); Chaibong Hahm, “*Kaeguk v. Swaeguk*: Two Nationalisms in South Korea,” paper presented at Georgetown Conference on Korean Society, December 7-8, 2005, Georgetown Conference Center, Washington, DC; Shinyoung Kim, “Korean Pension Reform—the Return of Domestic Politics,” paper presented at Georgetown Conference on Korean Society, December 7-8, 2005, Georgetown Conference Center, Washington, DC; Jin-Young Chung, “Society against Market: Globalization and Korean Political Economy in Transition,” paper presented at Georgetown Conference on Korean Society, December 7-8, 2005, Georgetown Conference Center, Washington, DC; Myung-Lim Park, “Configurative Features, Transformation, and Prospects of Korea’s Social and Political Landscape: Viewing from the Macro and Micro Perspective,” paper presented at Georgetown Conference on Korean Society, December 7-8, 2005, Georgetown Conference Center, Washington, DC; Kimberly Marten, “Bases for Reflection: The History and Politics of US Military Bases in South Korea,” paper delivered at the 100th Annual Meeting of the American Political Science Association, Chicago, September 2004; Alexander Cooley, “Democratization and the Contested Politics of US Military Bases in Korea: Towards A Comprehensive Understanding,” manuscript (NY: Barnard College, 2005).

The explanatory significance on the domestic dimension of the international security policymaking process has been prompted by this author's view that while the bureaucratic/organizational environment has remained relatively constant throughout the 1980s and the 1990s, South Korea's new elite's inclination since 1998 began to overturn existing ideological platforms. It did so by attempting to bypass, penetrate, and, if feasible, control as much as possible the bureaucracy and to mobilize public opinion (broadcast media, internet, NGOs) by keying on its stated principles of foreign policy: namely, autonomy and nationalism, including correction of the past, based as it is on a discourse of victimization.² By analyzing the bureaucratic process, one can understand one important institutional basis of the foreign policymaking establishment under pressures for change generated from the international system as well as the domestic political environment.

For the limited sake of analysis, this paper will restrict its scope to the contemporary period during the presidential tenures of Kim Dae Jung and Roh Moo-hyun (1998-). Due to systematic research constraints, including available sources, access to individuals involved in the policy debate, and raw data, the objective of this study is to stimulate, inform, and point to further directions for research, rather than constituting a definitive argument.

The actors' perceptions, institutional culture, information gathering/processing, and the deliberative policy process will include those who work in the international security/foreign policy field. The policy elite in South Korea of relevance are, therefore, those operating in the following areas; the Presidential Secretariat/the National Security Council (President, Senior Presidential Secretary for Foreign Affairs and National Security during the Kim Dae Jung presidency

²For the best work on this subject—along with Japan, Russia and China, see Gilbert Rozman, *Northeast Asia's Stunted Regionalism: Bilateral Distrusts in the Shadow of Globalization* (Cambridge: Cambridge University Press, 2004), especially chapter 1.

and Senior Adviser for National Security, Deputy Secretary-General for National Security Council, Foreign Policy Adviser and Defence Policy Adviser in the current Roh Moo-hyun Administration), Prime Minister's Office (Prime Minister, Chief of Staff and Special Assistant for National Security and Foreign Affairs) and Ministries (Ministers and Vice Ministers) of National Defence, Foreign Affairs, and Trade, and Unification and National Intelligence Service. Additionally, Non-Governmental Organizations (NGOs), mass media, and the National Assembly have become increasingly influential in the Roh Moo-hyun foreign policymaking establishment (2003-present).

The Domestic Institutional Setting and International Security: The Macro Dimension

Major Actors and Policy Process, 1998–Present: Overview

The most important foreign policy actors in the South Korean political system are the President and, as noted earlier during Kim Dae Jung's presidency, the Senior Presidential Secretary for Foreign Affairs and National Security (the Secretary-General of the National Security Council). Today they are the Senior Adviser for National Security (the Secretary-General of the National Security Council), Deputy Secretary-General of the National Security Council (NSC), Foreign Policy Adviser, and Defence Policy Adviser as well as the head of the Presidential Secretariat, the Prime Minister, the Director of National Intelligence Service, the Minister of Foreign Affairs and Trade, the Minister of Unification, the Minister of National Defence, and occasionally a trusted lieutenant of the President who serves as either special or secret envoy on a special foreign policy assignment. Even within this circle, it has been customarily the Senior Presidential Secretary for Foreign Affairs and National Security or the Senior

Adviser for National Security/the Deputy Secretary-General of the NSC and the National Intelligence Service Director who have been the real power wielders in the formulation of foreign and national security policy.

The National Security Council has staff in the Presidential Secretariat which is organizationally managed by the Senior Presidential Secretary for Foreign Affairs and National Security—or the Senior Adviser for National Security as its Secretary-General. Executive Committee members include the aforementioned Ministers, the Prime Minister's Chief of Staff and the Director of the National Intelligence Service. In the current Roh Moo-hyun Administration the Executive Committee of the National Security Council is chaired by the Minister of Unification. All other actors below this rank, such as those at the Vice or Deputy Ministerial level in the various security-responsible ministries, are implementers of decisions taken by their respective bosses, to which one can add the chairmen of the National Assembly committees responsible for security and foreign policy, namely, the Foreign Affairs, Reunification and Trade, Defence, and Intelligence Committees.

While the weight of policymaking with respect to both the domestic and international arenas has certainly shifted toward the National Assembly—lately it has been playing an increasingly important role by delaying and moderating the policy initiatives of the President and the security-responsible ministries. On the whole it does not constitute a policy maker in terms of the basic direction of a given policy. Rather, the National Assembly constitutes a facilitator, executioner, and rationalizer of foreign policy in a fractured policy environment. In fact, as one can witness the policy process with respect to South Korea's decision to send troops to Iraq, the National Assembly Committees were at most critics, even as they, more often than not, ultimately supported the executive branch's foreign and national security policy initiatives. Because the chairmanships of

these important Committees are usually held by the party enjoying a working majority in parliament, currently the President's party, the prevailing political dynamic makes it that much more difficult for them to oppose a given policy—although this is not entirely impossible, as rank-and file party members have shown.

In recent years, due to the ongoing pluralization of South Korean politics and, subsequently, the politicization of foreign and national security policy—especially towards North Korea and the United States—the chairman of the opposition Grand National Party has become increasingly influential. (During Kim Dae Jung's presidency, the chairman of the United Liberal Democrats, a party in coalition with Kim's own party, was also influential.) However, once again, for the reasons stated above, these organs are important not so much in terms of a given policy's planning, formulation, and initial execution, as in their sustenance, moderation, and legitimization of policies and, sometimes, in the withdrawal of an unpopular policy. President Kim Dae Jung's ability to push through his policy of engagement towards Pyongyang³ and President Roh Moo-hyun's "Policy of Peace and Prosperity" towards North Korea⁴ despite much resistance from the opposition camp, are a clear illustration of such a state of affairs.

Other actors, such as the mass media and private corporations, have only marginal impact; in fact, they have sometimes been forced by the regime to mobilize support for its policies. Examples include Hyundai Corporation as well as some newspaper companies whose dire financial condition makes them dependent on a continuous flow of bank credit tacitly controlled by the regime. Such organizations are, therefore, amenable to presidential pressure, at least to the extent of

³See, for example, Chung-in Moon and David Steinberg (eds.), *Kim Dae Jung Government and Sunshine Policy: Promises and Challenges* (Washington, DC and Seoul: Georgetown and Yonsei University Press, 1999).

⁴See, for example, In-Duk Kang (ed.), *Peace and Prosperity Policy and Peace Regime on the Korean Peninsula: The Limits of Coercive Diplomacy* (Seoul: Institute for East Asian Studies, 2005).

not opposing the president's evolving foreign and national security policy line.

***The National Security Council (NSC) Executive Committee:
The Senior Advisor for National Security (Secretary-General),
Foreign Policy Advisor, Defence Policy Advisor and Deputy
Secretary-General***

Accordingly, one can argue that most foreign policy decision-making power in South Korea customarily resides with the President, the Senior Presidential Secretary for Foreign Affairs and National Security (or the Senior Adviser for National Security), the Minister of Unification (as Executive Chairman of the NSC) and the Director of the National Intelligence Service. Here I state that such has been customarily the case. This is because, although there is a formal, organizational division of labour in the formulation and execution of foreign policy and national security affairs along the institutional or ministerial lines that I have outlined thus far and, thus, the evolving significance of individual organizational input varies with the nature of the given policy stake at hand, the empowerment of the key actor(s) in this policy deliberation process has been conditioned equally, if not primarily by, the degree of president's political trust in his lieutenant (i.e., Lim Dong Won during Kim Dae Jung's presidency, and Lee Jong-Seok under Roh Moo-hyun).

Such a case is not surprising given the fact that even in a relatively open and pluralistic state such as the United States, there are only two or three personnel within the power elite who wield the authority to plan, formulate, and execute foreign and national security policy.⁵ We are accordingly interested in those actors who significantly

⁵Professor Lincoln Bloomfield, formerly of Massachusetts Institute of Technology, noted this point more than 25 years ago in one of his classics. See his *Foreign Policy Making: An Introduction* (New Jersey: Prentice Hall, 1979), p. ix.

influence or shape the overall international security policymaking process—namely the President, his chief lieutenant, the Minister of Foreign Affairs and Trade, the Minister of Defence, the Minister of Unification, and the Director of the National Intelligence Service.

The President receives foreign policy briefings daily from his Senior Secretary for Foreign Affairs and National Security (or the Senior Advisor for National Security). He receives weekly briefings from the Director of the National Intelligence Service. The Senior Presidential Secretary—along with the Deputy Secretary-General of the NSC—receives analyzed information from the President’s Foreign Policy Adviser, an office occupied by a career Ministry of Foreign Affairs and Trade official, and the President’s Defence Adviser, an office occupied by a career official from the Ministry of National Defence (the latter office was *de facto* eliminated two years ago when Admiral Yoon Kwang Ung left the office to become Minister of National Defence). Both the Senior Adviser for National Security (the Secretary-General) and the Deputy Secretary-General of the NSC daily collect information, briefings, analysis, and policy recommendations on major power relations, North Korea, defence, security, intelligence and foreign policy issues from the Ministries of Foreign Affairs and Trade, Reunification and National Defence and the National Intelligence Service. These, in turn—with the exception of Unification Ministry which has embassy representatives in only four countries—collect and analyze intelligence from their embassy representatives in over 128 countries.⁶

There are 185 countries with which South Korea enjoys diplomatic relations; of these Seoul maintains 128 embassies for reasons of budget and national interest. In terms of geographic setting, there are 23 embassies in Asia, 17 in the Americas, 28 in Europe, 12

⁶This figure is as of March 2006. Ministry of Foreign Affairs and Trade, Seoul, www.mofat.or.kr.

in the Middle East, and 14 in Africa. To this one can add the 91 international organizations to which South Korea belongs,⁷ including 16 under the United Nations (UN), 3 that are independent and 67 that fall under the category of International Governmental Organizations (IGOs).⁸

In terms of the quantity of information with respect to foreign affairs and national security, the National Intelligence Service (which focuses on political intelligence and North Korea) possesses the most, followed by the Ministries of Foreign Affairs and Trade (diplomatic intelligence), National Defence (military intelligence, defence industry), and Unification (North Korea). These four agencies have both formal and informal agreements on information; since the Ministry of Unification does not have direct access to first hand information except on an ad hoc or informal basis (other than from its embassy representatives in four countries through which it collects information on North Korea and major power relations), the intelligence which it receives may be viewed as pre-digested or second-hand, and thus liable to bias, especially from the perspective of those providing it. Given the increasing political weight attached to relations with North Korea in recent years, the evolving role of the Ministry of Unification as the lead agency and the practice of naming a political heavy weight to head the Ministry of Unification (Lim Dong Won during the Kim Dae Jung presidency, and Chung Dong Young and Lee Jong-Seok during the Roh Moo-hyun presidency) have significantly eased some of the prior constraints on the Ministry of Reunification in terms of processing information obtained from other actors.

⁷This figure is as of March 2006. United Nations Division, Ministry of Foreign Affairs and Trade, Seoul (I am indebted to Major Kim Duk-Hyun on this point).

⁸*Alkishioon Pukhan* [Easy to Understand North Korea] (Seoul: Ministry of Reunification, 2006) in www.unikorea.go.kr/index-jp.

Information Aggregation, Analysis and Deliberation

At Korean embassies abroad, information consisting of documents, press reports, and communicated messages from human sources, which are initially extracted in their original language, are translated into Korean, reviewed, and contextualized in a given policy format.

This content is then cabled to the respective Ministries in Seoul for further review, analysis, and policy contextualization. The packaged briefings for the Director of the National Intelligence Service and the Ministers of Foreign Affairs and Trade, National Defence, and Unification are then reassembled to be sent to the relevant Senior Directors in the NSC as well as to the President's Defence and Foreign Policy Advisers, the Deputy Secretary-General of the NSC, and the Senior Presidential Secretary for Foreign Affairs and National Security, who then, by himself or with the relevant minister or director, reports to the President. The President then takes this information into account as he deems warranted before formulating major foreign and national security policy initiatives with his key advisers—either the Senior Adviser for National Security, the Deputy Secretary-General of the NSC, or the head of the NSC, i.e., the Minister of Unification or his alter ego in the NSC. Because the Director of the National Intelligence Service is responsible only to the President, he usually briefs the President alone.⁹

⁹ According to one confidential source, as a result of the financial crisis which hit South Korea in 1997, about 60% of the weekly intelligence briefings for the President during Kim Dae Jung's presidency was devoted to economic, industrial and trade issues. The fact that the former Research Institute on International Affairs under the National Intelligence Service in 1998 split into the Research Institute on International Economic Affairs, headed by a former Vice-Minister of Economic Planning Board with a PhD, and the Institute of National Security seems to offer support for the trend that economic issues have become much more important than they were in the past. For a useful work in a comparative light, consult, Jin Hyun Kim and Chung In Moon (eds.), *Post-Cold War, Democratization, and National Intelligence: A Comparative Perspective*, Yonsei Monograph Series on International Studies No. 1 (Seoul: Yonsei University Press, 1996). See also *Kookminjungboosidae Kookajeongbokikwaneui Yeokhalkwa Kwaje* [The Role

The content of the information which is collected, translated, and interpreted may be important in itself. However, what is more significant is why any given information is collected and analysed in a certain manner, cabled at a specific time and addressed to the chosen Minister, Director, the Senior Presidential Secretary, or the Deputy Secretary-General of the National Security Council, with an eye to informing and influencing the President. Since there is far more daily information flowing in from the international arena than the ministries or the intelligence service could possibly cover and digest for the President, a reporting institution tends to select information that supports its bureaucratic interests in the competition for the President's ear on high policy priorities, i.e., North Korea, proliferation, the Six-Party Talks etc. Indeed, this competition can be considered as a primary variable in information selection, content modification, timing of delivery, and choice of targeted actor.

Although North Korea, the United States, the People's Republic of China (PRC), Japan, the Russian Federation, the Association of Southeast Asian Nations (ASEAN), the European Union (EU), and Mexico are all of major importance to South Korean security and trade, some are more important than others—namely, the DPRK, the US, the PRC, and Japan. However, these external actors or forces that shape—or, more often than not, reinforce the prevailing institutional culture and policy preferences of a given agency in relation to the President are significant to the degree that they also constitute information which is sifted by official institutions and actors. In this process, the foreign/domestic press and media and NGOs play a secondary role in providing alternative sources of information to the President—often in more or less continuing conflict and cooperation with official channels of information aggregation, analysis, provision,

and Tasks of the National Intelligence Service in the Era of Civilian Government] (Seoul: Research Institute on Peace, April 30, 1998).

and deliverance.

In this respect, external sources of information by themselves do not come to the attention of major foreign policy makers. On the contrary, they are often sought after by the decision makers when he or she needs to engage in a given policy, such as in periodic meetings and negotiations on security and trade with the US, Japan, and the PRC and in dealings with North Korea, whose dynamic platform is usually germane to the given President's domestic political support. Such policy nesting by the South Korean state—or the bureaucracies in our case—requires a continuous and stable flow of information, organizational adaptation and learning in order to enable maximum policy and ministerial input into the often turbulent and shock-ridden policy process.

Traditionally, the National Intelligence Service (NIS), together with the Ministries of National Defence (MND), Unification (MOU), and Foreign, Affairs and Trade (MOFAT), have been concerned with the long-term development of a strategically independent South Korea enjoying the primary support of not only the United States and Japan—Seoul's major allies and trade partners—but also the understanding and confidence of the People's Republic of China (PRC), the Russian Federation, and the European Union (EU) in the overall context of managing more normalized relations with Pyongyang.¹⁰ While the traditional role of these security, foreign affairs, intelligence-responsible agencies and ministries has remained quite robust up to the present day, the emphasis of Presidents Kim Dae Jung and Roh Moo-hyun on accelerating integration with North Korea at the socio-economic—as opposed to military-political—level has given at least a political lead to the MOU and the NIS in North Korea policy over the traditional role and initiative of others in the overall international

¹⁰For a recent view, see Haksoon Paik, "Strategic Visions of South Korea," manuscript (Seoul: Sejong Institute, 2005).

security policy process. The result has been a sharp delineation of inter-agency differences over policies towards Pyongyang and alliance management, including open clashes during the initial years of the respective presidencies.

The Domestic Institutional Setting and International Security: The Micro Dimension

National Intelligence Service (NIS)

The NIS has been pre-occupied with the political security of the South Korean regime in power (read: the President and his loyal faction) and with the directly related problems of moderating and engaging North Korea, Japan, the US, Russia, and the PRC, in ensuring this political security. Accordingly, for the National Intelligence Service, the overriding agenda is not whether to contain or integrate North Korea, but how best Pyongyang can be utilized in maximally enhancing the staying power of the South Korean President and his supporters with the further enlistment of other major powers more or less at the covert level. Such a mission for the NIS under the Kim Dae Jung and Roh Moo-hyun presidencies meant the opening of confidential relations with Pyongyang at the highest level (the summit meeting on June 2, 2000). These contacts were intended to provide intelligence to the President in support of this mission as well as to sustain and accelerate proactive socio-cultural, humanitarian, and economic engagement with Pyongyang on an array of projects at multiple levels (the inter-Korean railroads, the Kaesong industrial zone, the Mt. Kumkang tourism project, reunions of divided families, sports exchanges, and energy assistance to the North¹¹) and to search

¹¹ For a study on Northeast Asian energy, consult, Selig S. Harrison (ed.), *Seabed Petroleum in Northeast Asia: Conflict or Cooperation?* (Washington, DC: Woodrow Wilson International Center for Scholars Asia Program, 2005).

for opportunities to address conventional/non-conventional security threats (i.e., chemical, biological, nuclear weapons, long-range artillery).¹²

The NIS, unlike other ministries, has the mission of providing intelligence not only regarding its traditional responsibilities, such as terrorism, industrial espionage, drug smuggling, human trafficking, and currency counterfeiting, but also, as noted earlier, has the unique role of preserving and defending presidential power. Such duty entails, among others, providing intelligence estimates not only on the North Korean political and military leadership to enable maximum socio-economic integration with Pyongyang, as has been the case for the past seven years, but also on its military capabilities as well as the evolving military and political trends of its key ally, i.e., Washington, and of cooperative partners, i.e., Tokyo, Beijing, and Moscow, to minimize any major international disruptions to the President's stated objectives.

The Service, aside from its operatives in embassies and international organizations around the globe, has intelligence agreements with other foreign agencies through which it shares information. When there are major crises, such as in the aftermath of the Korean-Russian diplomatic rupture in June of 1998, a major revision of the analytical framework comes into being. The Service, along with other Ministries, then advises the President as to the alternatively desirable direction in which a given foreign policy should steer.

The degree to which external sources of information impact upon internal perceptions is, moreover, a function of the existing level of political, diplomatic, economic, military, and cultural exchanges between South Korea and the concerned countries. The National Intelligence Service has a number of qualified specialists in the US,

¹²For a salient analysis, consult, Bruce Bechtol, manuscript (Quantico: Marine Staff and Command College, forthcoming).

China, Russia, Japan, North Korea, the EU, and major international organizations, not to mention those covering private firms, media (domestic and foreign), NGOs, and the domestic political community (although the latter activity has been legally banned by the current President). The sources of information which are collected are quite comprehensive, i.e., the scientific, and technological, political, economic, cultural, and foreign policy and military affairs of the major and relevant powers. However, the most determinative information for the National Intelligence Service concerns high-level political information which would be most useful to the President for both his own domestic political standing.

During the Kim Dae Jung and Roh Moo-hyun presidencies, this information included detection of signs of positive market reforms in North Korea and the initial failure of its market to resort to WMD development and other black market activities as a *defensive* means of survival. This information would include such reportage as the standing political influence of the US President, Congressional climate, and varying political disposition of the so-called power bureaucracies—i.e., US Department of Defence, US Central Intelligence Agency, US State Department, and Office of the US Trade Representative—towards the South Korean President and North Korea. Accordingly, press evaluations, articulated views of high-ranking politicians (Senators, Congressmen, Russian Duma members, Japanese Diet members, members of China's Supreme People's Assembly etc.), press reports, analysis by think-tanks, and public opinion polls figure crucially in its directives of NIS information processing and delivery.

The Ministry of National Defence (MND)

The Ministry of National Defence (MND) oversees the military alliance with the United States and increasingly cooperative security relations with Japan, China, Russia and North Korea. With its main

goal of deterring and stabilizing the North Korean military—characterized by unprovoked attacks, terrorism, and continuing proliferation problems—the Ministry has prioritized and continues to emphasize mutual security commitments and cooperation with Washington and Tokyo despite the increasing tensions in Seoul’s political relations with its erstwhile partners as a result of elite generational turnover, historical issues over Japan’s colonialism (textbook controversy, Yasukuni visits, comfort women etc.), territorial dispute, perceived US unilateralism, and related divergence in threat perceptions towards North Korea.¹³ While the North Korean force structure has evolved from one primarily geared to conventional to unconventional warfare due to declining economic and social bases in

¹³For the best work on Korea-Japan relations dealing with perceptions, culture and politics, see Corrado Letta, *Moving Forward Not Tallying with Yesterday*, draft monograph (Rome, 2005); on illustrative analyses on Korea-US relations, especially since the Roh Moo-hyun presidency, see Tae-Shik Lee, opening remarks, International Conference, “Sustaining the Alliance: US-Korean Relations in the New Era,” co-organized by American Enterprise Institute for Public Policy (AEI) and Maeil Business Newspaper at AEI, February 1, 2006; James A. Leach, remarks delivered at CSIS-Chosun Ilbo Conference on “Prospects for US Policy toward the Korean Peninsula in the Second Bush Administration,” May 17, 2005, Washington, DC; Norman D. Levine, *Do the Ties Still Bind? The US-ROK Security Relationship After 9/11* (Santa Monica: Rand Corporation, 2005); Paul F. Chamberlin, “ROK-US Interests and Alliance in a New Era: A Prescription for Change,” *Korea and World Affairs* (Winter 2005): pp. 504-532; Korea Society Working Group on Korea-US-Relations Report, *The Status of the US-ROK Alliance* (New York: Korea Society, 2005); Donald P. Gregg, “The Pyongyang Summit in Perspective—Five Years Later,” manuscript (New York: Korea Society, June 3, 2005); idem, “South Korea Most Significant US Ally,” *The Korea Times*, February 20, 2005; Donald Gregg and Don Oberdofer, “A Moment to Seize With North Korea,” *The Washington Post*, June 22, 2005, p. A21; Chung-In Moon, “After Beijing Breakthrough, What Next?” *The Korea Times*, September 23, 2005, p. 5; idem, “S. Korea—US Alliance Faces Challenges,” *Ibid*, October 31, 2005, p. 14; idem, “Direct Food Aid: Why Seoul Helps the North,” *International Herald Tribune*, October 1-2, 2005; Hyug Baeg Lim, “Some Thoughts on the Future of ROK-US Relations,” paper presented at International Conference, “New Era—New Alliance,” Marriott Conference Center, Georgetown University, November 2-3, 2005; William M. Drennan, “Altered States: The Future of US—ROK Cooperation,” manuscript (Washington, DC, 2005); Young-Ho Park, “Building a Solid Partnership: The ROK-US Policy Coordination on Pyongyang,” manuscript (Seoul: Korea Institute for National Unification, 2005).

relation to Seoul, the decisive ability of Pyongyang's armed forces to threaten and, by extension, extort Seoul has presented twin challenges to the MND: to maximize anti-air defence and counter-battery operation capability in light of the United States Forces in Korea (USFK) force restructuring and to stabilize Korea-US Combined Force Command's budgetary, organizational, acquisition, and doctrinal process.

Thus, the primary duty of the MND, as in the past, is to evaluate as precisely as possible Pyongyang's formidable ability to threaten Seoul and to devise the most practical ways of meeting this threat by contextualizing the Korea-US alliance at budgetary, weapons system, and doctrinal levels on the one hand, while insulating negative political pressures generated as a result of democratization on civil-military relations on the other. The latter impulse on the MND has been generated as a result of the rise of anti-Americanism, NGOs, media, urbanization, and the political leadership's excessive attempt to socio-economically engage Pyongyang and overturn the formidable military threat without taking comparable steps in conventional and non-conventional confidence and security building measures (CSBMs). Therefore, the primary mission of the MND is to address Pyongyang's military threat and Washington's force-in-transformation (the latter proceeded with some alarm within the MND as a result of a lack of consultation). However, the delivery of this critical evaluation, policy analysis, and recommendation to the President may become difficult not only because of the lack of the Office of Defence Advisor to the President under the Roh Moo-hyun government since 2004, but also because of the President's priority on socio-economic engagement with Pyongyang and his core supporters in the Presidential Secretariat, who want to correct the human rights abuse, repression, and excesses of the bureaucratic-authoritarian past in South Korea by implicating the MND and its institutional memory as a target of radical reform.

Accordingly, the Ministry of National Defence, which has

working relations with—in varying degrees—its counterparts in the US, Japan, China, Russia, and the EU, is primarily interested in receiving accurate data on the military capability and intentions of Pyongyang with particular respect to its WMD capability, long-range artillery and 100,000 strong special forces, accurate intelligence on evolving US military posture in defending this threat, and correctly charting the noted actors' relations with Pyongyang with eye to any increases in North Korea's ability to threaten Seoul. Thus, information of such a nature as the US military budget, the US Congressional, Japanese Diet, Russian Duma attitudes towards their military, sustainability of the US military presence on the Korean Peninsula,¹⁴ the state of Japanese, Chinese and Russian civil-military relations, technology transfer, and power projection capability are of utmost interest to the MND.

One caveat is in order. While the significance of the Korea-US Mutual Defence Treaty cannot be emphasized enough, and hence, the overriding priority of US forces in Korea and the supporting bureaucratic structure within the US Department of Defence, Armed Services Committee in the Senate, and the National Security Council

¹⁴ For pungent discussion on the role of the US forces in Northeast Asia (NEA) and the Korean Peninsula, see Edward A. Olsen, "Prospects for Regional Security Arrangements in Post-Cold War Northeast Asia: An American Perspective," in *A New World Order and the Security of the Asia-Pacific Region*, 5th KIDA—CSIS International Defence Conference (eds.), Chae-ha Pak et al. (Seoul: Korea Computer Industrial Co., Ltd., 1993), pp. 155-174; Jonathan D. Pollack, "The United States and Asia in 1996: Under Revolution, but Open for Business," *Asian Survey*, Vol. 37, No. 1 (January 1997), pp. 95-109; Daryl M. Plunk, "Time for Fundamental Changes in America's North Korea Policies: An American Perspective," L. Gordon Flake, "Dancing with the Devil: Prospects for the Normalization of US—DPRK Relations," and Richard P. Cronin, "South Korea and the United States: Towards a New Partnership," *The United States and the Two Koreas at the Crossroads: Searching for a New Passage: Korean-American Conference Proceedings* (Seoul: The Korean Political Science Association, March 26-7, 1999); Byungki Kim and Yun-Chu Kim (eds.), *Global War on Terror, Weapons of Mass Destruction and North Korea: The Future of Air Power and Korea-US Alliance*, Korea Aerospace Policy Research Institute Working Monograph Series in International Relations No. 1 (Seoul: The Institute 21 for Peace Studies of Donga Ilbo, 2004).

and so on, the South Korean Defence Ministry, it seems to this author, like the Ministry of Reunification and the National Intelligence Service, is concerned with the long-term development of a strategically autonomous South Korean armed force and defence posture. Such a long-term perspective can be thought out in the context of both the US military presence (in some combination of air, naval, and ground presence) or even in its absence—which is contingent on the evolution of both the regional and US and Korean political environment. Thus, relative to the outstanding significance of the US armed forces for the foreseeable future (and trade, investment, cultural, educational industry, common values, and robust diplomatic relations, which nest the bilateral relations as the linchpin of Korea's security with the United States), the quintessential objective of the MND in the longer run also involves planning, provision, and execution of policy designed to reintegrate North Korea at the organizational, doctrinal, budgetary, and weapons level in more or less a continuing partnership with the United States.

The Ministry of Unification (MOU)

The Ministry of Unification, whose major concern is North Korea, has been traditionally conservative in its outlook towards Pyongyang. Moreover, it has been only in recent years (1998–) that active improvement of inter-Korean relations has been pursued by the Ministry of Unification although in a manner secondary to the National Intelligence Service which played a key, spearheading role in the June Summit in 2000. Given the limited resources of the Ministry through which it can directly collect, analyze, and contextualize in a policy format relevant information from the major powers surrounding the Korean Peninsula, one must argue that the impact of external factors on the formation of the Unification Ministry's world outlook is indirect, limited, and, therefore, the weakest among the

concerned Ministries that have been examined thus-far.

Nevertheless, given the institutional thrust of the Ministry towards stabilization of North Korea's socio-economic and political conditions,¹⁵ which would enable visible improvement in inter-Korean relations at the economic, cultural, humanitarian, political and military level, the most sought-after information would concern the articulated views of North Korea and the major powers with respect to Pyongyang's leadership, socio-economic, military conditions, foreign policy, and national security on inter-Korean affairs. This information is gathered from domestic/foreign press, journalists operating in Korea, officials, think-tank specialists, and academics. Moreover, information is obtained from occasional research visits abroad by the Ministry's special team often with outside experts in their meetings with mid-level bureaucrats, academic specialists, and businessmen in the field of North Korean affairs.¹⁶ The Ministry also has its own research arm, the Korea Institute for National Unification (KINU), which houses qualified experts on inter-Korean and major power relations through which further information is collected, analyzed, and delivered.

Given the mission of the Ministry as the major organ dealing with North Korea, it is protective of its jurisdictional integrity. This has been the particular case vis-à-vis the Ministry of Foreign Affairs and Trade, which has been instrumental in leading the Basic Framework Agreement with North Korea (1994-). Accordingly, the Reunification Ministry, while emphasizing the continued significance of the United

¹⁵For an assessment, consult Byungki Kim, "The Dilemma of North Korean Reform: Where Is It Going?" *East Asian Review*, Vol. 12, No. 4 (Winter 2000), pp. 105-119.

¹⁶This author was a member of such a research visit to a select country eight years ago wherein counterpart from the Foreign Ministry, Ministry of External Economic Relations, a Special Assistant to the Chairman of a political party who was also a businessman and a researcher partook in a highly productive policy (closed) conference.

States and the PRC in their role in bringing the peace process to the Peninsula, is inclined towards taking in information which help “re-Koreanize” inter-Korean relations. Such conditions can be brought about by a policy platform which relatively moderates the role of the Ministry of Foreign Affairs and Trade and the US, and by extension, increasing the role of North Korea, Russia, Japan, and China in the inter-Korean policy and peace process.

The Ministry of Foreign Affairs and Trade (MOFAT)

Lastly, let us address the Ministry of Foreign Affairs and Trade and the external forces that shape, or should I say reinforce and moderate, its institutional culture. The Ministry has been until the mid-1990s likened to what the Japanese have termed her Foreign Ministry, namely, the Ministry of “courtesy.” This is because if major foreign policy events culminated as a success, such as diplomatic normalization, it was either the President or his close associates who received all the credit, while if something went wrong, it was the Ministry that was blamed—not always, but most of the time.

In terms of the state of foreign and national security policy being a function of domestic politics, particularly in developing and post-authoritarian political systems,¹⁷ the Ministry of Foreign Affairs and Trade (MOFAT) played a decorative role until the 1990s, as noted

¹⁷See, for example, Byungki Kim, “The Evolutionary Origins of International Security in the Age of Terrorism: Implications for the Asia-Pacific Region,” in *Ilimin International Relations Institute Review* Vol. 10, No. 1, (Spring 2005), pp 135-182; Young-Sun Ha, “The Historical Development of Korean Globalization: Kukchewha and Segyewa,” Davis B. Bobrow and James J. Na, “Korea’s Affairs with Globalization: Deconstructing Segyewa,” Thomas Henriksen, “Korea’s Foreign and Security Policy in an Age of Democratization and Globalization,” and Jung-Hoon Lee, “Globalization, Nationalism, and Security Options for South Korea,” *Democratization and Globalization in Korea: Assessments and Prospects*, Yonsei Monograph Series on International Studies No. 4 (Seoul: Yonsei University Press, 1999), pp. 135-246.

earlier. However, with the growing globalization of Korean foreign policy and the consequent need for diplomatic activization, particularly in relation to the expanding and often turbulent relationship with the US as a result of rapid diffusion of political authority, the Foreign Ministry's role became relatively more important vis-à-vis other organs. Such change for the Foreign Ministry was reflected in part by the downgrading of Minister of Reunification from its concurrent position as Deputy Prime Minister in the 1990s although such formal institutional lining has been redressed by renewed emphasis on North Korea since president Kim Dae Jung and the subsequent appointment of political heavy weights during the current Roh Moo-hyun presidency (in addition to the fact that the Minister of Reunification now chairs the NSC).

Given the expansion in trade, investment, cultural/educational exchange, and parallel security/trade interdependence with the United States, it is no accident that the Ministry of Foreign Affairs and Trade considers the maintenance of close and solid working relations with Washington as one of the most important corner stones of its policy. Such has been the case in the context of increased trade and security cooperation with Japan, Russia, and China during the last decade, invariably moderating the policy thrust of the Ministry of Foreign Affairs and Trade from her prior US-centric platform to some, but not a decisive, degree (which is reflected by, for instance, Korea's active role in ASEAN plus 3 framework as well as the East Asian Summit last year in which the US was not involved).¹⁸

¹⁸ However, I do not believe that East Asian intra-regionalization dynamics. See, for example, Mark E. Manyin, *South Korea—US Economic Relations: Cooperation, Friction, and Prospects for a Free Trade Agreement*, CRS Report for Congress (Washington, DC: Congressional Research Service, September 16, 2005); Claude Barfield and Jason Bolton, "Korea, the US, China, and Japan: The Rise of Asian Regionalism," *Pacific Focus*, Vol. XX, No. 1 (Spring 2005), pp. 179-255; Xiaming Zhang, "China and Community Building in East Asia," paper presented at Georgetown Conference on Korean Society, December 7-8, 2006 at Marriot Conference Center, Washington, DC; Dennis S. McNamara, "Commerce,

The Ministry of Foreign Affairs and Trade, like all other Ministries is sensitized to her stake in the US-led policy developments with respect to inter-Korean dialogue, major power relations, and multilateral diplomacy, involving all international organizations (as was the case in US Secretary of State Madeline Albright's visit to North Korea in October 1999 and the crystallisation of the Four Party and Six-Party Talks). Thus, for MOFAT, continued activization of the US' and other international actors' role, i.e., Moscow, Beijing, Tokyo, Brussels in the inter-Korean peace process and the attendant intelligence at the aggregation stage, which tend to support such trends, will be most welcome, while signs that either weaken or derail the desired role of major international actors in such process will be either organizationally ignored, down-played, or moderated in policy analysis and its deliverance to the NSC or the President.

In this respect, the Ministry of Foreign Affairs and Trade keenly watches Washington's unfolding attitude towards both Koreas, including that of the State Department, the Pentagon, the Department of Commerce, the Central Intelligence Agency (CIA), the Office of the President, the press corps, influential think-tanks, lobby groups, and academics with access to the corridors of power. The single most influential external source of this Ministry's world view in the US is the State Department, while in Korea it is the US Embassy and the USFK along with the media, NGOs, and academia which occupy

Community, and Korea in East Asia," paper presented at Georgetown Conference on Korean Society, December 7-8, 2006 at Marriot Conference Center, Washington, DC; Byungki Kim, Hyun-Chin Lim, and Jinho Chang, "A Preliminary Analysis of the Political Economy of Asian Integration: Differences from the European Union Experiences," *The Journal of Contemporary European Studies*, Vol. 20 (Winter 2004), pp. 25-66. Should necessarily be incompatible with the sustenance and even expanded solidification of bilateral alliances in NEA, including Korea-US relations as some have argued although there is much work to be done. For an interesting prescription, see Kent E. Calder, "Regionalism, Alliance and Domestic Politics: Can the Benelux Model Travel to Northeast Asia," paper presented at Georgetown Conference on Korean Society, December 7-8, 2005, Georgetown Conference Center, Washington, DC.

increasing weight in providing an alternative opinion and thus view on Korea—US relations.

The President and the NSC Process

While I have not described what exactly constitutes the outside world view of the decision-makers as a whole in the overall international security policymaking process, it is clearly disjointed, disintegrated, compartmentalized, and even somewhat provincial when its packaged briefing gets to the President and his Senior Secretary for Foreign Affairs and National Security or the Senior Advisor for National Security. In a very rough manner, one can argue that the rudimentary basis of the President's external perception of the outside world as provided by the bureaucracies is US-centred, while the increasing significance of Japan, China, Russia, and the EU is being recognized. Of course, this is predicated in President Roh Moo-Hyun's initial emphasis and belief in reintegrating Pyongyang with Seoul, as noted earlier, socio-economically and culturally first, without instituting attendant steps in redressing outstanding political, military, and diplomatic steps that would enable North Korea's long-term integration not only with Seoul, but also the international community.

The rough paradigm of a holistic South Korean foreign policy platform (or idea) that I have hitherto provided is also fundamentally calibrated by, as noted earlier, a President whose formative and given belief system is centred on autonomy, correcting of the past, and the so called "pan-national coexistence" with Pyongyang (nationalism), which is reinforced by the institutional lead given to the Ministry of Reunification in the NSC and in the personality of his loyal lieutenant Lee Jong-Seok who is a firm believer and executioner of such *Weltanschauung*. The primordial picture that is assembled here, hence, is one of major foreign policy actors being driven in his policy and personnel based on a somewhat unreconstructed provincialism,

nationalism, emotionalism, sense of victimization, and an irresistible need to correct the past facing continuous clashes with, in the words of one distinguished journalist, the realities of international dynamics with profound domestic political implications, one of what includes the policy analysis and recommendations provided by all the security, foreign-policy, and intelligence responsible organs that we have analyzed thus-far. Moreover, these institutions are, in turn, undergoing a not-insignificant organizational, cultural, and personnel change, reflective of what is the minimal lip service that the respective heads of these organs have to give with respect to the President's ongoing directives in the field of foreign and national security policy.

Currently, South Korea has a President who is quite well sensitized intellectually—as opposed to emotionally—to the events developing in the international arena with a penchant for risk-taking and active diplomatic offensives towards the major powers. The imperative for the current President, is then, to integrate the sources of external information to his political standing, learn in both a simple and complex manner, and stylize the goal of developing long-term peace and stability on the Korean Peninsula, in the NEA, and around the globe. For only a strong political initiative from the President can cut through and harmonize the inter-departmental rivalry and sectionalism which impede the development of a robust, globally sensitized mid-to-long term policy platform on which sound foreign and national security policy lies.

Conclusion

This research note has, in a very preliminary manner, examined the institutional setting of the decision-makers in South Korea in relation to the type of information which they are likely to digest, their perceptual orientations, bureaucratic interests, and interagency policy

deliberation process in international security policymaking. The modest goal of this research note is to stimulate further research in each of the areas that have been examined in a much more rigorous and systematic fashion which will serve as a constructive platform for generating policy recommendations for long-term peace and stability on the Korean Peninsula. In order to do this, I recommend the following research plans: systematic analysis of external perceptions, beliefs, principles, interpretations of major events and issues, relevant elite back ground (socialization path), and policy prescriptions articulated by varying institutional actors in the international security policymaking establishment over a period of time; systematic examination of the foreign and national security policy making order in an in-depth manner by combining bureaucratic politics, coalition-building, learning, and bargaining models; and collaborative research projects with foreign academic institutions with the goal of developing systematic, hard data on which the above research areas can begin with respect to developing robust policy prescriptions for the South Korean policymaking community in the long term as is the case in the United States.

*Reliability and Usability of the DPRK
Statistics: Case of Grain Statistics
in 1946-2000*

Suk Lee

Abstract

This paper examines the availability, reliability, and basic features of DPRK statistics using the official grain statistics between 1946 and 2000 and their outside estimates. It concerns the common data problem facing any study of the DPRK economy. The main findings of the paper are as follows. First, available official statistics are relatively complete, clear, continuous, and reliable for the period between 1946 and 1957. A widely held conception that DPRK statistics are deliberately falsified and extensively exaggerated is unfounded, as far as this period is concerned. Second, available official statistics are incomplete, unclear, discontinuous, and unreliable from the 1960s to the early 1990s when the country was under statistical blackout. It is therefore necessary to employ appropriate outside estimates for study of the DPRK economy during this period. Third, currently available are six different outside estimates on the DPRK grain production. Of them, the FAO estimates are most appropriate: they approximate 'missing' official statistics best and are relatively most reliable. Fourth, official DPRK statistics are most abundant, clear, continuous, and reliable for the period from 1995 to the present. They provide a relatively accurate picture of the DPRK economy so that the data problem does not seem so serious for this period.

Key Words: DPRK statistics, reliability of DPRK statistics, grain statistics, grain production, DPRK economy

Introduction

A common problem facing any study of the DPRK economy is that many important data are unavailable and the reliability of the few available statistics has often been questioned. Available DPRK statistics are notoriously few, vague, fragmentary, and discontinuous. Additionally, they have, in many cases, been regarded as exaggerated and even deliberately falsified.¹ As an alternative, statisticians and economists in South Korea (ROK) and western countries have developed and published a variety of estimates on DPRK economic performance from GDP to grain production. Modern studies of the DPRK economy have been based in large part upon these outside estimates. Yet they have also raised a thorny problem. Even while different estimates have produced a wide range of competing arguments, no proper discussions have been conducted to judge which

¹ There are two opposite views on the reliability of official DPRK statistics. Studying official DPRK statistics in the 1960s, Chung said that the North Korean data were not deliberately falsified even though they were somewhat vague and might be exaggerated to some extent. In particular, he argued that they were internally consistent and those in physical terms, compared to index numbers, were relatively accurate and reliable. A similar argument was also made by Eberstadt and Bannister studying the 1946-87 DPRK population data. They concluded that the data correctly reported the figures the DPRK authorities actually had, in spite of some statistical mistakes that could be often found in official statistics of underdeveloped countries. By contrast, Eberstadt raised a strong doubt on the reliability of official DPRK statistics. Reviewing recently available DPRK social and economic data, he concluded that either the data are deliberately falsified by the statistical authorities or they indicate the fact that the DPRK statistical systems are completely incapable of producing any meaningful statistics. Due to lack of data and information, however, both opposite views have not developed into rigorous and robust analyses yet. Perhaps it will take time before one can talk about the reliability of overall DPRK statistics with enough confidence. Joseph Sang hoon Chung, *The North Korean Economy* (Stanford: Hoover Institution Press, 1974); Nicholas Eberstadt and Banister Judith, *The Population of North Korea* (Berkeley: Korea Research Book, 1992); Nicholas Eberstadt, "'Our Own Style Statistics': Availability and Reliability of Official Quantitative Data For The Democratic People's Republic of Korea," paper presented at "Advancing Statistics for the Next Millennium" International Statistical Forum, The ROK National Statistical Office and Korean Statistical Society, Taejon, ROK, September 1999.

estimates are more appropriate or accurate. In its widely quoted estimates, for example, the Bank of Korea says that North Korea's GDP in 2000 stood at 19 billion US dollars, which grew about 12 % from 17 billion in 1996.² According to UN estimates, however, North Korea's GDP in 2000 was as low as 10 billion, which declined from 11 billion in 1996.³ Official DPRK statistics also show that its GDP in 2000 was 10 billion, which did not however change significantly from 1996.⁴ Which estimates are then more appropriate or accurate? Are there any reasons that one or both outside estimates above must be conceived as being more reliable than official DPRK statistics? These questions have remained unanswered and indeed have not even been discussed adequately yet. In other words, study of the DPRK economy so far has proceeded on the basis of highly controversial figures. It is indeed easily shown that many debates surrounding the DPRK economy have been actually attributed to the differences of data employed for different studies.⁵

The purpose of this paper is to address this fundamental issue of data in study of the DPRK economy in a concrete and analytical manner. Specifically, it concerns three questions. First, how available and reliable are official DPRK statistics? Second, which outside estimates are most appropriate for study of the DPRK economy? Third, given both available official statistics and their best alternative estimates, what is the most reasonable manner to utilize them?

² The estimates are available from BOK website, <http://www.bok.or.kr/index.jsp>.

³ See UN National Accounts Main Aggregates Database, <http://unstats.un.org/unsd/snaama/Introduction.asp>.

⁴ DPRK, Core Document Forming Part of The Reports of State Parties, United Nations Human Rights Instruments, June 24, 2002.

⁵ For instance, Han Ho Suk has found that outside estimates of the 1993 DPRK grain production vary greatly from 8 million to 4 million MT. The highest estimate exceeds the lowest by more than two times. Using those numbers would therefore enable anyone to make any kind of competing arguments concerning the country's food situation in that year. Han Ho Suk, *Reviewing Assessments on North Korea's Food Problem*, 1997.

To put this issue of data into context, the paper focuses on the DPRK grain statistics, both official statistics and outside estimates. There are several reasons to examine grain statistics for an overall assessment of the DPRK statistics. It is in regards to grain production that the DPRK authorities have made statistical announcements most frequently. Of available official DPRK statistics, therefore, grain statistics are most abundant, complete, continuous, and detailed. Also relatively abundant is related quantitative and qualitative information which can be used to compare and examine the reliability of official grain statistics. For similar reasons, outside estimates on DPRK grain production also have been made in the most diverse ways, all of which are clearly specified and well known to students of the DPRK economy. On top of these, as will be discussed later, DPRK grain statistics have shared the same basic features with other official statistics in terms of their periodic variation in availability, vagueness in statistical definition, possible exaggeration or deliberate manipulation, and their relationship to outside estimates in such a manner that the former has usually provided the basis for creating the latter. In this regard, if grain statistics could not address the issue, perhaps no other statistics can.

The remaining sections of this paper are organized as follows. Section II examines official DPRK grain statistics, particularly focusing on their availability and reliability. It is argued that, although the official statistics have many problems, they are neither as completely useless nor significantly misleading as some economists have conceived. Section III sketches a variety of outside estimates on DPRK grain production, studies how they are made, and tests how reliable they are. It leads to a rather surprising conclusion in that some widely quoted outside estimates are in fact much less reliable than other estimates and official statistics. On the basis of discussions in previous sections, section IV concludes by commenting on the ways in which both official DPRK statistics and outside estimates may be best

utilized.

Availability, Reliability, and Features of Official Grain Statistics

The overall amount of published DPRK data has varied greatly according to the period. During the 1940s, 1950s, and early 1960s the DPRK government released relatively complete and detailed data, publishing even an official statistical handbook. After 1963, however, all the streams of statistical information were suddenly shut off. This complete blackout of figures continued into the mid 1990s when the DPRK government resumed a policy of releasing a small quantity of official figures, which were mostly about the country's food situation, as part of an effort to acquire international food aid. Since then an increasing amount of official data has been handed over to the outside world in the form of either submissions to international organizations for humanitarian and development purposes or voluntary release for economic purposes. Keeping in mind this variation in overall DPRK data, this section examines its official grain statistics from 1945 to the present, particularly focusing on their availability, features, and reliability.

Availability

Like other official DPRK statistics, publication of grain statistics was relatively frequent and regular for the period between 1946 and 1962. The DPRK government released almost every year not only total harvest figures but also the data of individual grain production, such as rice and maize, and other related statistics, including sown areas, fertilizer consumption and farm machinery in use. This data is available from various sources: the statistical chapters of *Chosun Joongang Nyungam* [DPRK Central Yearbook: CYB], the official

statistical handbook,⁶ political leaders' addresses,⁷ and DPRK economics literature.⁸ Of all of them, the statistical chapters of the CYB should be particularly noted for a number of reasons. Above all, they provided 'officially revised' statistics, as discussed later, while other sources tended to present 'previously released and so inflated' figures. In addition, they presented their statistics in the form of time series data that were seldom found in other sources. Together with official grain statistics, they also reported various related data such as sown areas, agricultural inputs, and farm workers, making it possible to cross-check the reliability of official grain statistics.

In 1963, however, publication of all official data ceased. The statistical chapters of CYB disappeared, and all the other statistical sources no longer carried official statistics. In consequence, no statistically significant data is available for the period between 1963 and 1988. It is of course true that, as far as total harvests are concerned, some figures are still available even for this period either in physical terms or in index numbers. They are found in Kim Il Sung's new year addresses as well as in other DPRK publications such as the CYB and economics literature. Yet they are far from being in statistically significant numbers. The following quotations show what these figures typically mean.

⁶The handbook was published both in Korean and English under the title of Statistical Returns of National Economy of the Democratic People's Republic of Korea (1946-60) by Foreign Language Publishing House in 1961.

⁷Political leaders' addresses in this period are available from two sources: The Korean Workers Party Publisher, *Kim Il Sung Jojakjip* [Kim Il Sung Collected Works], Vol. 1-13 and the ROK Ministry of Unification, *Chosun Nodongdang Daehoi Jaryojip* [Collected Papers for the Korean Workers Party Conference], Vol. 1-3.

⁸A major source for official statistics in this period is official economics journals, including *Gyungje Jisik* [Economics Knowledge] and *Gyungje Gunsol* [Building Economy]. Both journals published not just official statistical reports of Central Bureau of Statistics but also articles of government officials that contained official statistics.

Last year [1976] we achieved a great victory in agriculture sector. Despite unfavourable natural weather condition affected by cold-weather front, our diligent agricultural laborers and supporters overcame all obstacles and difficulties, taking over the height of more than 8 million tons of *algok* [grain] production.⁹

Algok production increased about two times for ten 10 years between 1963 and 1974. In particular, we had a new take-off from 1973: in that year the production increased to 136% of the previous year, and in the next year we increased production to 131% of the 1973 by producing more than 7 million tons of *algok*.¹⁰

Although the first quotation says that *algok* production exceeded 8 million tons in 1976, it did not specify the exact number. It might be 8.01 million, 8.5 million, and even more. Moreover, the second quotation gives some information on the official grain statistics of 1963, 1972, 1973, and 1974 by commenting on the production level of 1974 as well as the growth rates on the basis of 1974. Nonetheless, since it does not specify the exact figure of the 1974 production, one still cannot know the production of other years.

As shown by the above quotations, available DPRK figures for the grain production between 1964 and 1988 have two features. First, the figures reporting physical outputs have usually some vague adjectives attached: for example, ‘more,’ ‘victorious achievements in taking over the heights of xxx tons of grain production,’ and so on. Second, the figures about growth rates have normally for their base years those years when physical outputs are unknown or hardly specified. It is therefore questionable whether the available figures are statistically meaningful data. Although some literature tends to regard them as official DPRK statistics, we would rather conclude that they

⁹Kim Il Sung *Jojakjip*, Vol. 32, p. 3.

¹⁰Kim Seung Jun, *The Historical Experience of Solving Rural Problems in Our Country* (Social Science Academy Publisher, 1988), p. 509.

are not official statistics, in spite of the fact that they still provide some information on the country's grain production.¹¹

This statistical blackout lasted until the 1990s when the Pyongyang media began to suddenly make announcements about the country's grain production in an effort to support the government's appeal for international food aid. Since then, the DPRK government has regularly released annual harvest figures through the official media. Interestingly, a Japanese researcher compiled these media figures, obtaining the confirmation of the figures from a high ranked official in the DPRK government. It seems therefore safe to say that they are actually official DPRK statistics.

In 1997, the DPRK government submitted to the UNDP its official statistics of national and provincial production of rice and maize, two main grain items of the country, for the period from 1989 to 1997.¹² The submitted statistics are in many respects distinguished from all other statistics ever released. Above all, they have clear definitions. Until that point, the DPRK government released its grain statistics without any concrete definition. Additionally, the figures for rice production were normally announced in unhusked physical weights, which was an important reason why outside estimates discounted and revised officially claimed outputs. The statistics submitted to the UNDP however adopt internationally standardized definitions, reporting rice production both in paddy rice and in milled equivalents. Secondly, they report provincial grain production, the figures of which had been hardly released before. Thirdly, they are

¹¹ For instance, see ROK Ministry of Unification, *Collected Statistics for the North Korean Economy*, 1996; Lee Hy Sang, "Supply and Demand for Grains in North Korea," Choi Sung Chul (ed.), *Human Rights in North Korea* (USA: Center for the Advancement of North Korean Human Rights, 1999); Choi Soo Young, *A Study on North Korean Agricultural Policy and Food Problem* (Seoul: Korea Institute for National Unification, 1996).

¹² The data are available from DPRK/UNDP, "Thematic Round Table Meeting on Agricultural Recovery and Environmental Protection For the Democratic People's Republic of Korea (DPRK)," Geneva, May 28-29, 1998.

time series data that have the longest time interval ever without any missing years.

Moreover, the DPRK government submitted its official statistics of total grain production between 1990 and 2000 to the UN Economic and Social Council in 2002. The data is quite consistent with both previously announced media figures and data submitted to the UNDP in 1997. Since then, the DPRK government has frequently published official grain statistics in its various reports to international organizations and NGOs.

Table 1. Available Official DPRK Grain Statistics, 1946-2000

(Unit: 1000 MT)

Year	Algok (grain)	Rice (paddy)	Rice (milled equiv.)	Maize
1946	1898	1052		156
1947	2069			
1948	2668			
1949	2654	1158		375
1951	2260			
1952	2450			
1953	2327	1229		224
1954	2230			
1955	2340			
1956	2873	1392		760
1957	3201			
1958	3700			
1960	3803	1535		950
1961	4830			
1962	5000			
1963	5000			
1964	5000			
1966	4405			
1967	5110			
1968	5672			
1973	5343			
1974	7000			
1975	7700			
1976	8000			
1977	8500			

Year	Algok (grain)	Rice (paddy)	Rice (milled equiv.)	Maize
1978	7870			
1979	9000			
1984	10000			
1987	10059*			
1989	9490*	4320	3240	4340
1990	9100	4480	3360	3900
1991	8900	4090	3067	4200
1992	8800	4450	3337	3720
1993	9000	4750	3562	3940
1994	7083	3110	2177	3550
1995	3499	2000	1400	1370
1996	2502	1410	987	830
1997	2685	1570	1099	1010
1998	3202			
1999	4281			
2000	3262			

* Converted into physical outputs from growth rate figures.

* No figures are available for missing years. Source: See the text.

Statistical Definition

Table 1 presents the available DPRK figures on grain production. Several questions can be raised against the figures, and perhaps the first and foremost one would be about the definition of grain.

Since 1946, the DPRK government has announced its grain production under the name of *algok*, the literal meaning of which is grain that includes rice, maize, wheat, soybean, and other dry-field grains. This literal meaning seems to be applied to the official statistics between 1946 and 1960, because the statistics of other important crop items such as potatoes (Irish and sweet) and vegetables were separately collected and announced. It is however doubtful whether this literal meaning has continued to be applied since. This doubt arises from Kim Il Sung's own remarks. For instance, he wrote:

Securing sown areas for *algok* is important in achieving the target of 10 million tons of *algok* production. Whatever happens, we must secure

600,000 hectares for maize production, 650,000 hectares for rice, 100,000 hectares for sweet and Irish potatoes, and 50,000 hectares for wheat.... Supposing that one-hectare of wheat fields produces four tons, we shall produce 200,000 tons of wheat from these 50,000 hectares. If one hectare of potato and sweet potato fields produces 30 tons, the total output from the 100,000 hectares will be three million tons of potatoes or 750,000 tons of *algok* in the ratio of four to one between potatoes and *algok*. About 100, 000 to 200, 000 tons of beans and other dry-field crops can also be produced.¹³

In the mid 1970s Kim Il Sung included potatoes in *algok*, saying that the former could be converted into the latter with one fourth of its physical weight. An interesting point is that this conversion ratio between *algok* and potatoes was officially introduced in the early 1960s and widely used afterward. For instance, a cabinet decree dated of July 20, 1961 stipulated that potatoes were to be added to *algok* when cooperative farms reported their production to the government.¹⁴ Moreover, a high government official admitted that potatoes were included in official *algok* figures.¹⁵ It seems therefore obvious that the available *algok* figures included potato production at least after the early 1960s.

The question however is: whether potatoes were the only item that was additionally included in *algok*? The above cabinet decree allowed small-scale cooperative farms in mountainous areas to add not only potatoes but also vegetables to their *algok* production. Of greater interest still, officially claimed *algok* production suddenly jumped in the early 1970s, rapidly increasing up to 10 million tons in 1984. Both facts combined can raise a concern about whether other crop items, mainly vegetables, were also included in *algok*. In fact,

¹³ Kim Il Sung *Jojakjip*, Vol. 34, p. 19.

¹⁴ Cabinet Decree No. 116, on rewarding honors to cooperative farms, cities, townships (districts) that sell more grains to the state, July 20, 1961.

¹⁵ Ryutaro Hirata, "Agricultural Foundation in North Korea and International Cooperation," paper presented to the 3rd International Seminar on Agricultural in North Korea, Seoul, December 1997, p. 50.

Kim Sung Ho and Kim Woon Keun argued that officially claimed *algok* production between 1973 and 1982 could be approximated better under the assumption that both potatoes and vegetables were converted into and added to *algok*.¹⁶ Unfortunately, however, there is no further data or information available to assess this argument.

What about the recent *algok* figures? It seems obvious that the statistical definition of *algok* has returned to ‘grain’ without potatoes and vegetables at least since 1995. It was in 1995 that the DPRK government appealed for international food aid for the first time in its history. The country has remained as one of the largest food aid recipients in the world since. Inflating official grain statistics is therefore unnecessary and even harmful to both the DPRK and its government. In fact, official grain statistics show that the country’s grain production has declined sharply by more than half since 1995. In addition, as mentioned above, the DPRK government has handed over its *algok* figures to the outside world under the clear definition of ‘grain’ in English since 1995. This suggests that the government has not included other non-grain items in official *algok* figures any more at least since 1995, even though it has not revised the ‘previously made’ *algok* figures that possibly included either or both potatoes and vegetables.

Though complicated, the discussion above makes the following points. First, the currently available DPRK *algok* figures represented only grain production until 1960. Second, however, they additionally included potato production least from the early 1960s. Third, there is the possibility that vegetables were also added to the figures, although no firm evidence is available. Fourth, since the country began to receive international food aid in 1995, the figures have represented only grain production again, not including any non-grain items.

¹⁶Kim Sung Ho and Kim Woon Keun, *Assessment on Agricultural Production Capabilities in North Korea* (Korea Rural Economic Research Institute, 1983).

Revision and Correction

The second question about the DPRK figures would be: whether are they revised or confirmed statistics? This question is closely related to the problem of the inconsistency of the data. Note that the DPRK government has released a great amount of statistical information that is contradictory to previously released statistics. For instance, the 1975 CYB claimed that the grain production of 1974 was more than 7 million tons and this was about two times the 1963 production.¹⁷ According to this claim, the 1963 production must be around 3.5 million tons. However, Kim Il Sung's new year address in 1963 said that the country already 'took over the height of 5 million tons of grain production in 1962.' Chung also pointed out that in the 1960s the DPRK authorities reported the 1963 production as high as 5.2 million tons.¹⁸ How are these numbers, which produce more than 1.5 million tons of difference on a single year's grain production, to be interpreted?

Though there is inconsistency in the officially released statistics, it is unlikely that the DPRK economic authorities, who need correct numbers to run a highly planned socialist economy, have had internally inconsistent data. The existence of inconsistency therefore suggests that the authorities have continued to review and revise initially released figures. There are indeed several reasons supporting this conclusion.

¹⁷DPRK Central News Agency, *Chosun Joongang Nyungam 1975, 1976*. See the same claim of Kim Seung Jun quoted in the text. Kim Seung Jun, *The Historical Experience of Solving Rural Problems in Our Country* (Social Science Academy Publisher, 1988).

¹⁸See Table 15 in Joseph Sang hoon Chung, *The North Korean Economy*, p. 48. In this table, he presents the DPRK grain statistics between 1963 and 1965 that are slightly different from the figures found in other sources, for instance, the CYB. It is not clear which figures - Chung's or CYB's - are more similar to real official statistics. For consistency, however, we do not use Chung's figures in Table 1 of this paper, assuming that CYB provides the official DPRK statistics.

Table 2. Revision of Official Grain Statistics in 1957

(Unit: 1000 MT)

Year	Statistics in Oct. 1954	Revised Statistics in Feb.1957
1946	1998	1898
1947	2178	2069
1948	2809	2668
1949	2795	2654
1950		
1951	2601	2260
1952	2939	2450
1953	3288	2327
1954		2230
1955		2340
1956		2873

Source: Kim Sung Bo, *The Origin of South and North Koreas' Economic Structures and Their Developments* (Yoksabyeongsa, 2000), p. 352.

First, there is a known case of this revision: the 1957 correction of the 1946-1954 official grain statistics. Confirming official harvest figures was a sensitive issue in DPRK politics between 1954 and 1956. In November 1954, the DPRK government launched a compulsory grain collection campaign in order to secure state grain reserves to meet increased urban food demands after the Korean War. However, the campaign soon failed, being officially ended by party order on February 2, 1955. It gave rise to political conflicts surrounding agricultural policies within the communist party in December 1955 when Kim Il Sung blamed the State Planning Commission for setting unrealistically high collection targets that caused farmers' resistance. Interestingly, Kim Il Sung argued that such unrealistic targets were made from inaccurate and falsified official grain statistics. As a result, from early 1956 the DPRK statistical authorities began to significantly discount all the initially released harvest figures and finally announced a completely new series in 1957.¹⁹ This case shows that, as early as in

¹⁹For the details of statistical correction procedures, see Suh Dong Man, "A Study on North Korean Grain Statistics in the 1950s," *Tongil Gyungje* [Unified Economy], No. 2 (1996).

the 1950s, the country suffered the problems of inaccurate and inflated official grain statistics, revising and correcting the initially released statistics.

Second, the DPRK leadership has frequently pointed out the exaggeration and falsification of official grain statistics since the 1960s. For instance, Kim Il Sung wrote:

To make sure the science and objectivity of statistics we have to eliminate the phenomena of false reporting. Currently some organizations and firms tend to report false statistics. False reporting is not rare in agriculture and fishery sector. And construction and industrial sector happen to report false statistics..... In agriculture sector there are found many false reporting in the production of *algok*, vegetables, and fruits.... In particular, there are many cases to exaggerate *algok* production.²⁰

This suggests that the correction and revision of official statistics may not be unique to the 1950s.

Third, the way that grain statistics have been collected and announced raises the possibility that such revision and correction has continued. There are two different harvest figures in the DPRK: the expected and the actual. The expected figures are calculated from per hectare yields, the data of which are obtained from sample field surveys before harvest. In contrast, the actual figures are collected from the amount of crops compiled after harvest. By 1957, the authorities had used the expected figures as the basis to calculate agricultural tax-in-kind, set collection targets, and announce official grain production. Moreover, there is no evidence that this routine was changed afterwards. The point is that there are various exaggerating factors in the expected figures, notwithstanding inaccuracy caused by surveying only some sample fields.²¹ It suggests that the authorities

²⁰ Kim Il Sung *Jojakjip*, Vol. 24, pp. 207-208.

²¹ For instance, Choi Soo Young and Lee Hy Sang argue that the expected production is exaggerated in the following ways: 1) calculating per hectare yields from sample fields with the best conditions, 2) exaggerating sown areas such as

may have two separate production figures with great differences and that, when necessary, they would revise and correct one set of figures by using the other ones. In particular, in Kim Il Sung's new year addresses, the primary source for the DPRK grain statistics between 1963 and 1988, seems to reflect the expected production rather than the actual one. If it is the case, the data for this period is more likely subject to subsequent revisions and corrections.

This possibility of ongoing statistical revision and correction brings us back to the question: whether the figures presented by Table 1 are officially revised or confirmed? Given scarce data and information, no definite answers seem feasible. Nevertheless, several implications can be drawn from the above discussion. First, the statistics till 1957 are more likely revised and confirmed in the sense that they went already through revision. Second, it seems likely that the *algok* figures between 1958 and 1988 are not officially revised, because they were released annually separately and so many may be the expected production figures. Third, the figures since 1989 are likely revised ones with official confirmation, because they were recently released in the form of time series data, and because they have constituted the basis for the DPRK government's appeal for international food aid.

Reliability

Not considering the collapse of production in the 1990s, one can find two interesting points suggested by Table 1. On the one hand, the DPRK grain production grew rapidly for the last four decades on annual average rate of around 9 percent. At the same time, the growth

including land borders where no production is carried out, and 3) ignoring losses in harvesting and milling processes. Choi Soo Young, *A Study on North Korean Agricultural Policy and Food Problem* (Seoul: Korea Institute for National Unification, 1996); Lee Hy Sang, "Supply and Demand for Grains in North Korea," Choi Sung Chul (ed.), *Human Rights in North Korea* (USA: Center for the Advancement of North Korean Human Rights, 1999).

rate accelerated after any important institutional changes in agriculture. For instance, the rate rose up from 5.4 percent in the early 1950s to 15.4 percent on the annual average between 1958 and 1961, shortly after agricultural cooperativization was completed. Furthermore, it increased to 20.5 percent between 1974 and 1975 just after Kim Il Sung created the *Juche Nongbub* [*Juche* farming practices] in 1973.

Ironically, however, these two facts have provoked many criticisms that the DPRK statistics are highly exaggerated. These criticisms, though not providing hard evidence, stand on two grounds. First, given the secrecy of the DPRK statistical system, the government's desires to internally justify its agricultural policies and externally make its achievements more attractive must lead to exaggerating the actual production. Second, as the DPRK government admits, it has suffered permanent over-reporting from below, which has intrinsically inflated actual production.²²

In most socialist countries, official statistics had similar problems with exaggeration, and there is no reason to assume that the DPRK is an exception. Unlike some other socialist economies where a variety of information allowed independent researchers to evaluate and correct official statistics, however, little data and information is available to assess the reliability of official statistics for the DPRK.²³ As an alternative, therefore, we consider institutional frameworks in which economic agents are involved in making official statistics in the DPRK. We assume three players - the central government, local cadres, and farmers - who have their own interests in official grain statistics, examining how their interests have been connected to the

²²For the criticisms of official grain statistics, see Kim Sung Ho and Kim Woon Keun. *Assessment on Agricultural Production Capabilities in North Korea*; Lee Hy Sang (1994); Choi Soo Young, *A Study on North Korean Agricultural Policy and Food Problem*.

²³R.W. Davis, M. Harrison and S.G. Wheatcroft, *The Economic Transformation of the Soviet Union, 1913-1945* (London: Cambridge University Press, 1994), pp. 24-37.

statistics. This may provide a small opportunity to assess the reliability of the DPRK statistics.²⁴

From 1947 to 1957

It helps to begin with the period between 1947 and 1957 when individual farm households still controlled their grain marketing. At this time, the central government must have had two interests concerning official grain statistics. On the one hand, it had to justify its socialist agricultural policies, including the socialist land reform in 1946 and the agricultural cooperativization beginning in 1953-4. At the same time, it had to collect more surplus grain from farm households in order to feed newly established urban socialist sectors and spur industrialization. Obviously, both interests would make the government favor more inflated official grain statistics. The interests of local cadres who reported regional production to the center might not be any different. Inflated statistics might be an easy and effective means to demonstrate their administrative and political abilities to the center. However, farm households' interests seem quite contradictory. They had to pay 25 percent of their production for agricultural tax-in-kind and meet, though not compulsory in principle, the North Korean Consumer Association [NKCA] grain procurement targets imposed by the authorities. Because their taxes and procurement targets were based on official assessment on their production, they would be strongly against the authorities in exaggerating actual production. This institutional framework suggests that, although the DPRK grain statistics in the 1940s and 1950s might be inflated, the extent of inflation must be limited. For, as we have seen in the 1957 statistical

²⁴For the detailed discussions of institutional changes in the DPRK agriculture, see Lee Suk, "Food Shortages And Economic Institutions In The Democratic People's Republic of Korea," (PhD dissertation, University of Warwick, 2003); Kim Sung Bo, *The Origin of South and North Korea's Economic Structures and Their Developments* (Yoksabyeongsa, 2000).

revision, exaggerated statistics caused farm households' unrest, which in turn caused political and economic burdens on the government.

From 1958 to 1994

The institutional framework went under fundamental changes between the late 1950s to the early 1960s. During this period, the DPRK government abolished agricultural tax-in-kind and NKCA procurement, two basic institutional channels for state grain collection. Instead, it prohibited farm households from privately selling their grain, confiscating all their surpluses above their consumption requirements. Cooperative farms that absorbed all farm households in rural areas appeared as the new institutional channel for state grain collection. Within a cooperative farm, member households were entitled to keep aside from their production a fixed amount of grain for their food rations. In return, all the residuals were collected by cooperative farms, being eventually sold to state procurement agencies. Consequently, farm households did not have an interest in opposing inflated official grain statistics any more. Quite contrary, they had now strong incentives to exaggerate their production, because cooperative farms grouped individual member households into several work-teams and sub work-teams, and gave each team the rights to claim a higher share of total farm income when it produced more grain than the target. Assuming no significant changes in the interests of the central governments and local cadres, it suggests that there appeared a new institutional framework where all players engaged in making official grain statistics tended to exaggerate the production.

This institutional framework remained surprisingly stable until 1995 when the DPRK government officially admitted the food shortages in the country, appealing for international food aid. This means that the DPRK figures on grain production for this period are likely far more inflated than for the previous period. It is of course

unlikely that official statistics could be inflated unlimitedly even when all economic agents share the incentives to exaggerate actual performances. Exaggerated statistics would eventually claim other costs. For instance, the central government may suffer planning failures, and local cadres and farmers would be given more increased targets²⁵ and be in the long-run forced to show actual performances matching the reported figures. Nevertheless, economic agents' shared interests in over-estimating actual production provide a good reason to believe that the available DPRK figures for this period are most likely unreliable.

From 1995 to the Present

Official grain statistics have been made under a quite different institutional framework since 1995. Above all, the central government preferred not to exaggerate actual production any more. As mentioned already, inflated official statistics would hamper international food aid that accounted for up to 60 percent of total grain imports and 40 percent of total grain consumption in the country between 1995 and 1998. One might think that underestimation is now the primary concern of the government. But underestimation is also unlikely in the sense that the government has faced an external constraint in making official statistics. Since 1995, the DPRK government has allowed outside observers, notably FAO/WFP, field survey teams, to visit the country every year and carry out their own surveys on agricultural production. Given that the FAO, WFP, and other outside observers have constituted major donors to provide humanitarian and

²⁵ For this reason, as pointed out by one of anonymous referees of this paper, a rational producer in the socialist economy has an incentive to hide a true capacity by producing less output than the level suggested by a full capacity. It is known as the Weitzman's ratchet principle (Weitzman, M., "The "Ratchet Principle" and Performance Incentives," *Bell Journal of Economics*, 1980, pp. 302-308). Perhaps this principle constituted a constraint for local cadres and farm households to exaggerate their production even for this period.

developmental aid to the country, their detection of underestimated official statistics would significantly damage the DPRK government's credibility and so weaken its position in negotiation. It must have been more concerned therefore about actual figures rather than falsified figures.

Local cadres also must be more genuinely interested in actual production figures. Since the mid 1990s local cadres have been increasingly responsible for feeding the population without central support. For instance, they have been allowed to conduct independent grain trade with other regions and countries. Instead, when the trade is successful, they have been excluded from central food support. This has several interesting implications. First, local cadres may now need actual grain production figures to feed the population more efficiently. Second, over-reporting is not necessarily beneficial to them in terms that it would cause more procurement to and less support from the center, reducing the amount of regionally available food. Third, given ongoing food shortages, under-reporting also has a clear limit that repeated under-reporting could cost local cadres' jobs. In this regard, local cadres would be more and more concerned about accurate grain statistics than ever before.

Exaggerating production is certainly not in farm households' interests, either. In 1996, the DPRK government introduced the new sub work-team management system that allows farmers to freely sell their surplus grain when they produce more than their targets. Because the new system sets the targets on the basis of previous years' production, over-reporting their production would be against their interests. Just like local cadres, farm households also seem to have a certain limit in under-reporting their production, because their food rations and incomes within cooperative farms still depend on their fulfilment of targets. In sum, since 1995 all economic agents have been more likely interested in making accurate official grain statistics. It suggests that the DPRK grain statistics for the recent years must be

far more reliable than ever before.

Table 3. Assessment on Official Grain Statistics

	Period I	Period II	Period III
Availability	<1946 - 1962> Algok, rice, maize	<1963 - 1988> Algok only for some years	<1989 - 1999> Algok, rice, maize
Definition of Algok	<Till early 1960s> Grain	<Early 1960s-1994 > Potatoes added but exact definition unknown	<Since 1995> Grain -
Revision	<1946 -1957> Revision in 1957 revised figures available	<1964-1988> Revision unknown but likely	<1989-1999> Revision unknown
Reliability	<1946 -1957> Likely exaggerated but not much	<1957-1994> Most exaggerated	<after 1995> Most accurate

Assessing Official Grain Statistics

Table 3 summarizes the discussions of this section. In terms of availability, one can find relatively complete DPRK grain statistics for two periods: the period of 1946-62 and of 1989-present. However, the data is rare between 1964 and 1988. In terms of statistical definition, the statistics also have had only for two periods a clear meaning that they are about grain production. One is the period from 1946 to the early 1960s and another the period from 1995 to the present. One cannot specify what the data were really about between both periods. In terms of revision, the available statistics seem to be revised, confirmed, and thus really ‘official’ statistics only for two periods again: the period of 1946-57 and of 1995-present. The other statistics do not seem to be officially revised and confirmed, thus possibly being under subsequent revisions. In terms of reliability, the

statistics between 1946 and 1957 and those since 1995 seem to provide relatively accurate figures on production while the others do not.

The four conclusions above have an important implication. That is, it is possible to study the DPRK agriculture and economy with official statistics but only for two separate periods: from 1946 to the late 1950s and from 1995 to the present. For both periods one can find relatively complete, clear, reliable official DPRK statistics. It may be therefore neither wise nor efficient to make and employ appropriate outside estimates as the alternatives for official statistics. For, unlike official statistics, they have to justify themselves that they are really the appropriate ones, which may however in many cases prove not to be the case, as discussed in the next section. Concerning this point, Table 4 compares the official DPRK grain statistics of 1995-2000 with their outside estimates. Note that all outside estimates have converged into or around the official statistics. This suggests that outside estimates may have a limited role and even be unnecessary for study of the DPRK economy.

Table 4. Official Figures and Outside Estimates on the DPRK Grain Production, 1990-2000

(Unit: 1000 MT)

Year	DPRK Figures	ROK Estimates	FAO Estimates
1990	9100	401	630
1991	8900	443	884
1992	8800	427	868
1993	9000	388	914
1994	7083	413	722
1995	3499	345	379
1996	2502	369	260
1997	2685	349	287
1998	3202	387	442
1999	4281	422	385
2000	3262	359	300

Source: Table 1.; ROK National Statistical Office, *Comparison of Economic and Social Aspects Between South and North Korea*. various years; FAO Statistical Database.

However, the situation is quite opposite for the period from the late 1970s to the early 1990s. Neither clear nor reliable official statistics are available for this period. It is therefore absolutely necessary to develop and utilize outside estimates. What estimates are then the best alternatives for the missing reliable official data? How can we utilize them? Concerning both questions, the next section examines and evaluates outside estimates for DPRK grain production, particularly focusing on the period from the 1960s to the early 1990s.

Assessment on Outside Estimates

It is well known that the fundamental structure of the DPRK economy, particularly its agriculture, was built from the late 1950s to the early 1970s, which operated without much turmoil until the early 1990s just before the food crisis and subsequent famine shattered the economy. In the previous section, however, we have seen that no reliable official grain statistics are available for this important period. With respect to this point, we examine outside estimates on the DPRK grain production for this period and evaluate their reliability in this section.

Availability

As far as this period is concerned, six different series of outside estimates are available. First, the ROK government agencies, including the Ministry of Unification (MOU), National Information Service and Rural Development Agency, have cooperated in estimating annual DPRK grain production and have published their results since the early 1970s.²⁶ For convenience we will refer to these

²⁶MOU series is available from various ROK statistical publications, including Comparison of Economic and Social Aspects Between North and South Korea (various years) by ROK National Statistical Office.

results as the MOU series. The ROK government says that the MOU series has been made on the basis of four related data: officially announced DPRK figures on grain production; weather data; estimates on the DPRK agricultural inputs; and particularly per hectare yield data coming from the experimental farms that have not only similar land and weather conditions but also utilize similar seeds and technologies to those in the DPRK.²⁷

Second, the FAO has published the statistics on the DPRK grain production through the FAO Production Yearbook since the early 1950s. Though the FAO is supposed to publish member countries' official statistics, the statistics about the DPRK should be regarded as its own estimates (henceforth the FAO1 series). In fact, the FAO added footnotes to most DPRK related figures published between 1961 and 1989, saying that they were the FAO's estimates. Moreover, it corrected and revised the previously released figures almost every year. If the figures were not its own estimates, such correction and revision might be neither possible nor necessary. It is unknown how the FAO has made the estimates. Nonetheless, it is generally assumed that the FAO1 series was more likely dependent on the submitted DPRK data.²⁸ Indeed the DPRK has been a member country of the FAO since 1971, and many studies have found that, among various outside estimates, the FAO1 series provides figures which are closest

²⁷The ROK Ministry of Foreign Affairs describes the estimation procedures as follows: "We have collected from various routes the information on annual sown areas for each grain items, per hectare yields, regional harvests. We have also considered weather conditions such as rainfalls, imported or domestically produced fertilisers and pesticides. In addition, we have run experiment farms in Cholwon, the nearest area to the DPRK, which have planted the DPRK varieties of rice and maize.... the outputs of the experimental farms have been used for actual estimation...."

²⁸Heather Smith, "The North Korean Economy: Collapse, Stasis or Reform?" *Brookings Discussion Papers in International Economics* 133, 1997.

to official statistics.²⁹

Third, another FAO series is available from the FAO statistical database. Recently, the FAO revised all its DPRK related statistics published between 1961 and 1997, replacing them with a complete new series (henceforth the FAO2 series). As discussed later, this new series has two features: for the figures since 1991 it provides official DPRK statistics; and for the figures prior to 1991 it significantly discounted previously released estimates.

Fourth, the United States Agricultural Department has made its public estimates on the DPRK rice and maize production between 1980 and 1997. Though the estimates (henceforth the USDA series) do not include total harvest figures, they also can be used as an approximate for the DPRK grain production in terms that rice and maize have constituted the two main grain items dominating the DPRK agriculture.

Fifth, Lee Hy Sang made an independent estimation on the DPRK grain production between 1982 and 1993 (henceforth the LHS series).³⁰ Based on Kim Il Sung's remarks on the country's agricultural production and statistical reporting routines, he identified the factors that could inflate the DPRK grain statistics. The LHS series is eliminating these factors to reach more realistic figures.

Sixth, another independently estimated series is available from Kim Sung Ho and Kim Woon Keun, Kim Woon Keun and Kim Woon Keun and Jeon Hyung Jin.³¹ This series (henceforth the KWK series)

²⁹ Kim Woon Keun, "Agriculture and Fishery," in *North Korean Economy* (ed.), by North Korean Economic Forum (Bubmunsa, 1996); Kim Sung Ho and Kim Woon Keun, *Assessment on Agricultural Production Capabilities in North Korea*.

³⁰ Lee Hy Sang, "Supply and Demand for Grains in North Korea."

³¹ Kim Sung Ho and Kim Woon Keun, *Assessment on Agricultural Production Capabilities in North Korea*; Kim Woon Keun, "Agriculture and Fishery"; Kim Woon Keun, "Food Problem and Agricultural Reform in North Korea [in English]," paper presented at the 1997 International Conference of East Asian Research Institute (Seoul, 1997); Kim Woon Keun, "Recent Changes in North Korean Agricultural Policies and Prospects for Food Supply and Demand," *Tongil Gyungje* [Unified Economy], No. 54 (1999); Kim Woon Keun and Jeon Hyung Jin, "Forecasting North Korea's Food Situation in the 1998/99," *North Korean Agricultural Trend*, Vol. 1, No. 1 (1999).

is particularly notable for two respects: it provides the estimates with the longest time interval from 1960 to 1998; and it is one of the first independent attempts to estimate the DPRK grain production by organizing various related information and data in reasonable manners. It utilizes similar data and process to those of the MOU series. The difference is that the KWK series takes the trend of grain production between 1946 and 1960, which can be identified from official DPRK statistics, using it to project the subsequent trend.

Table 5 presents the above six series.³² Of them, we rule out the LHS series from further discussion. This series is directly based on the officially released *algok* figures between 1981 and 1989. However, as discussed in the previous chapter, the figures are not specified, definable nor officially confirmed, notwithstanding the question of their reliability. We do not believe that the series based on such figures is statistically meaningful. Furthermore, the LHS series is not based on any officially released figures for the period from 1989 to 1993, but on speculation. In this sense, the series does not seem reliable, either.

³² Besides, there are some other estimates available. For instance, Choi Soo Young, *A Study on North Korean Agricultural Policy and Food Problem*; FAO/WFP's DPRK Mission Reports in the 1990s and 2000s; Lee Chan Woo, T. Nakano, and M. Nobukuni, "Estimate of the Supply and Demand for Grain in the Democratic People's Republic of Korea: 1995," *ERINA Discussion Paper No. 9507* (1995). But their estimation periods are relatively short, focusing on the 1990s. Hence they may not be relevant for the outside estimates covering a rather long period from the 1960s to the early 1990s.

Table 5. Outside Estimates on DPRK Grain Production

(Unit: 1000 MT)

Year	NUB	FAO1			FAO2	USDA	LHS	KWK	DPRK (₉₃₌₁₀₀)
		I	II	III					
1961		4692			3583			3803	54
1962		5106			3725			3568	56
1963		5243			4053			3538	56
1964		5102			4212			3655	56
1965		4923			3707			3788	
1966		5083			4073			3925	49
1967		4623			3787			4058	57
1968		4588			3662			4199	63
1969		5340			4378			4282	
1970	4644	5287			4364			4374	
1971		5432			4499			4475	
1972		5827			4309			4633	
1973		6147			4816		5010	4678	59
1974		6547			5068		5790	4781	78
1975	4953	6745			5246		6360	4869	86
1976	5032	7329			5490		6610	4962	89
1977	5029	7790			5798		7020	5080	94
1978	4988	7780			5798		6520	5208	87
1979	5177	8255			6006		7440	5331	100
1980	3982	8730			5752	3650	7440	5460	
1981	5639	8735			6254	4255	7350	5585	
1982	5996	9000			6523	4420	7850	5715	
1983	5785	9718			6707	4541	7700	5841	
1984	6267	10230			7128	4825	8260	5600	111
1985		10745			7096	4649	8090	5030	
1986		11148			7650	5251	8090	4825	
1987		11564			7558	4882	7930	4952	112
1988	6026	11872	10400		7517	4683	7930	5210	
1989			10345		7824	4822	7770	5482	105
1990	4812		10205		8071	4180	7540	4812	100
1991	4427		10180		8836	3720	7310	4427	99
1992	4268		9872		8681	3600	7090	3898	98
1993	3884			4593	9137	3300	7230	2923	100
1994	4125			4591	7215	3700		3768	79
1995	3451			4245	3787	3300		2006	39

* USDA series is about the sum of rice and maize production. All other series are about total grain production. Source: See the text.

We exclude the FAO1 series from further discussion, too. This is mainly due to technical reasons. As already mentioned, the FAO revised its figures in the FAO Production Yearbook almost every year.

It is therefore quite difficult to identify what is the FAO's real estimate for a certain year.³³ Particularly there are three breaks in the series: in 1961, 1988, and 1994. In those years the FAO corrected all its previously published estimates and began to make a completely new series afterwards. Consequently, the FAO1 series consists of four sub-series that have quite different trends: sub-series 1 between 1953 and 1960; sub-series 2 between 1960 and 1988; sub-series 3 between 1988 and 1993; sub-series 4 after 1997. Obviously it is difficult and perhaps unwise to establish a consistent series using such different sub-series. Henceforth, therefore, we regard the FAO2 series from the FAO statistical database as the only FAO series.

Correlation between Official Statistics and Outside Estimates

To assess the remaining four series, we consider first the question of how well they approximate the trend implied by official DPRK statistics. For this purpose we construct an index series (henceforth the DPRK series) that reveals the trend implied by the available *algok* figures for the period between 1961 and 1995, carrying out simple correlation tests on this index series and the other four estimated series.

As pointed out above, the *algok* figures between 1961 and 1995 are of course not statistically meaningful data. Nevertheless, we assume that these figures could be a rough indicator for the real trend of DPRK grain production in the following senses. First, the fact that the DPRK government did not release any figures for many years during this period suggests that it preferred to omit statistical announcement rather than deliberately falsify the figures just for the purpose of announcements when it had bad harvests. Thus, officially

³³ The figures of the FAO1 series in Table 5 represent those of the FAO Production Yearbooks published later.

released figures, though they might be exaggerated, could be assumed as reflecting even for this period the statistics the DPRK government actually had. Second, even when officially released figures exaggerate actual production, the exaggerating factors should exist in the same manner between the early 1960s and the mid 1990s when the DPRK agricultural institutions had remained stable with respect to the collection and making of official grain statistics. It means that the problem of exaggeration may not matter when we consider only the trend, not the level. Third, the *algok* figures released between 1963 and 1988 cannot be specified due to the vague adjectives attached to them. However, the risks of ignoring such adjectives can be minimized by transforming the figures into index numbers. Fourth, the figures might be corrected after they were released. Again, however, the risks of using such figures can be minimized when we set the base year of the index series as late as possible, using the growth rates released as recently as possible. Fifth, the definition of *algok* is not clear for the figures under discussion. Nevertheless, they should represent grain production very well in the sense that grain must account at least 80 percent of total *algok* production even when potatoes and vegetables are included in the definition.³⁴

Table 6. Correlation Coefficients: DPRK Series and Estimated Series
Original Series

A. Original Series

	DPRK	FAO	NUB	USDA	KWK
DPRK	1				
FAO	0.882	1			
NUB	0.741	0.360	1		
SDA	0.767	0.513	0.969	1	
KWK	0.752	0.474	0.851	0.795	1

³⁴Kim Sung Ho and Kim Woon Keun, *Assessment on Agricultural Production Capabilities in North Korea*.

B. First Difference Series

	DPRK	FAO	NUB	USDA	KWK
DPRK	1				
FAO	0.856	1			
NUB	0.368	0.292	1		
SDA	-0.129	0.223	0.842	1	
KWK	0.413	0.371	0.401	0.522	1

Table 6-A and 6-B report the results of simple correlation tests on the DPRK series and four other estimated series. All the estimated series have strong positive correlation with the DPRK series, when the tests are carried out with original series Table 6-A. Of them, the FAO series has the highest correlation. Interestingly, the MOU, USDA, and KWK series have a much higher correlation with each other than they have with the DPRK series and FAO series. By contrast, the FAO series has a relatively low correlation with other estimated series. This suggests that the MOU, USDA, and KWK series share similar information and estimation processes that the FAO series does not adopt.

Though all the estimated series have high correlation coefficients with the DPRK series, it does not necessarily mean that they all approximate the trend implied by the DPRK series well. This is because most economic variables tend to have similar time trends that could produce high correlation among them, even when they do not actually have any significant economic relationship. Both the DPRK series and the four other series prove to have strong time trends. Thus we generated the first difference series from each original series and carried out the same correlation tests once more. The first difference series represents the annual changes in grain production so that it provides another useful way to judge how closely the estimated series are related to the DPRK series.

Table 6-B presents the results of this. It is somewhat surprising.

The FAO series still has a very high positive correlation with the DPRK series: the coefficient is 0.85. However, both the MOU and USAD series prove to have little relationship with the DPRK series, shown by their low coefficient of 0.36 and -0.12 separately. The correlation coefficient of the KWK series is slightly higher, but still not enough to show its close relationship with the DPRK series as the FAO series does. As in the original series, the MOU, USDA, and KWK series have higher correlations with each other than they have with both the DPRK series and FAO series.

Several conclusions can be drawn from the above results. First, the four estimated series could be divided into two groups: one group consisting of the FAO series and another group consisting of the MOU, USAD, and KWK series. They have high correlations within their group, but low correlations outside their group. Second, it is the FAO series that approximates official DPRK grain statistics between 1961 and 1997 best. The fact that the correlation coefficient between the DPRK and FAO series is above 0.85 both in their original series and first different series suggests that the two series are almost identical in terms of the trend they represent. Third, another group of the estimated series, including the NUB, USAD, and KWK series, has relatively little relation to the DPRK series. Those series have a similar time trend with the DPRK series but fail to approximate the latter in their first difference series. This means that they are statistically not quite dependent on official DPRK statistics.

Assessments of the MOU, USDA, and KWK series

What implications do the above test results have with respect to the reliability of outside estimates on the DPRK grain production? Consider first the MOU, USAD, and KWK series. These series have been most frequently quoted to discuss the DPRK agriculture, particularly its recent food crisis, which demonstrates that they have

been widely assumed as reliable estimates for the DPRK grain production. However, the above test results cast doubt on this assumption.

Table 7. Grain Production and Death Rate in the DPRK

(Unit: 1000 MT)

Year			1992	1993	1994	1995	1996	1997
Grain	DPRK	Algok	8800	9000	7100	3500	2500	2700
Production	FAO	Cereal	8681	9137	7215	3787	2596	2866
	NUB	Cereal	4268	3884	4125	3451	3690	3489
	USDA	Rice+Maize	3600	3300	3700	3300	3100	3000
	KWK	Cereal	3898	2923	3768	2006	2447	2559
Death Rate	DPRK	(per 1000)		5.5	6.8			9.3*

* Rate of 1998

Source: Table 1; Table 4; DPRK Central Bureau of Statistics, *Tabulation on the Population Census of the Democratic People's Republic of Korea (December 31, 1993)*, 1995; DPRK, Core Document Forming Part of The Reports of State Parties, United Nations Human Rights Instruments, June 24, 2002.

Table 7 presents five different sets of data on the DPRK grain production with officially claimed death rates in the 1990s. It is well recognized that the DPRK has suffered great food shortages since the early 1990s. Additionally, the increasing death rates show that the food shortages led to the famine, which started in 1994 and lasted at least until 1998. What implications do the MOU, USAD, and KWK series have concerning this food crisis?

Take a look at the grain production of 1993 that determined the food supply of 1994 when the famine condition first emerged. The MOU, USAD, and KWK series commonly provide the figures indicating that the grain production sharply declined in 1993 by around 10 percent. Hence, the studies based on these series would conclude that the DPRK famine started with production failure. By contrast, official DPRK figures and the FAO series show that the grain

production increased significantly in 1993: it practically reached the peak in that year. Using official figures or the FAO series would therefore make the strongly contrasting conclusion that the famine first appeared without any production failure.

What about the production trend in 1994-7? The MOU, USAD, and KWK series say that the grain production during this period declined by up to around 15 percent, compared to the 1993 level. Supposing the case for a bad harvest in 1993 is correct, this decline could be of course disastrous. Nevertheless, it seems to be far from indicative of a complete collapse in production. During this period, however, the famine reportedly hit the whole country, which is quite consistent with officially claimed death rates doubling up. Reflecting this, most studies based on the MOU, USAD, and KWK series tend to argue that the DPRK famine was attributed not to massive and consecutive production failures but to other factors such as distribution failures, the absence of government's will to save victims, resources wasted on military purposes, and so on. By contrast, official figures and the FAO series indicate that grain production completely collapsed during this period. For instance, the production of 1997 was less than one third of the 1993 level. Naturally, employing both figures would lead to the quite different conclusion that the absolute shortage of food caused by massive production failures was the main immediate factor that turned the DPRK food shortages into a full-scale famine.

The above discussion shows what the correlation test results of the MOU, USAD, and KWK series actually mean. That is, these series have quite different implications on the DPRK grain production from that implied by official statistics, and thus they would lead to the conclusions that may be contradictory to what one can obtain from official statistics. Is it then really appropriate to use these series? Of course, the outside estimates that are different from official statistics do not necessarily fail to deal adequately with reality, particularly

when the reliability of official statistics is questioned. Nonetheless, we argue that it would be inappropriate and even dangerous to employ the MOU, USAD, and KWK series for three simple reasons.

First, it is intuitively difficult to accept that there could be a reasonable way not based on official statistics to estimate the grain production of a country like the DPRK that has been almost completely isolated from the outside world for more than five decades.

Second, though the DPRK is not a geographically large country, its natural conditions for agriculture vary greatly according to regions from the highly mountainous North East with a cold climate to the flat South West with a mild climate. This regional variation could lead to significant estimation errors when the estimation is made simply at the national level. For this variation, however, there is no information available to outside observers. The production of 1993 provides a good example. In that year the DPRK's neighbouring countries, including the ROK and China, commonly suffered bad harvests due to abnormally cold weather. On the basis of this fact, most outside observers claimed that the DPRK grain production must be significantly lower than the previous level. Even though the DPRK government announced an 'unprecedented good harvest,' they discredited it as being highly unreliable without reporting any concrete figures. However, the DPRK regional production figures submitted to the UNDP in 1998 established two facts: in 1993 the north-eastern part of the country that was directly hit by cold weather, North and South Hamgyung provinces, suffered a drastic decline of grain production by more than 30 percent; but due to good harvests in all other provinces the national harvest increased by around 10 percent. Though there could be still challenges to these official figures, this example illustrates how biased outside estimates could be when they are made simply at the national level without appropriate regional information.

Third, agricultural production in the DPRK has been carried out

in a quite unique way, *Juche Nongbub* that encourages dense planting and develops various farming practices to prevent the problems possibly caused by such dense planting. Given that little is known about *Juche Nongbub* and its results, it is doubtful how accurately outside observers could estimate the country's agricultural performances, when not depending on officially released figures.

In sum, it is unlikely that outside observers have made reasonable estimates on the DPRK grain production without depending on official statistics. It does not seem therefore wise to employ the MOU, USDA, and KWK series, which are quite different and even contradictory to official statistics, for study of the DPRK economy.

Assessment of FAO Statistics

Given that the other outside estimates cannot provide an appropriate alternative for the absence of reliable official statistics, the FAO estimates are the only remaining option. Indeed, as shown by the correlation tests above, they have proved to approximate the available DPRK figures very well. Furthermore, the FAO is the only organization that has provided a wide range of other DPRK related statistics from agricultural trades to domestic food distribution and demography. Thus the utilization of FAO estimates could be practically beneficial as well.

The difficulty however is that one cannot use all FAO estimates in the same manner. Table 8 compares FAO estimates with the available DPRK figures. It makes an interesting point: FAO estimates since 1991 are practically the same as the DPRK figures whereas those till 1990 are not.

Table 8. DPRK Statistics and FAO Estimates

(Unit: Million MT)

Year	DPRK				FAO			
	Algok	Rice (paddy)	Rice (milled)	Maize	Cereal (paddy)	Rice (paddy)	Rice (milled)	Maize
1961	4.83				3.58	1.81	1.21	1.25
1962	5.00				3.73	1.90	1.27	1.31
1963	5.00				4.05	2.07	1.38	1.43
1964	5.00				4.21	2.18	1.45	1.51
1965					3.71	1.91	1.27	1.32
1966	4.41				4.07	2.13	1.42	1.47
1967	5.11				3.79	1.98	1.32	1.37
1968	5.67				3.66	1.91	1.28	1.32
1969					4.38	2.34	1.56	1.62
1970					4.37	2.33	1.55	1.61
1971					4.50	2.41	1.61	1.67
1972					4.31	2.31	1.54	1.60
1973	5.34				4.82	2.60	1.73	1.79
1974	7.00				5.07	2.71	1.81	1.92
1975	7.70				5.25	2.81	1.88	2.00
1976	8.00				5.49	2.85	1.90	2.20
1977	8.50				5.80	3.06	2.04	2.30
1978	7.87				5.80	2.96	1.97	2.40
1979	9.00				6.01	3.06	2.04	2.50
1980					5.75	2.65	1.77	2.70
1981					6.26	3.05	2.03	2.80
1982					6.52	3.20	2.14	2.90
1983					6.71	3.29	2.19	3.00
1984	10.00				7.13	3.50	2.33	3.20
1985					7.10	3.37	2.25	3.30
1986					7.65	3.81	2.54	3.40
1987	10.06				7.56	3.54	2.36	3.50
1988					7.52	3.39	2.26	3.60
1989	9.49	4.32	3.24	4.34	7.82	3.50	2.33	3.80
1990	9.00	4.48	3.36	3.90	8.07	3.57	2.38	4.00
1991	8.90	4.09	3.07	4.20	8.84	4.12	2.75	4.20
1992	8.80	4.45	3.34	3.72	8.68	4.50	3.00	3.72
1993	9.00	4.75	3.56	3.94	9.14	4.79	3.19	3.94
1994	7.10	3.11	2.18	3.55	7.22	3.18	2.12	3.55
1995	3.50	2.00	1.40	1.37	3.79	2.02	1.34	1.37
1996	2.50	1.41	0.99	0.83	2.60	1.43	0.95	0.83
1997	2.70	1.57	1.10	1.01	2.87	1.53	1.02	1.01

Source: Table 1 and FAO Statistical Database.

Take a look at the estimates since 1991. Both the DPRK figures and FAO estimates are almost the same for the production of maize and paddy rice. Though the figures of rice production in milled equivalents are significantly different, it is simply because the DPRK and FAO have applied different milling losses in the process of conversion of paddy rice into milled rice. This suggests that the FAO has actually provided official DPRK figures. Of course, officially released *algok* figures are different from the FAO's cereal statistics. However, the difference seems natural in the sense that both figures have different definitions and apply different milling losses, notwithstanding the fact that the *algok* figures are preliminary ones reflecting the expected production and so they are likely subjected to subsequent revision.

In addition, the footnotes saying that the DPRK related statistics are the FAO's estimates have disappeared from the FAO Production Yearbook since 1991. Moreover, as already pointed out, the FAO has paid field visits to the DPRK every year to assess the country's production and has collected field data since 1995. Hence, the FAO must have obtained much better and detailed information on official DPRK statistics than before. Because the FAO is supposed to publish member countries' official statistics, this information must be reflected in FAO statistics. All the evidence suggests that the FAO has recently attempted to publish official DPRK statistics. In this respect we argue that, as far as the data since 1991 are concerned, FAO estimates practically mirror official DPRK statistics and, even if they do not, their best approximates at least.

By contrast, FAO estimates before 1991 do not seem to represent official DPRK statistics at all. Both the DPRK figures and FAO estimates share a similar trend. In absolute physical terms, however, they do not have any similarity. For instance, reported *algok* production reached 10 million tons in 1984 when FAO statistics report a mere 7.1 million tons. It is difficult to say that simply the use of

different definitions and calculation methods could generate such a huge difference in figures. Both figures have significant differences in rice and maize production as well. It seems therefore fair to say that FAO estimates before 1991 do not represent official DPRK statistics, even though they might be based on the latter.

The above discussion suggests that there exists a break in the FAO series. Hence, one has to use FAO estimates differently according to the period they represent. For the period from 1991 to the present, for example, FAO estimates may be used as if they were official DPRK statistics. In particular, since the official statistics from 1995 to the present are reliable, the corresponding FAO estimates may be also used not only in their trends but also in their levels as well. For the period prior to 1991, however, FAO estimates do not represent official DPRK statistics. Additionally, there is no evidence that they are reliable. Hence, they must be used only in their trends, not in their levels. Great caution must be advised even in terms of their levels in order to cross-check whether other related information and data support them. Nevertheless, FAO estimates would still be helpful for study of the DPRK economy for this period in that they provide a complete data set without any missing years, whereas the DPRK figures are unavailable for many years.

Conclusion

In this paper we have investigated the availability and features of the DPRK grain statistics, examined their reliability, and studied the usability, reliability, and implications of outside estimates. The purpose of this work was to find the most appropriate and reasonable way to utilize both official statistics and outside estimates for study of the DPRK economy. The results are summarized as follows.

First, available official grain statistics are relatively complete,

clear, continuous, and reliable for the period between 1946 and 1957. It is possible and appropriate to use not only their trends but also their absolute levels. A widely held conception that the DPRK statistics are deliberately falsified and extensively exaggerated is unfounded, as far as this period is concerned. It is therefore neither necessary nor wise to develop and employ outside estimates for study of the DPRK economy during this period.

Second, available official grain statistics are incomplete, unclear, discontinuous, and unreliable from the 1960s to the early 1990s. This problem of data matters particularly for the period between 1963 and 1989 during which the country was under a complete statistical blackout. It is true that some DPRK figures are still available even for this period. However, these figures should be regarded as neither official DPRK statistics nor even statistically meaningful figures. It is therefore necessary to develop and employ appropriate outside estimates for study of the DPRK economy during this period.

Third, currently available are six different outside estimates on the DPRK grain production. They can be divided into two groups. One group includes such estimates that are different from official statistics and thus do not approximate them well. Another group consists of the estimates that are similar to official statistics, and thus do approximate them well. To the first group belong the estimates by the ROK government, the US Department of Agriculture, and some prominent independent scholars. The second group is represented by FAO estimates.

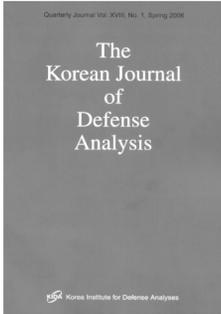
Fourth, it is the FAO estimates that are most appropriate for study of the DPRK economy. They approximate 'missing' official statistics best and are in relative terms, the most reliable. Nevertheless, they should be used with great caution and only for the period from the early 1960s to the early 1990s. They should be used only in terms of their trends, not in their levels. It is also necessary to cross-check whether other related data and information support their trends.

Fifth, official grain statistics are most abundant, clear, continuous, and reliable for the period from 1995 to the present. Presumably they provide a relatively accurate picture of the DPRK economy. The data problem does not seem to matter much for this period. Interestingly, the FAO estimates provide practically same figures as the official statistics of this period. Hence, both statistics and estimates may be utilized together, although it is not clear how much outside estimates are really needed.

Modern study of the DPRK economy has long suffered such problems with data as discussed in this paper. In consequence, a great deal of economics literature on this area has tended to discuss the DPRK economy either without using statistics or only with statistics from sources that have not undergone rigorous scrutiny for reliability. Perhaps this is the main reason why there are so many arguments but little hard proof concerning the DPRK economy. If so, it must be time to face up to and deal with the problems surrounding data on this topic with renewed efforts, rather than slavishly continuing research using data which may not be entirely accurate or appropriate.



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