

International Journal of Korean Unification Studies

Published bi-annually by the Korea Institute for National Unification

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A bi-annual Journal
Vol. 8, 1999

International Journal of Korean Unification Studies (Registration No. Ah-196)
is published bi-annually by the Korea Institute for National Unification
(KINU), Seoul, Korea.

The views expressed in this journal are those of the individual contributors
and do not necessarily represent the views of KINU.

The subscription price of Volume 8, 1999, is 10,000 won (Korea);
US\$8.00, plus \$4.00 for air mail (outside Korea).

Subscription orders and correspondence should be sent to:

International Journal of Korean Unification Studies
Center for Data and Resources
Korea Institute for National Unification
SL Tobong P.O. Box 22
Seoul 142-600, Korea
Tel: (82-2)901-2529, 901-2559 Fax: (82-2)901-2547

ISSN NO. 1229-6902

Date of Publication: December 1999

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Foreword

For decades, the Korean peninsula has increasingly become a focal point of global interest due to its geo-political strategic importance as well as the recent development of the Weapons of Mass Destruction (WMD) by North Korea. Recently, the security situation on the peninsula has been facing a transition period as a result of consistent efforts by the parties concerned surrounding the peninsula to resolve the DPRK's WMD problem. Especially, the Berlin agreement and the release of the Perry report are providing a crucial moment for the swift transformation of the security environment of Northeast Asia.

International Journal of Korean Unification Studies is the new title of *The Korean Journal of National Unification*, the official journal of the Korea Institute for National Unification (KINU). The new title reflects our new resolution and a sense of renewed start in the wake of the structural reform of our institution. From now on, this journal will be published bi-annually. Our journal will serve the demands of readers and scholars for new facts, analyses of these facts and the various views on Korean unification issues. Above all, this journal aims to build on its role as a forum for Korean unification affairs.

At this point, it seems timely and useful indeed to deal with the recent issues surrounding the Berlin agreement and the Perry report. Our great hope is that North Korea will take a road toward change, favorably responding to the South Korean comprehensive approach, allowing peace and stability on the peninsula to be gradually enhanced. I am certain that each article provided in this issue will greatly contribute to the policymaking of the ROK government for the engagement of North Korea.

Tae-Hwan Kwak
Editor-in-Chief

빈 면

Contributors

Yinhay Ahn is an Associate Professor at the Graduate School of International Studies, Korea University. She graduated from Ewha Women's University and completed her graduate study at the George Washington University with a Ph.D. in Political Science in 1991.

Haksoon Baik, Ph.D. (University of Pennsylvania) is currently a research fellow at the Sejong Institute in Korea. Previously, he was a lecturer in the Political Science Department and the Undergraduate International Relations Program of the University of Pennsylvania (1990-93). He was also a post-doctoral fellow at the Korea Institute, Harvard University (1996-97). His doctoral dissertation was entitled: "North Korean State Formation, 1945-1950." He is a specialist on North Korean Politics, inter-Korean relations, and U.S.-North Korean relations.

Peter M. Beck is the Director of Research and Academic Affairs at the Korea Economic Institute of America in Washington, D.C. Prior to joining KEI, he was an instructor at the University of California at San Diego, a translator for the Korea Foundation, a staff assistant at Korea's National Assembly and a language specialist at Korea's Ministry of Foreign Affairs and Trade. He has published or presented a variety of papers on the political economy of development in Korea and U.S.-Korea relations. His recent articles include "Revitalizing Korea's Chaebol," which appeared in the November 1998 issue of *Asian Survey*. He received his B.A. from the University of California at Berkeley and conducted his graduate studies at U.C. San Diego's Graduate School of International Relations and Pacific Studies.

Seung-Ho Joo, Ph.D. (Pennsylvania State University) is Assistant Professor of Political Science at the University of Minnesota—Morris. Prior to coming to UMM, he taught at Pennsylvania State University and the University of Minnesota-Duluth. His main research interest areas include Russia-Korean relations, Russian foreign and security policy, and Korean foreign relations. His articles have appeared in numerous edited volumes and journals, including *Pacific Affairs*, *Journal of Northeast Asian Studies*, *Comparative Strategy*, *Arms Control*, and *Asian Perspective*. He is the author of the book *Gorbachev's Foreign Policy Toward the Two Koreas, 1985-1991* (Lewiston, New York: The Edwin Mellen Press, forthcoming). He was a Humphrey Institute Policy Fellow in 1997-98.

C. S. Eliot Kang teaches political science at Northern Illinois University. He received his Ph.D from Yale University. Dr. Kang has taught at the University of Pennsylvania and was a research fellow at the Brookings Institute. From June 1997 to July 1998, he was an International Affairs Fellow in Japan at the Council of Foreign Relations.

Yoshinori Kaseda is a doctoral student of political science at Northern Illinois University. He received a B.A. in philosophy from the University of Kumamoto in Japan in 1993 and an M.A. in political science from NIU in 1996.

Young Whan Kihl, Ph.D. (New York University, 1963) is a professor for International Relations at the Iowa State University. He was the Fulbright Professor in Ewha Woman's University Graduate School of International Studies during the academic year of 1999-2000, a visiting professor at the Harvard University Fairbank Center for East Asia and Korean Studies in 1992, a visiting research fellow at the University of California at Berkeley for East Asian Studies in 1985. He is the author of numerous books and articles on international relations, among them, *Party Politics and Elections in Korea* (1976), "A New World Order and the Korean Peninsula" (1993), "The Mouse that Roared: North Korea's Nuclear Deal-Making with the United States" (1998).

Sung-Han Kim, Ph.D. (University of Texas at Austin) is a Professor in the Department of Americas Studies at the Institute of Foreign Affairs and National Security (IFANS), Ministry of Foreign Affairs & Trade, Seoul, Korea. Currently, Dr. Kim is also teaching at Korea University, Seoul. Before joining the IFANS in 1994, he served as a research fellow at the Institute of Social Sciences and as an expert advisor to the Prime Minister's Committee for Globalization. A specialist in U.S. foreign policy and international security, Dr. Kim's recently contributed articles to scholarly journals include "The ROK-US-DPRK Trilateral Relationship," "U.S. Policy toward the Korean Peninsula and Korea-U.S. Relations," and "Security Policy of Korea: Between Realpolitik and Innenpolitik."

Yongho Kim is a research fellow at the Korea Institute for National Unification (KINU). He received his Ph.D. in political science from Columbia University in 1992. Before joining KINU, Dr. Kim worked for the JoongAng Ilbo as a specialist reporter in charge of unification affairs. He also was a research fellow at the Institute for Far Eastern Studies (IFES), Kyungnam University in Seoul in 1995. Recently, Dr. Kim was on leave of one year from KINU and did research in Japan as a visiting scholar at the Center for Area Studies, Keio University. His stay in Japan was fully supported by the Japan-Korea Cultural Exchange Foundation. He is the author of *North Korea's Foreign Policy* (1996), *Foreign and Security Policy, the Media and the Parliament* (1999) and he has written more than 20 academic articles.

Tae-Hwan Kwak, Ph.D. President of KINU (Korea Institute for National Unification), Emeritus Director of the Institute for Far Eastern Studies, Kyungnam University in Seoul, Dr. Kwak is a specialist on East Asian affairs, international politics and foreign policy. He is Professor Emeritus at Eastern Kentucky University. He received his B.A. degree in English from Hanguk University of Foreign Studies, his M.A. in International Relations from Clark University, and his Ph.D. in International Relations from Claremont Graduate University. Dr. Kwak is the author of *In Search for Peace and Unification on the Korean Peninsula* (1986), and *The Korean Peninsula in World Politics* (1999, in Korean). He is the editor and co-editor of 21 books, including *The U.S.-ROK Alliance in Transition* (1996), *The Major Powers of Northeast Asia: Seeking Peace and Security* (Lynne Rienner Publishers, Inc., 1996), and *The Four Powers and Korean Unification Strategies* (1997).

Alvin Magid is a Professor in the Department of Political Science, State University of New York at Albany, U.S.A. In 1997-1998, he was a Fulbright Professor at Yonsei University, Seoul, Korea, and a visiting lecturer and consultant at the National University of Mongolia, Ulaanbaatar. In the summer of 1999 he was a research fellow at the Institute for Far Eastern Studies, Kyungnam University, Seoul. A visiting professor in Fudan University, Shanghai, China, in 1989, 1991, and 1992, he is currently writing a book entitled *How Angry Is Heaven?: A China Journal in the Time of Tiananmen*, which is about the democracy movement in Shanghai in the spring of 1989.

빈 면

ENGAGEMENT POLICY, NORTH KOREA, AND PREVENTIVE DIPLOMACY

Young Whan Kihl

In this paper, recent developments in the North Korea security problem are first discussed in order to examine the Clinton Administration's policy of engagement toward North Korea and the Perry report. William Perry's concept of "Preventive Defense" and its possible future role in the security strategy of the US is then analyzed. The possibility of cooperative security with North Korea is discussed as well. Finally, the author's view on the future of the security environment on the Korean Peninsula is presented.

Ten years after the fall of the Berlin Wall in 1989, North Korea poses one of the acute security dangers and foreign policy problems facing the United States and its allies of the Republic of Korea and Japan in Northeast Asia. Stalinist North Korea, which is isolated but has survived the worldwide collapse of communism, has the ability to build nuclear bombs and intercontinental ballistic missiles that can reach targets in South Korea, Japan and the portions of the United States. The Perry Report, submitted to the White House and U.S. Congress in mid-

September and released in unclassified form to the public on October 12, 1999, calls for steps to engage Pyongyang diplomatically and economically, and the classified version reportedly contains a strategy to prepare for possible military confrontation and conflict.

The stakes are high and getting higher for North Korea and the United States because the question of a peninsula-wide war or regional peace and stability is at issue. Although there are no guarantees that diplomacy will work, it is still worth trying because the costs of any future military clash on the Korean peninsula would be heavy. It is prudent therefore to give diplomacy a chance to succeed before resorting to the use of force, or even the threat of its use, to settle the issues of North Korea's ambitious nuclear and ballistic missile developments program. This paper will proceed in several steps. First, the nature and recent developments of the North Korean security problem will be clarified. Second, the U.S. Clinton Administration policy of engagement toward North Korea, in the form of the Perry report and its recommendations, will be examined. Third, the concept of "Preventive Defense" will be identified as the roadmap proposed by William Perry as a new strategy for America in the post-Cold War world. Fourth, the possibility of promoting cooperative security with North Korea will be explored. Finally, some concluding observations and future prospects on the Korean peninsula security will be drawn.

I. The North Korean Security Problem

Five years after a landmark nuclear deal between the United States and the DPRK, the North Korean nuclear weapons program continues to remain frozen even if there are still lingering suspicions. The underground construction site at Kumchang-ri, for instance, was targeted for inspection by the U.S. on the grounds that it might yield evidence that the North was not living up to the 1994 agreement.

Under the terms of the Geneva Agreed Framework of October 21, 1994, the DPRK has agreed to freeze its nuclear program at the Yongbyon complex. This was in exchange for the United States providing the two light-water reactors (LWRs) that would yield less weapon-prone spent fuels. North Korea was also promised a supply of heavy oil until the completion and delivery of at least one of the two LWRs to be handed over to the North. (Kihl and Hayes, 1997) Pyongyang's missile program has, however, made the North Korean security problem more acute in recent years.

The Korean Peninsula Energy Development Organization (KEDO) was founded as an agency to implement the terms of the Geneva Agreed Framework. KEDO has been instrumental not only for delivering heavy oil to North Korea but also in arranging for the construction of the two LWRs, following the signing of the Supply Agreement with the DPRK. KEDO has encountered financial problems in raising the necessary funds for heavy oil, but it has been slowly and steadily moving on after the ground-breaking ceremony of the plant site in Sinpo in August 1997.

Meanwhile, North Korea's successful launching of the Taepodong I ballistic missile over Japan into the Pacific on August 31 of 1998 has generated acute security concerns in Japan and the United States. Japan is worried about an unpredictable North Korea. The DPRK has acquired the capability to target cities like Tokyo with missiles tipped with chemical or biological—if not nuclear—weapons. The Japanese decision to participate in U.S. research and development of a theatre missile defense (TMD) system in East Asia is a direct result of the DPRK missile test in August 1998. The passage of revised U.S.-Japan Defense Guidelines for cooperating in the event of an outbreak of military conflict in Japan's National Diet in 1999 was boosted by the perception of threat that the Japanese public felt as a result of the North Korean test-firing of its long-range missile.

The U.S. resolve to develop the TMD system was stimulated by a

concern that the DPRK planned to launch a second Taepodong missile. The U.S. Congress appropriated additional funds to develop the missile defense system and the pace of testing of the system has been stepped up. In February 1999, in his Annual Report to Congress and the President, the U.S. Secretary of Defense William Cohen called for the development of missile defense as soon as possible to protect the U.S. against missiles from so-called rogue states. The aims of this missile defense system are the following: to strengthen U.S. security relationships, to enhance the collective deterrence of missile attacks, to provide for effective missile defenses for the U.S., allies and friends, to share the burden of developing and fielding TMD, and to enhance inter-operability between the U.S., allies and friends.

According to testimony before the U.S. Congressional hearings on the DPRK missile capability on October 27 of 1999 by Joseph Bermudez, a senior researcher at Janes' Intelligence Review, the DPRK holds one to five Taepodong 2 missiles. Bermudez also said that the DPRK also has 50 to 70 Nodong missiles, and five to ten Taepodong-1 missiles, which can hit Japan. The report added that the expert also said that the DPRK has produced 750 to 1150 missiles in total, and that 300 to 400 of them have been exported overseas. Of these 25 have been used for experiments, and 425 to 725 have been already deployed.¹

The TMD, which is designed as an anti-missile shield, can be reassuring for those countries that do not possess missiles, such as Japan, South Korea, and Taiwan. It could also provide double insurance for those states like the U.S. that are in possession of missiles. For its part, the U.S. wants to neutralize the threat of missile attack from North Korea and other so-called rogue states. China, however, regards the TMD as a profound new challenge. In the Chinese view, TMD could be the catalyst for a missile and anti-missile arms race leading to strategic instability in Northeast Asia.

1 "Military Expert Tells House of Representatives that DPRK has one to five Taepodong 2 missiles." *The Asahi Shimbun*, October 28, 1999.

The U.S., Japan and South Korea have a common strategic interest in developing an anti-missile shield that can protect all of Northeast Asia, although South Korea announced that it would not join the U.S. and Japan for the joint research and development of TMD. The Kim Dae Jung Government in Seoul may appear to be less concerned about the missile threat posed by the North. But its strategic calculus may be to woo Beijing. By not participating in the TMD South Korea is able to respond to China's concern about the TMD and avoid taking a step that would appear to be an unfriendly move against the PRC.

If it works, a TMD system might neutralize the threat posed by tactical ballistic missiles, whether generated by North Korea or China.² If a TMD included Taiwan, it could herald the end of China's threat of launching missiles across the Taiwan strait, as it did in 1996. If Taiwan was integrated into a Japanese-U.S. missile defense arrangement in Northeast Asia, Taiwan would move farther away from China towards a field of influence dominated by Japan and the U.S.. China would perceive that as a significant step in a Taiwanese bid for independence to be supported by Japan and the U.S., both of which have an interest in containing the rise of China.

II. Engaging the Stalinist North: The Perry Report and Its Recommendation

Engagement is one of the U.S. foreign policy initiatives undertaken by the Clinton Administration, especially toward the former communist or hostile countries, in the post-Cold War era. The Clinton Administration presented America's grand strategy in Two important documents of national security and foreign policy: "A National Security

2 However, TMD when deployed may be vulnerable if China were to deploy multiple warhead rockets or to deploy a strategic bomb arsenal that would overwhelm TMD defenses.

Strategy of Engagement and Enlargement, February 1996," and "A National Security Strategy for a New Century, May 1997." These documents assert that the world has changed dramatically since the end of the Cold War, but that American leadership is still essential to take advantage of the opportunities presented by the new international environment.

The three central goals for America, as the first document identifies, are the following: (1) to enhance its security via engagement, (2) to promote America's economic revitalization; and (3) to promote democracy abroad via enlargement. The three core objectives of American strategy, according to the second document, are the following: (1) to enhance America's security with effective diplomacy and with military forces that are ready to fight and win, (2) to bolster America's economic prosperity, and (3) to promote democracy abroad.

To achieve these strategic objectives, the United States will remain engaged abroad, the report underscores, and work with partners, new and old, to promote peace and prosperity. "We can—and we must—use America's leadership to harness global forces of integration, reshape existing security, economic and political structure, and build new ones that help create the conditions necessary for our interests and values to thrive."

The ROK government of President Kim Dae Jung adopted its own form of an engagement policy toward North Korea under the title of the "Sunshine" policy. (Kihl, 1998). There is a slight difference in emphasis and nuance between the U.S. and ROK versions of engagement policy. The U.S. engagement policy has resulted from the strategic concern for finding an alternative to the policy of containment, which was the dominant paradigm of the now defunct Cold War in global politics. The ROK engagement policy, on the other hand, is a formulation of the ROK Government of President Kim Dae Jung intended to entice North Korea to abandon its self-imposed isolation and to interact with the outside world and to move toward peaceful

coexistence and unification with the South. The engagement policy of Kim Dae Jung is based on a position of strength vis-a-vis North Korea.

Seoul's "Sunshine" policy is perceived by the North Korean regime as posing a "threat" to the existence of socialism and the continued rule of the Kim regime. On that basis Pyongyang's response to Seoul's initiative on improving inter-Korean relations has been lukewarm and often hostile. Soon after Kim Dae Jung's inaugural, Pyongyang proposed a high-level official meeting in Beijing to discuss fertilizer delivery and related issues. At the Beijing meeting held in April 1998, the Kim government invoked three principles and guidelines for negotiation with its counterpart in the North. The three guidelines, as subscribed to by the Seoul negotiator at Beijing talks, were the following: the separation of politics from economics, the reciprocity rule, and the linkage of issues for negotiation. The week-long talks in Beijing failed, however, on the question of Seoul's insistence that Pyongyang reciprocate the South's foreign aid by agreeing in principle to establishing a meeting place for reunion of separated families. The North considered that discussion to be too sensitive and political in nature.

Seoul's "Sunshine" policy initiative toward North Korea is based on the assumption that no top-down reforms are likely to be opted by the North Korean regime and that only bottom-up pressures for reform and change can work inside North Korea in the long run. The policy question for the Seoul government is how to induce Stalinist North Korea to open its doors and carry out reform by softening the regime's hard-line stance on inter-Korean relations. In this attempt Seoul decided that it is better for the North to initiate the change by itself from within. The ultimate objective is to bring about enough pressure for change inside the North that could result in its giving up of the system itself.

In contrast, the U.S. engagement policy toward North Korea is based on the rule of reciprocity. Critics see the ROK engagement as a policy of one of one-way rather than two-way giving. For this reason

they charge that Kim Dae Jung's sunshine or engagement policy is a mark of appeasement or accommodation with the communist North.

The recently released Perry report offers a current look at the intentions and direction of the U.S. policy on engagement. On September 12, U.S. and DPRK negotiators meeting in Berlin agreed that the DPRK would suspend long-range missile tests in exchange for a lifting of U.S. sanctions. A few days later, on September 14, former U.S. Defense Secretary William Perry presented his report on the new North Korean Policy initiative to the U.S. Congress. The creation of the position of "North Korea Policy Coordinator" was done at the insistence and instigation of the Congress.

The U.S. Congress observed the growing gap between North Korea's threatening actions and the administration's representations that North Korea's behavior was accommodating key American interests. Accordingly, on October 19, 1998, the Congress passed H. R. 4328, the Fiscal Year 1999 Omnibus Appropriations Act (PL 105-277), mandating "a full and complete interagency review of United States policy toward North Korea." Section 582 (e) of that Act stated,

"Not later than January 1, 1999, the President shall name a 'North Korea Policy Coordinator,' who shall conduct a full and complete interagency review of United States policy toward North Korea, shall provide policy direction for negotiations with North Korea related to nuclear weapons, ballistic missiles, and other security related issues, and shall also provide leadership for United States participation in KEDO."

The President named former Secretary of Defense Dr. William Perry to that position. On October 12, U.S. Senate Foreign Relations Committee hearings were held with Mr. Perry as witness. This was followed by U.S. House International Relations Committee hearings in the subsequent week. U.S. lawmakers expressed serious concern about the Perry Report recommendations and the Clinton Administration announced lifting of economic sanctions on the DPRK to see how it would affect

the future regional peace and security in Northeast Asia.

Review and Preview of United States Policy Toward North Korea

The U.S. Department of State has made the complete text of the unclassified version of the Perry report available to the public. The document is entitled "Review of United States Policy Toward North Korea: Findings and Recommendations, on October 12, 1999." Because of its timeliness and importance, we need to examine the content of the Perry report which has been accepted by the Clinton Administration and also reacted to by the Congressional Republican Party leadership. Whether the policy recommendations of the Perry report will be carried out beyond the Clinton Administration term which ends in 2000, however, remains to be seen. The outcome of the U.S. presidential election in November 2000 will have a significant bearing upon the continuity or change in the U.S. policy toward North Korea.

The core of the Perry report is "a two-path strategy" called "A Comprehensive and Integrated Approach" that is focused on U.S. priority concerns over the DPRK's nuclear weapons—and missile—related activities. To address this issue the first path involves a new, comprehensive and integrated approach to U.S. negotiations with the DPRK. The U.S., under this plan, "would seek complete and verifiable assurances that the DPRK does not have a nuclear weapons program." The U.S. "would also seek the complete and verifiable cessation of testing, production and deployment of missiles exceeding the parameters of the Missile Technology Control Regime, and the complete cessation of export sales of such missiles and the equipment and technology associated with them." The expectation is that this step, when negotiations are successful, "would lead to a stable security situation on the Korean Peninsula, creating the conditions for a more durable and lasting peace in the long run and ending the Cold War in East Asia."

In making this recommendation of "A Comprehensive and Inte-

grated Approach," devised in close consultation with the governments of the ROK and Japan with their full support, the Perry review team considered several alternative policies but rejected them as not acceptable. They rejected the policy of maintaining the status quo on the ground that "it was not sustainable" even if the U.S. wanted to. It also examined the alternative policies of "undermining the DPRK" and "reforming the DPRK" but rejected them on the ground that this strategy "would at best require a long time to realize" and the DPRK would at the same time proceed with its nuclear weapons and ballistic missile programs. The other remaining alternative rejected by the review team is "Buying" the U.S. objectives, by agreeing to compensate for the DPRK's foregone earnings from its missile exports. This alternative was rejected on the ground that it "would only encourage the DPRK to further blackmail."

The Perry report policy review starts from a new assessment of the security situation on the Korean Peninsula. The report mentions that deterrence on the peninsula remains strong and stable, but that North Korean nuclear weapons acquisition and missiles will undermine this relative stability. Therefore, the U.S. policy focus must be to end DPRK nuclear weapons and missile activities. The report notes that three constraining factors exist on any U.S. policy toward North Korea. These are the following: (a) one cannot assume that the North Korean government will change, (b) the risk of a destructive war will dictate prudence and patience, and (c) the 1994 Agreed Framework has been effective (because it) prevented fissile material from being produced.

After noting the respective perspectives of the key actors, including the U.S. Congress, the ROK, Japan, the PRC and the DPRK, the report mentions a list of six key findings of its review team.

1. DPRK acquisition of nuclear weapons and continued development, testing, deployment, and export of long range ballistic missiles would undermine the relative stability of deterrence on the Peninsula, a precondition for ending the Cold War.

2. The United States and its allies would win a second war, but the destruction would be catastrophic. The U.S. must pursue its nuclear weapons/ballistic missile objectives without weakening deterrence or increase the probability of DPRK miscalculation.
3. If the United States can cooperate with North Korea to end DPRK nuclear weapons-and ballistic missile-related activities, the U.S. should be prepared to establish diplomatic relations with the DPRK and join in the ROK's policy of engagement and peaceful coexistence.
4. Unfreezing Yongbyon is North Korea's quickest and surest path to acquisition of nuclear weapons. The Agreed Framework should be preserved and implemented by the United States and its allies. The Agreed Framework's limitations are best addressed by supplementing, not replacing.
5. No new U.S. policy towards the DPRK will succeed if the ROK and Japan do not actively support it and cooperate in its implementation.
6. A successful U.S. policy will require steadiness and persistence even in the face of provocation. (It will) require sustained policy beyond the term of this Administration. (However,) congressional involvement is essential.

The review of these key findings has led the team to follow a recommended approach that "the U.S. should have as its goal normalizing relations with North Korea at a markedly faster rate, but North Korea needs to take steps to address U.S. concerns." However, as the report underscores, "it is not certain that the DPRK will be willing to forgo these programs and to work with us cooperatively to reduce the threat on the Korean peninsula. Therefore, the U.S. with its allies should be prepared to protect our own security."

The report moves on to examine some of the questions "not immediately addressed by the review. Those are less germane to the U.S. new policy toward North Korea. These include the ROK family reunification policy, Japanese kidnapping cases, drug trafficking and other

concerns for the U.S., chemical and biological weapons that can best be addressed multilaterally, and the U.S. forces non-withdrawal from Korea. The report then discusses some "advantages of the proposed strategy" that will draw on U.S. negotiating strengths, like the full support of U.S. allies and building on the Agreed Framework.

The Perry Report emphasizes the following five points:

- * First, adopt a comprehensive and integrated approach to the DPRK's nuclear weapons and ballistic missile-related programs, like Mutual Threat Reduction (MTR), Threat Containment and Coercive Deterrence.
- * Second, create a strengthened mechanism within the U.S. Government for carrying out its North Korea policy by appointing a senior official of ambassadorial rank to coordinate policy on the DPRK.
- * Third, continue the Trilateral Coordinating and Oversight Group (TCOG which is led by a senior official from the three countries of the U.S., the ROK and Japan) to ensure close coordination with the ROK and Japan.
- * Fourth, take steps to explore with Congress ways to create a sustainable, bipartisan, long-term outlook towards the problem of North Korea.
- * Finally, fifth, prepare for dealing with the contingency of DPRK provocation in the near term, including the launch of a long-range missile (though recent developments may make this less pressing.)

A need has arisen for a fundamental policy review, according to the Perry report, because of recent developments of the DPRK's nuclear and ballistic missile capability and increased Japanese concern over North Korean missiles. It also mentions the change in leadership of the DPRK and collapse of its economy, as well as change in ROK policy toward North Korea, i.e., the engagement policy, and China's sharing of U.S. concerns over the North.

The final section of the Perry Report offers some "concluding

thoughts of the North Korea Policy Review team" with three observations. North Korea may send mixed signals concerning its response to MTR and that many aspects of its behavior will remain reprehensible even if we embark on this negotiating process. There are mixed feelings that the United States should recognize certain provocative behavior of the DPRK and that could force the U.S. to reevaluate current aid. The Year 1999 may represent, historically, one of our best opportunities to deal with key U.S. security concerns-working with our allies-for some time to come.

Since the underlying assumption of the Perry recommendation is mutual threat reduction (MTR), its success depends on the DPRK giving assurances that it will refrain from further test firings of long-range missiles as the U.S. undertakes negotiations on the first path. This assurance was given by Pyongyang which announced that it would not engage in test-firing of its missiles while the negotiations are underway. On the second path strategy, in case the negotiations are not proceeding satisfactorily, the report recommends the measures "to act to contain the threat" that the U.S. has not been able to eliminate through negotiation. The specific details of this measure are not shown in the "unclassified" version of the Perry report.

There is no way of knowing what the content of the classified version of the Perry report entails. Yet, according to the press account, the classified version of the report recommends that "the U.S. and its allies seek peaceful coexistence with the DPRK rather than seek to undermine or reform it."³ The rationale behind this recommendation is clear. At a U.S. Senate hearing on October 12, Perry warned, "If we simply ignored them, if we simply tried to seal them off, they could still proceed with a missile and nuclear weapons program that could develop on a short time scale."⁴

3 Jonathan Wright, "Perry Recommends Coexistence with North Korea," Reuters, Washington, October 13, 1999.

4 George Gedda, "Report: N. Korea Nuke Ability Vast," the Associated Press,

"North Korea Advisory Group" Report

On November 3, 1999, the House International Relations Committee Chairman Benjamin A. Gilman released an alternative Republican version of the report, the U.S. House of Representative "North Korea Advisory Group" report to the Speaker of the House. This committee was not asked to make specific recommendations as part of the report. But its findings reinforce the Perry report although with differing emphasis: "Does North Korea pose a greater threat to U.S. national security than it did five years ago?" The 9-member committee "found that North Korea is continuing its activities to develop nuclear weapons." "Remarkably, North Korea's efforts to acquire uranium technologies, that is, a second path to nuclear weapons, and their efforts to weaponize their nuclear material do not violate the 1994 Agreed Framework. That is because the Clinton Administration did not succeed in negotiating a deal with North Korea that would ban such efforts. That is "inexplicable and inexcusable," so the report noted. The three-main points of the advisory group report are the following:

- * First, the American people need to know that there is significant evidence that North Korea is continuing its activities to develop nuclear weapons.
- * Second, the American people need to know that North Korea can currently strike the United States with a missile capable of delivering a chemical, biological, or possibly, nuclear weapons.
- * And third, the American people (may not) know that the United States has replaced the Soviet Union as the primary benefactor of North Korea with some \$645 million in aid over the past five years.⁵

Washington, October 12, 1999.

5 "Gilman Releases North Korea Report," Wireservice, Washington, D.C. November 3, 1999.

In the name of American people's right to know, the partisan position on the next year's presidential campaign themes and agenda have been put forward by the Republican Party leadership in the U.S. Congress. The North Korean security problem is likely to capture the attention and imagination of American people in the coming political season of electoral contests in the year 2000.

III. "Preventive Defense" and Coercive Diplomacy

The concept of preventive defense underlies the general thrust of the Perry Report released on October 12, 1999 that recommends a new course of action for the U.S. policy initiative toward North Korea. This report was prompted by the growing danger and security threat posed by the North Korea's "ambitious" nuclear weapons and missile development program. The concept of Preventive Defense was first introduced by William J. Perry, in 1996, when he was Secretary of Defense but further elaborated in his co-authored book (with Ashton B. Carter) published in 1999.⁶

Preventive Defense: A New Security Strategy for America, by William J. Perry and Ashton B. Carter (Harvard University Professor and Perry's former assistant), is the blueprint of how the U.S. proposes to deal with the international security issue in the 21st century. The security environment in the post-Cold War era is different because the world has changed with the demise of the former Soviet Union. The book opens with an interesting prologue on "Four Trips to Pervomaysk: Preventive Defense at Work." It discusses how "Ukraine: a state born nuclear" has managed in March 1994 to dismantle its "missile silos turned to dust" and eventually "from silos to sunflowers" with the help of the U.S.

6 William J. Perry, "Defense in an Age of Hope," *Foreign Affairs*, vol. 74, no. 6 (1996); Ashton B. Carter and William J. Perry, *Preventive Defense: A New Security Strategy for America* Washington, D.C.: Brookings Institution Press, 1999.

Clinton Administration policy under the congressionally funded "Project Sapphire, the Nunn-Lugar Program." "Our tale of four visits to Pervomaysk illustrates the paradox brought about by the end of the Cold War. On the one hand, the familiar threat of imminent global nuclear war ended when the Soviet Union ended. But the result was not a world guaranteed free of risk for U.S. security. At Pervomaysk, a new and unfamiliar danger—an unprecedented surge of nuclear proliferation in the heart of Europe—took the place of the familiar military threat." (p. 8)

The post-Cold War world has other Pervomaysk: other dangers (not threat which is more imminent and well defined, perhaps, but unless attended in timely and effective manner, they might become Cold War-scale threats). "A new strategy, with new tactics like those of the Nunn-Lugar Cooperative Threat Reduction program that provided U.S. DOD aid to Ukrainian denuclearization, is needed to identify these dangers and apply U.S. influence to avert them. We call this strategy "Preventive Defense." "Like preventive medicine, Preventive Defense seeks to forestall dangerous developments before they require drastic remedies. Preventative Defense is about both grave dangers to U.S. security and great opportunities to safeguard it."

In chapter one, discussion centers around how the security question has changed "from deterrence to prevention," the need for "strategy in the absence of a major threat" and how to go about "heading off the dangers of the 21st century." "Preventive defense (the authors argue) is a defense strategy for the U.S. in the 21st century that concentrates national security strategy on the dangers that, if mismanaged, have the potential to grow into true A-list-scale threats to U.S. survival in the next century, bringing the current era to an abrupt and painful end. These dangers are not yet threats to be defeated or deterred; they are dangers that can be prevented." (p. 14) Some of these dangers are identified as follows: (each of these five dangers is addressed as separate chapter in the book).⁷ (a) "Weimar Russia"—that Russia might descend into

chaos, isolation, and aggression as Germany did after WWI; (b) "Loose Nukes"-that Russia and the other Soviet successor states might lose control of the nuclear legacy of the former Soviet Union; (c) "Tension with a Rising China"-that China could grow hostile rather than becoming cooperatively engaged in the international system; (d) "Proliferation of Weapons of Mass Destruction"-that weapons of mass destruction will proliferate and present a direct military threat to the United States; and (e) "Catastrophic Terrorism"-that "catastrophic terrorism" of unprecedented scope and intensity might occur on U.S. territory.

In chapter four the book discusses "North Korea's WMD Programs, Standing at the Brink in North Korea: The Counterproliferation Imperative." The U.S. was on the brink of war with North Korea in 1994. "A reprieve" with Jimmy Carter's personal diplomacy and Agreed Framework, however, saved the day. Dr. Perry has had an opportunity to test his concept of "Preventive Defense" on North Korea in the course of 1999 when he traveled to North Korea as presidential envoy on a fact-finding mission.⁸ The book closes with the following interesting "Epilogue."

"On November 23, 1998, while putting the finishing touches on this book, we found ourselves in Washington again" when Perry was

7 The following are six substantive chapters of the book. Chapter one: pursuing Marshall's vision with Russia and NATO; chapter two: Project Sapphire, the Nunn-Lugar Program, and Arms Control; chapter three: dealing with a Rising China; chapter four: standing at the brink in North Korea: the Counterproliferation imperative; chapter five: a false alarm (this time): preventive defense against catastrophic terrorism; and chapter six: the threat within: shaping a force for the future.

8 Incidentally, this is the content of chapter three, dealing with a rising China, addresses: "Speak Softly...But Carry a Big Stick," "CBG (Carrier Based Group) Diplomacy" and "Following Through." Why and How the U.S. Should Engage More with China? Four specific measures are noted: first, the US should work to deepen and broaden the defense-to-defense relationship; second, the US should work with China to stabilize the Taiwan question; third, the US should seek to engage China's neighbors; and fourth, the US should encourage China to greater participation in counterproliferation and other global security regimes." (p. 105)

sworn in as U.S. Special Adviser and Policy Coordinator for North Korea. Two weeks later Perry received a briefing by General John Tilelli (commander of U.S. Forces in Korea and of the US-ROK Combined Forces Command) on OPLAN 5027, the plan for the defense of South Korea against a North Korean invasion, followed by his meetings with various government leaders in South Korea, Japan, China, etc.

The book ends with the following prophetic notes: "We agreed with President Clinton and his advisers, and with many members of Congress, that a continuing weapons of mass destruction program in North Korea would rob us of the time needed for Kim Dae Jung's engagement policy to work. Unless a solution to the problem can be found, the situation could easily end up in a confrontation like that of the summer of 1994. Can a Preventive Defense approach be found that will avert a return to the summer of 1994? If so, can it be practiced in this complex region with its many players? And can the regime in Pyongyang be persuaded to give up its weapons of mass destruction ambitions without a destructive war? The answers to these questions are far from clear. They are the next challenge for Preventive Defense." (p. 221)

The concept of "Preventive Defense" as applied to the North Korean security problem in the Perry Report, in so far as its recommendations are concerned, seems to be more closely related to the theory of coercive diplomacy than either defense or deterrence. It is unclear what the classified version of the Perry Report contains in specific details. Yet, as it will be alluded to in the next section, the thrust of the recommended measures to bring about "peaceful coexistence" and "normalization of relations" in the Perry report reflect diplomatic solution and settlement of the outstanding disputes between the two countries by means of negotiation and bargaining, which is the essence of diplomacy.

In the book the authors make the point that "(A)s a guide to national security strategy, Preventive Defense is fundamentally different

from deterrence: it is a broad politico-military strategy, and therefore it draws on all the instruments of foreign policy: political, economic, and military. In making this claims the functions of defense and deterrence have been merged with that of diplomacy. There seems to be confusion, however, as to the differentiated roles and tasks. For instance, the authors assert that "(B)ut the role of the U.S. DOD is central: the department's contacts with its counterpart militaries in Russia, China, and Europe will influence their views of themselves and thus their propensity to threaten U.S. interests." "The Defense Department resources and technology are critical to countering loose nukes, proliferation, and terrorism. And the DOD has an enormous stake in the success of Preventive Defense, since the price of failure is nothing less than the emergence of new A-list military threats against which it would have to respond." (p. 18)

If so, a more clear division of tasks is needed between defense and diplomacy. If defense is the domain of DOD, diplomacy should be left to the domain of foreign policy, in order to be effective and efficient in achieving the national goals. The Perry Report, at least in its unclassified version, contains numerous references to and recommended measures for the Clinton Administration undertaking diplomatic initiatives toward the DPRK under the guise of "preventive defense" rather than the more concrete measures of defense and deterrence against the North Korea's growing security problem.

IV. Promoting Cooperative Security Arrangement?

It is no accident, in retrospect, that Dr. William Perry responded to the call for serving the U.S. government once again. This time he accepted the presidential appointment as U.S. Special Adviser and Policy Coordinator for North Korea. He was charged with the task for reviewing the security situation and making policy recommendations

to the President and Congress. For just over eight months Perry and his team traveled back and forth to East Asia to carry on consultations with the allies and friendly countries. One of the trips that his team made was to Pyongyang in May 1999 as presidential envoy on a fact-finding mission.

In his congressional testimony in October 1999, Dr. Perry stated that his visit had four objectives. These were (1) to make meaningful contact with senior North Korean officials, (2) to reaffirm the principles of the nuclear restraint that had been established in the Agreed Framework, (3) to explore whether the DPRK had an interest in going down a path to normalization, and (4) to explore whether the DPRK was willing to forgo its long-range missile program. All of these goals except the last one were attained, according to Perry, but he added that his "ultimate goal was to terminate North Korean missile exports and indigenous missile activities inconsistent with MTCR standards, but that suspending long-range missile testing was the logical first step." "The answer to our proposition was not clear in our Pyongyang meetings, but the DPRK subsequently agreed to follow-on meetings to discuss this issue further."

Will the DPRK respond to the multilateral diplomacy of promoting cooperative security arrangement on a regional basis? Whereas the bilateral forum of negotiation between the U.S. and the DPRK may address the nuclear and missile threat issues, the multilateral forum of the regional security dialogue can also be exploited and utilized. It is no coincidence that, whereas the Four Party Talks in its sixth session meeting in Berlin failed to make substantive progress, the U.S. and DPRK negotiators met separately afterward to work out the delay of the North Korean test firing and launching of the Taepodong II missile. This agreement laid the ground work for the finalization and a timely release of the Perry Report in mid-September.

It is interesting to note that the U.S. and DPRK will hold another round of the Berlin talks on November 15 and plan to resume the

dialogue started on September 7-12, 1999. "The two sides will continue exploring ways to improve relations, while addressing the concerns of both sides," according to an announcement by the U.S. State Department.

There have been several attempts to promote multilateral security dialogue in the Northeast Asia region. Unfortunately, the DPRK has not been involved actively, whether in the official or at the non-governmental levels. The DPRK has not engaged in the security dialogue or the regional forums. Hopefully, now that the US-DPRK bilateral negotiations are making some headway, it will be possible to engage the North Korean participation in the dialogues on regional security and arms control and disarmament.

Real engagement will require that the DPRK become involved in dialogue with its Asian partners. South Korea has over the years attempted to attract the DPRK to engage in such a forum. At the first senior officials meeting of the ASEAN Regional Forum (ARF-SOM), which was held in Bangkok in May 1994, the ROK proposed the Northeast Asia Security Dialogue (NEASED) to improve the security environment in Northeast Asia by enhancing and implementing confidence-building measures among the countries in the region.

The region of Northeast Asia is beset by such chronic and destabilizing elements in the security environment as North Korean nuclear issues, the proliferation of weapons of mass destruction, the potential danger of an armed conflict across the Taiwan Straits, and the military build-up and arms race.

Taking into account such an unstable security environment of the region, it is NEASED's objective to search for ways to maintain regional peace and stability through confidence-building efforts by way of a multilateral security dialogue at a sub-regional level. The six countries concerned in the region, namely, South and North Korea, the U.S., Japan, China and Russia, are to be involved in the process.

The Second ARF Meeting recommended that all ARF countries

enhance dialogue on security perceptions on a bilateral, sub-regional and regional basis. NEASED, if inaugurated, is expected to animate exactly such dialogues in the Northeast Asia, serving the purpose of the ARF. NEASED would not substitute the existing bilateral security arrangements in the region. It should rather complement it. NEASED is yet to be launched, however, because North Korea rejects the idea, arguing that it has no formal bilateral relations with the U.S. and Japan. Through close cooperation with the other four countries, though, the Korean government has made continued efforts to entice North Korea's participation in the dialogue with no success.

At the non-governmental-level, the multilateral security dialogue in the Northeast Asian region has already been operational. The Institute on Global Conflict and Cooperation (IGCC), which is affiliated with the University of California at San Diego, has played an important role in organizing the Northeast Asia Cooperation Dialogue (NEACD) since 1993. Senior Officials from the Ministries of Foreign Affairs and Defense and scholars from the ROK, the U.S., Japan, China, and Russia participated in NEACD to discuss ways to promote confidence-building measures in the region. North Korea was invited to participate in this dialogue, but it has yet to involve itself in a full plenary session. It participated at the preliminary discussion held in San Diego in July 1993.⁹

Following a meeting in Seoul by representatives of some two dozen strategic studies centers from ten countries in the Asia-Pacific region (Australia, Canada, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and the United States), November 1-3, 1992, it was decided that there was a need to provide a more structured

9 The First NEACD was held in San Diego in October 1993, the Second in Tokyo in May 1994, the Third in Moscow in April 1995, the Fourth in Beijing in January 1996. Thereafter, the Fifth session was held in Seoul in September 1996, the Sixth in New York in April 1997, the Seventh in Tokyo in December 1997, the Eighth in Moscow in November 1998, and the Ninth session was to be held in Beijing in September 1999.

process of a non-governmental nature "to foster greater regional confidence building and security cooperation through dialogues, consultation and research." The result was the establishment of the Council for Security Cooperation in the Asia-Pacific (CSCAP), with the adoption of the Kuala Lumpur Statement, on June 8, 1993, and the CSCAP Charter in Indonesia, on December 16, 1993. Since then, the CSCAP has played a role in enhancing regional security dialogue via "a regularized, focused and inclusive non-governmental process on Asia-Pacific security matters."¹⁰

CSCAP member countries have increased from ten to seventeen, as of 1999, to include New Zealand, Russia, North Korea, Mongolia, the European Union, China and Vietnam. Its goal is to consolidate its links to the ASEAN Regional Forum (ARF). CSCAP activities are guided by a Steering Committee composed of representatives of all member committees that have been established in each of the member countries. The CSCAP Steering Committee meets twice a year: in June, in Kuala Lumpur, and in December in one of the other member countries. The Steering Committee is co-chaired by a member from an ASEAN Member Committee and a member of a non-ASEAN Member Committee. CSCAP also hosts a General Meeting periodically to examine a wide-ranging security issues: two such meetings took place thus far, the first in Singapore, in September 1997, and the second in Seoul, in December 1999.

Working Groups are the primary mechanism for CSCAP activity. Five groups have been established thus far. They are: (1) Comprehensive and Cooperative Security Working Group, (2) North Pacific Working Group, (3) Confidence and Security Building Measures Working Group, (4) Maritime Cooperation Working Group, and (5) Transnational Crime Working Group. It is noteworthy that the DPRK sent its delegates to the Eleventh Steering Committee Meeting in Kuala

10 Council for Security Cooperation in the Asia-Pacific. Seoul: CSCAP Korea, 1999, p. 2.

Lumpur, on May 29, 1999, which had a wide-ranging discussion on three topics on Regional Security Dialogue: "U.S.-China Relations and Security in Northeast Asia," "Strengthening Security in Southeast Asia," and "Developments in Kosovo: Implications for Asia-Pacific Security."¹¹ Unfortunately, the DPRK did not send its delegates to the subsequent meetings held in Seoul, December 2-4, 1999.

What is needed in the Northeast Asia Security Dialogue is a consultative forum to create and foster the favorable conditions for security cooperation among the countries in the region. Without the security dialogue first, no institution can be established to develop a regional framework for peace on a step-by-step basis. Multilateral security cooperation in Northeast Asia can proceed on the basis of the following principles among others: respect for sovereignty and territorial integrity; non-aggression and no threat or use of force; non-intervention in internal affairs; peaceful settlement of disputes; peaceful coexistence; and democracy and respect for human dignity.

The conditions favorable for regional cooperation can be created by first removing mutual distrust and building mutual confidence. This process will help nurture the habits of regional consultation and establish the patterns of regional cooperation. The following specific measures are generally recommended: exchange and discussion of defense white papers; provision of data to the United Nations Register of Conventional Arms; regular meetings of defense officials; and exchange of mutual visits of military personnel and of naval vessels. These will help enhancing transparency. The emphasis is placed here on preventive diplomacy, and particularly conflict prevention. It seems clear that the DPRK considers its participation in the multilateral security dialogue premature and not conducive to defending its national security interests at this time.

11 *Ibid.*, pp. 4-8.

V. Conclusion

This paper has addressed the question of the U.S. perception of the security danger and threat posed by the North Korea's ambitious program of proliferating Weapons of Mass Destruction (WMD). Whereas the DPRK adheres to the model of realism, seeking to enhance its national power through strengthening its military capability and preparedness, the United States has employed a new policy of diplomatic engagement and strategy of preventive defense in addition to its conventional military strategy of defense and deterrence. U.S. ground forces are deployed along the DMZ to deter and checkmate the North Korean invasion across the DMZ by providing a tripwire role. Whether and how well the new North Korea policy that is based on the Perry report recommendation will bear its intended fruit is difficult to say and will remain to be seen.

The Perry report and its recommendation outlines which concrete measures the U.S. engagement policy of the Clinton Administration toward North Korea can take. The concept of "preventive defense" underscores the Perry recommendation on what the U.S. can and should do to address the security problem posed by the threat of North Korea's ambitious program of weaponization of the ballistic missiles with the nuclear warheads. "Preventive defense," according to Ashton Carter and William Perry, is "a guide to national security strategy (that) is fundamentally different from deterrence." Yet, a nation's defense policy must be based on the solid foundation of deterrence.

Unlike deterrence, preventive defense "is a broad politico-military strategy, and therefore it draws on all the instruments of foreign policy: political, economic, and military," so the authors of Preventive Defense insist. (p. 18). One gets the impression that defense policy and foreign policy must be merged under the rubric of "preventive defense." Whether "preventive defense" can take the place of America's foreign policy or grand strategy, however, is disputable at best. In

the words of Richard Rosecrance and Arthur Stein, the grand strategy "charts a nation's response to the uncertainties of an anarchic world" by taking into account "the challenges of the international system as well as the constraints and pressures of domestic society." (Rosecrance and Stein, p. 4) Preventive defense, unless deterrence is underscored, will amount to nothing more than another variation and form of diplomacy.

What the U.S. can do toward North Korea, under the Clinton Administration policy of engagement and the Perry recommendation based on the concept of "preventive defense" strategy, is nothing more or less than the variation of "coercive" diplomacy or "preventive" diplomacy. In these endeavors U.S.-DPRK negotiation and bargaining is following the established rules and norms of diplomatic practices.

Since it requires the two to tango diplomatically, however, the key variable is Pyongyang's intention and willingness to cooperate. That remains unclear and uncertain at best. For an engagement policy initiative to be successful, it must be reciprocated in kind and be embraced either explicitly or tacitly by its target country. There is no indication, as yet, that Pyongyang is inclined to go along with the engagement policy offered by either the U.S. or the ROK. In fact, Pyongyang is downright hostile toward the Seoul government's "Sunshine" policy, calling it a disguise for an "absorption" policy. Pyongyang also criticizes Washington's moves on lifting sanctions as inadequate and inconsequential.

From Pyongyang's perspective, the Clinton Administration's engagement policy must be accompanied by a set of prerequisites that include the following: a peace treaty to replace the armistice agreement, U.S. troop withdrawal from the South, the diplomatic normalization and exchange of ambassadors between the two capitals, etc. What Pyongyang demands, in short, is a bilateral channel of normalizing US-DPRK relations rather than the multilateral diplomacy that cooperative

security via regional security forum will entail. The latter avenue is something that the U.S. liberal institutionalism is geared for to accomplish in the end. What North Korea demands from the U.S. is normalization of diplomatic relations, not the implementation of the "Preventive Defense" strategy or cooperative security strategy.

Consequently, the DPRK is continuing to resist the pressures introduced by U.S. deterrence strategy and coercive diplomacy. The verdict is not in yet. The success or failure of the U.S. engagement policy, substantiated by Perry's "preventive defense" strategy, toward North Korea will depend on the diplomatic front of successful bargaining and negotiation between the two sides. It will also depend on the domestic base of political support in the United States and political leadership in each of the two parties to the continuing deadly conflict.

빈 면

RESOLVING THE KOREAN QUESTION: A COMPREHENSIVE APPROACH OR MUDDLING THROUGH?

Sung-Han Kim

The comprehensive approach toward the North, suggested in the Perry report, aims at gradually reaching the positive-sum solution of the triangular relationship among the U.S., the South and the North: the United States lifts economic sanctions and normalizes its relationship with North Korea; North Korea ceases to engage in the WMD program by being assured of its regime survival; and South Korea willingly accepts peaceful coexistence with the North. However, North Korea would prefer to adopt a "muddling-through" strategy rather than accepting the comprehensive proposal. In negotiations, North Korea would take "maximin strategy," which would slice the range of its concession as many as possible, while varying its negotiation lists. In order to avoid the situation in which North Korea will muddle through, the United States, Japan, and South Korea need to devise a strategy that can increase their bargaining power. While maintaining the two-path strategy, those three countries need to think seriously about the tasks ahead, and what they should do to make the comprehensive approach successful.

I. Arrival of the Perry Report

William Perry, U.S. policy coordinator on North Korea, submitted his report of policy recommendations to President Clinton and to the U.S. Congress on September 15, 1999. As a short-term measure to dispel the North's nuclear and missile threats, Perry pointed out that North Korea should suspend its missile test-firing while the United States eases economic sanctions on Pyongyang. As a mid-term goal, the report suggested that Washington draw the North's reliable guarantee that it would cease engaging in nuclear and missile development. Then, the United States should dismantle the Cold War structure on the Korean peninsula, which Perry set as a long-term goal, with the help of South and North Korea and Japan.

Under these three-stage goals, Perry suggested that Washington adopt a new North Korea policy with a "comprehensive and integrated" approach; maintain the Washington-Tokyo-Seoul TCOG (Trilateral Coordination and Oversight Group); appoint an ambassador in charge of coordinating North Korea policy among U.S. government agencies; show bipartisan support for the comprehensive approach; and prepare for the contingency of the North's provocations.

In fact, Perry's visit to North Korea in May was a critical opportunity to gauge the possibilities for dismantling the Cold War structure on the Korean peninsula, since he proposed a "comprehensive approach" to North Korea. The joint proposal, devised by Seoul, Tokyo, and Washington, would require that North Korea cease both its nuclear and missile development program and the export thereof, in exchange for expanded economic and diplomatic benefits, such as the lifting of sanctions on North Korea, and a guarantee of the continued existence of the regime. After his visit, an affirmative response from North Korea was expected. Instead, a South-North naval engagement took place in June in the West Sea, and the North "threatened" to test-fire a long-range missile. By reaching the Berlin deal on September 12,¹ however,

the United States and North Korea took the first step toward negotiations over the comprehensive peace proposal, which provided Perry with a favorable environment to submit his final report to the U.S. Congress.

Now, it seems that the Clinton Administration has accepted most of Perry's recommendations. However, the Perry report has set the three goals that cannot be achieved without the genuine cooperation of North Korea. Thus, South Korea, the United States and Japan need to think seriously about the tasks ahead, and what they should do to make the comprehensive approach successful.

II. Vulnerable Triangle

With the arrival of the Perry report, South Korea's interest has been concentrated on how the expected progress in U.S.-North Korea relations will influence inter-Korean relations. This is the question about the inherent structure of the triangular relationship among the United States and South and North Korea.

During the Cold War, South Korea and the United States maintained a staunch alliance against North Korea's communist regime. Owing to the very nature of North Korea, neither ally had any reason to doubt the resolve of the other. But the demise of the Cold War era has enabled North Korea and the United States to explore a new relationship very different from the one that existed during the Cold War.

1 The Berlin deal was a mini-trade. The U.S. administration obtained from North Korea a promise that it will not test its new, long-range *Taepodong-II* missile. In exchange, the United States eased the economic sanctions that Washington had maintained against Pyongyang for nearly half a century. The important part of the deal is North Korea's willingness to forgo missile tests, which seemed imminent a few months ago. Even a temporary agreement not to test is thus a step forward, although much needs to be done to monitor the North's behavior and to reach even broader accords to reduce tensions.

A new environment has emerged, in which the South Korea-U.S. relationship as well as inter-Korean relations are affected by the changing diplomacy between Pyongyang and Washington.

A delicate "triangular relationship" has emerged among North and South Korea and the United States as Washington has deeply involved itself in the North Korean nuclear question as part of its post-Cold War global strategy. To adapt to a new "game," one must develop fresh ways of thinking. To grasp the nature of these triangular relations and prognosticate their most likely outcome, it is important to understand the interrelationship between two sides of the triangle, namely U.S.-North Korean and inter-Korean relations, that is, the connection between U.S.-North Korean relations and inter-Korean relations.

U.S.-North Korea Relations

The U.S. policy toward the Korean peninsula in general and North Korea in particular is part of a larger framework of global strategic interests. In other words, the U.S. deals with North Korea in terms of maintaining the leadership role of the U.S. in the post-Cold War era. In order to protect its leadership as the sole superpower, the U.S. must prevent the spread of WMD (weapons of mass destruction) among the nations which do not possess them already.² Thus, the U.S. policy toward the North Korean nuclear problem and missile exporting is basically premised on this global strategic view. Under this global strategic consideration, as Table 1 shows, the U.S. has been implementing the engagement policy to the North.

In contrast with geopolitical interests of the United States, the primary task facing North Korea is to maintain its state system. The Kim Jong Il regime is much more concerned about system maintenance

2 The 1998 EASR has newly included the concept of "counter-proliferation", which means that the U.S. will consider military actions in addition to political and diplomatic approaches, in order to counter the spread of weapons of mass destruction.

Table 1. U.S.-North Korea Policy Structure

	US policy to North Korea	North Korean Policy to US
Goal	Nonproliferation & Northeast Asian Order	System Survival
Objective	Engagement of North Korea	Normalizing Relations with US
Means	Food Assistance Lifting Economic Sanctions Diplomatic Normalization	Missile (test, export, develop) Geneva Agreement Inter-Korean Talks

than before since the economic situation has continued to be aggravated since the worst flood of 1995.³

Concrete policies must be implemented to maintain the North Korean socialist system. Thus, the North Korean authorities have been seeking, most of all, as improvement in relations with the U.S. in order to make the Kim Jong Il regime durable by resolving the current economic difficulties. For these objectives, North Korea has been observing the Geneva agreement by freezing its nuclear development program.

As shown in Table 1, the U.S. has various means to achieve its goals and objectives of the North Korea policy. Among others, providing food assistance to North Korea is regarded as a meaningful one. In

3 After the death of Kim Il Sung, and the rising economic difficulties, the Kim Jong Il regime has depended heavily upon the military as the only support for his regime. Guy Arrigoni, "Political and Economic Change in North and South Korea: Implications for Inter-Korean Conflict Resolution," CSIS-RIPS Conference on *Korean Peninsula Developments: Implications for Regime Stability*, Washington, D.C. (March 4-5, 1999); Yun Duk-min, "Political Dynamics of North Korea," *IFANS Review* vol.6, (Seoul: The Institute of Foreign Affairs & National Security, December, 1998), pp.1-15. But some argue that, after years of severe decay, the North Korean economy may have at least stabilized. Unofficial farmers' markets are becoming more open and active. Truck traffic on North Korean roads has increased. Last year's total food production increased more than 11% from the year before by South Korean estimates. "Is North Korea's Free Fall Finally Ending?" *The Wall Street Journal* (May 28, 1999), A15.

addition, the policy means include easing and lifting of economic sanctions against North Korea, which may lead to diplomatic normalization in the end.

On the other hand, North Korea has made an effort to normalize relations with the U.S., which has what North Korea wants to have, while driving a wedge between the U.S. and South Korea. For North Korea, the primary means available is to utilize the WMD card and to observe or break the Geneva agreement. North Korea may think that it will be rewarded every time it threatens to test-fire missiles.

Since the Geneva agreement was made in 1994, North Korea has continued to show a businesslike attitude toward the U.S., while refusing to enter into a dialogue with Seoul. Thus, whether North Korea's acceptance of the inter-Korean dialogue is regarded as a key point that it can use to its advantage.

Inter-Korean Relations

As seen in Table 2, North Korea's top priority in its South Korea policy is regime survival, which means preventing the deepening economic deterioration from developing into a political threat to the Kim Jong Il regime. Communizing the whole Korean peninsula seems to be losing its feasibility for North Korea suffering from severe economic difficulties, including a massive starvation of the people. In order to achieve this goal, the North Korean regime has been trying to delink the South Korea-U.S. relations by driving a wedge between them. North Korea perceives the U.S. as the sole country who possesses the power to influence the international community to provide humanitarian assistance to North Korea as well as assuring its regime survival. Thus, North Korea feels the necessity of making South Korea, who is perceived to be a threat to the North Korean system, at odds with the U.S. by talking mainly to the U.S.

The policy means available to North Korea include conventional

Table 2. Policy Structure of Inter-Korean Relations

	North Korea's Policy to the South	South Korea's Policy to the North
Goal	Regime Survival	Unification
Objective	Delinking ROK-US Relations	Dismantling the Cold War Structure
Means	Conventional Forces Nuclear/Missiles US-North Korea Relations	ROK-US Combined Forces Economic Superiority Will to Improve Inter-Korean Relations

forces compounded by numerous provocative actions. The nuclear option that continues to worry the international community is another bargaining tool, together with the missile, which is the transportation vehicle of nuclear weapons. Indeed, the chemical weapons that have been listed in the Perry report can be included in North Korea's survival kit.

North Korea assumes that its most effective tool is the U.S.-North Korean relationship. The process of U.S.-North Korean discussion itself, regardless of its pace of development, can be regarded as vital for North Korea, mainly because it is a proof that the U.S. recognizes North Korea as a negotiating partner in various kinds of discussion at the global, regional, and peninsular levels.⁴

On the other hand, South Korea's ultimate goal in its North Korea policy is to reunify the peninsula by peaceful means, while the current economic hardship has discouraged optimistic projections and has led to the search for realistic ways to manage the division of the peninsula. Thus, the South Korean objective of its North Korea policy comprises dismantling the Cold War structure on the Korean peninsula, thereby

4 Concerning the U.S. policy toward the Korean peninsula at global, regional, and peninsular levels, see Sung-Han Kim, "US Policy toward the Korean Peninsula and ROK-US Relations," *The Korean Journal of Defense Analysis*, Vol.IX, No.1, Summer 1997, pp.135-158.

making it possible for the two Koreas to coexist peacefully.

Then, the first means available to South Korea is the ROK-US combined forces working as a deterrent against North Korean miscalculation. The second one includes South Korea's economic capability, even if dwindled by the financial crisis. South Korea is the country that can still provide the economic and humanitarian assistance to North Korea suffering from starvation. South Korea's willingness to improve inter-Korean relations, despite North Korea's reluctance, can be regarded as another means, since the surrounding countries agree to inter-Korean talks and reconciliation.

From Vulnerable to Cooperative Triangle

Against this backdrop, the significance of the triangular relationship among the three is linked directly to the interrelationship between U.S.-North Korea and inter-Korean relations. The problem is whether the relationship between Pyongyang and Washington can be harmonized with the relationship between Pyongyang and Seoul, or whether one relationship will necessarily progress in a direction detrimental to the other. This begs the question of whether these triangular relations can develop into a "positive-sum" game.

Relations between North and South Korea can hardly escape becoming strained, because North Korea seeks to resolve its economic problems and conclude an exclusive peace agreement with the United States through advancing its relations with Washington. On the other hand, South Korea cannot accept progress in U.S.-North Korea relations to the detriment of inter-Korean relations. In particular, no South Korean government could survive the withdrawal of public support that would ensue when it failed to secure an appropriate voice in the implementation of the "comprehensive approach."

As a consequence, the primary question is whether the three parties can work toward an outcome that is not harmful to any one side of the

triangle, even though the outcome may not ensure that everyone's maximum interest will be met. In this sense, the comprehensive approach toward the North, suggested in the Perry report, aims at gradually removing the above-mentioned policy means that the U.S. and the two Koreas possess, thereby reaching the positive-sum solution: the United States lifts economic sanctions and normalizes its relationship with North Korea; North Korea ceases to engage in the WMD program by being assured of its regime survival; and South Korea willingly accepts peaceful coexistence with the North.⁵

III. Prospects of U.S.-North Korea and South-North Relations

Gradual Progress of U.S.-North Korean Relations

The relations between the U.S. and North Korea will progress by stages, depending on the stance of the three countries.

The government of South Korea would like to dismantle the Cold War structure on the Korean peninsula, through reconciliation and cooperation with the North, by turning the zero-sum relationship between the U.S.-North and the South-North dimensions into a positive sum game. The key is whether Seoul can bear the North's efforts to drive a wedge between the U.S. and South Korea without losing its patience.

5 Since the issue of U.S. forces in Korea is likely to arise sometime during the process of establishing a peace mechanism on the Korean peninsula, and since debate will center on the original *raison d'être* once the threat from North Korea disappears, South Korea and the United States need to begin discussing how to deal with the issue of revising the Korea-U.S. alliance and the future role of U.S. forces in Korea. They should consider converting the Korea-U.S. alliance into a "regional alliance" so that they can continue to contribute to regional stability. Concerning this issue, see Sung-Han Kim, "U.S. Military Presence in a Unified Korea," *IFANS Review*, Vol.7 No.1 July 1999.

The Clinton administration is usually supportive of the comprehensive approach of the South Korean government, but it faces critics from Congress. Before the Perry report came out, critics in the Congress had made the following points: first, the Clinton administration should conduct a zero-based review of its North Korea policy; second, the administration must get serious about theater and national missile defense and make it a top priority; third, Pyongyang must understand that they will not be rewarded for bellicose or provocative actions.⁶

In addition, the North Korea Advisory Group of the U.S. Congress⁷ submitted its report to the Speaker of the House of Representatives on November 3, 1999 that contained the assessments on the North Korean situation. According to the report, 1) There is significant evidence that undeclared nuclear weapons development activity continues in North Korea; 2) North Korea has built an advantage in long-range artillery, short-range ballistic missiles, and special operation forces; 3) North Korea is a greater threat to international stability in Asia and in the Middle East; 4) U.S. food and fuel assistance is not adequately monitored; and 5) North Korea has the worst human rights record of any government in the world.

In fact, the "comprehensive approach", devised by Seoul, Washington, and Tokyo, is in accord with the above points suggested by U.S. Congress. William Perry has reviewed the U.S. policy toward North Korea for more than eight months, and the comprehensive proposal ensures stopping the proliferation of WMD by stating that the U.S., Japan, and South Korea would provide North Korea with political and economic support only in exchange for a halt in the development of nuclear weapons and missiles. As to the missile issue, it can hardly be

6 Benjamin Gilman, "Put North Korea on Notice," *Defense News*, September 21-27, 1998.

7 The Speaker's North Korea Advisory Group consists of nine members all of whom are Republicans: Benjamin Gilman (NY: Chairman); Doug Bereuter (NE); Sonny Callahan (AL); Christopher Cox (CA); Tillie Fowler (GA); Porter Goss (FL); Joe Knowltenberg (MI); Floyd Spence (SC); and Curt Weldon (PA).

said that the comprehensive proposal is compensation for North Korea's provocative acts, because North Korea has not joined the MTCR (Missile Technology Control Regime) and thus it is not "legally" bound by the international regime. Rather, the comprehensive approach is a "political" approach aimed at inducing North Korea to stop the missile program since it could threaten the regional stability. Above all, the Republican Party seems to only try to put the North Korean issue on the Campaign 2000 agenda rather than suggesting policy alternatives, which could thus be a political burden for the Clinton Administration.

North Korea may think that it would be more advantageous to focus on the negotiations with the U.S. than to negotiate with the U.S., South Korea, and Japan concurrently. North Korea's ability to maintain its system despite the severe economic difficulties is based on its revolutionary ideology to "liberate" the South, and thus the North's acceptance of peaceful co-existence with South Korea could cause a serious internal instability. Consequently, it would prefer to adopt a "muddling-through" strategy rather than accepting the comprehensive proposal. Specifically, without clearly expressing its attitude toward the joint proposal, it would certainly give priority to negotiating issues of less priority such as curbing the test-firing and the export of missiles than abandoning the missile development itself. In negotiations, North Korea would take the "maximin strategy," which would slice the range of its concessions as many as possible, while varying its negotiation lists. Thus it would gradually improve relations with the U.S. by tiding over the ups and downs.

In particular, the core element of U.S. sanctions to North Korea comprises prohibiting trade, investment, and assistance, which is stipulated "in a multi-layered way" in the TWEA (Trading With the Enemy Act), various acts on international terrorism,⁸ and regulations against the

8 They include Arms Control Act, Foreign Assistance Act (1961), Trade Act (1974), Bretton Woods Agreements Act Amendments (1978), Export Administration Act

Communist countries.⁹ Thus, for instance, even if North Korea is removed by the State Department from the list of terrorist countries, its actual implementation would not be possible. Other related restrictions and sanctions are also stipulated in the TWEA, revision of which requires congressional approval. The Republican-controlled Congress would not willingly agree on these highly political and legal matters as Campaign 2000 approaches.

The question of whether restrictions on North Korea will be relaxed by revising the laws depends on the attitude of the North toward the joint proposal. In addition, the role of Perry's successor, who can heal the rift between the Administration and Congress, is pivotal. In the short term, Congress will likely take steps such as unfreezing North Korea's assets in the U.S. and granting partial permission for financial transactions between the U.S. and North Korea, which can be realized through executive discretion. Considering the structural limitations on the drastic lifting of sanctions on North Korea, the U.S. administration would take gradual steps by reciprocating the progress in the missile talks, inter-Korean relations, and four-party talks.

Limited Improvement of Inter-Korean Relations?

With North Korea's cooperation, the overall scenario for terminating the Cold War structure on the Korean peninsula will proceed as shown in Table 3. The process of dismantling the Cold War structure or creating a peace system on the Korean peninsula involves three phases: 1) maintenance of the armistice system; 2) implementation of the *North-South Basic Agreement*; and 3) conclusion of a new peace mechanism by turning the existing armistice system into the perma-

(1979), Foreign Operations, Export Financing & Related Programs Appropriations Act (1991), etc.

9 They include Trade Act (1974), Foreign Assistance Act (1961), International Security and Development Cooperation Act (1981), Ex-Im Bank Act (1945, 1986), etc.

Table 3. Process of Dismantling the Cold War Structure on the Korean Peninsula

First Stage (maintaining the armistice system)	Observance of the 1953 Korean Armistice Agreement and the reoperation of the supervisory commission; the comprehensive approach of the US, Japan and South Korea; continuing the 4-party peace talks and South-North talks; maintaining the US/Japan's high-level talks with the North
Second Stage (fulfillment of the South-North Basic Agreement)	Operation of the subcommittees and commissions under the Basic Agreement; implementing confidence-building measures between the two Koreas; solution of the missile issues; comprehensive assistance to the North (including North Korea's joining in the international financial system); lifting the sanctions of the US against the North; opening the liaison office; and acceleration of normalization talks between the US and North Korea, and between Japan and North Korea
Third Stage (turning the existing armistice system into permanent peace system)	Consolidation of inter-Korean confidence; North Korea's joining the BWC and CWC; special inspection in Yongbyon; normalization of US/Japan-North Korea relations; realization of the Northeast Asia Security Dialogue (NEASED); signing the peace agreement between the two Koreas endorsed by the international community; and solving the issue of the status of US armed forces in Korea

nent peace system.

The first step toward establishing a viable peace regime on the Korean peninsula should involve the maintenance of the armistice system. Emphasis should be placed on ensuring a state of peace through the normalization of the truce system and stabilization of the respective military sectors. The existing truce system should be retained until the two Koreas reach a new peace treaty to replace the current armistice agreement.

In the second phase, emphasis should be placed on laying the groundwork for a peace system based on the *North-South Basic Agreement*. Various subcommittees and joint commissions envisioned in the Basic Agreement should be instituted, while detailed programs are prepared and undertaken to build confidence in politics and the military.

When the results of political¹⁰ and military¹¹ confidence-building, and exchanges and cooperation have become tangible between the two Koreas due to the successful efforts of the first two phases, then further measures should be promoted in the third phase to convert the truce system into a peace system, to have the United States and China endorse an inter-Korean peace treaty based on the four-party talks, and to secure the United Nations' acknowledgement of this accord with the participation of Russia and Japan.

But Table 3 represents only wishful thinking, a goal that cannot be achieved without genuine cooperation of North Korea. As Table 3 shows, to realize each step, relations between the two Koreas must improve, as negotiations between the U.S. and North Korea go well in progress.

10 A political prerequisite for the creation of a peace mechanism on the Korean peninsula involves an atmosphere of "political confidence-building." Confidence-building in the political realm between the two Koreas refers to a situation in which North Korea renounces any intention to engineer a subversive revolution in South Korea and agrees to abide by the spirit of the North-South Basic Agreement, while South Korea promotes an environment in which North Korea is convinced that the South has no intention to achieve unification through absorption of the North. Since military confrontation on the Korean peninsula reflects underlying political antagonism, military confidence-building will more easily follow suit once trust is developed in political relations.

11 The priority focus for promoting confidence building in military relations involves prohibition of the development, possession and use of weapons of mass destruction. If either North or South Korea possesses or attempts to develop nuclear, chemical or biological weapons, this would shatter the political goal of peaceful coexistence and constitute a fundamental obstacle to the development of inter-Korean relations.

The South-North naval engagement in the West Sea and the detainment of a tourist at Mt. Kumgang in June indicate, however, that Seoul's North Korea policy could be changed from a principle of flexible reciprocity to the one of firm reciprocity. This means that negotiations between two Koreas would become much more difficult, causing North Korea to cling further to the hope for normalization of relations with the U.S. The end result is a perplexing situation for South Korea, who hardly condones it though it has stated that it would not hinder progress between the U.S. and North Korea.

As the U.S. presidential elections near, North Korea will attempt to gain the lifting of sanctions and food assistance while making the minimum concessions possible, such as stopping the test-firing of Taepodong II and negotiating missile exports. At the same time, with regard to relations with South Korea, it would pursue the barest minimum in improvement, just enough to assure the U.S. of its willingness to cooperate.

North Korea will take concessive steps only in the field of the reunion of separated families and the re-implementation of the Supervisory Commission of the 1953 Korean Armistice Agreement, but would hesitate to embark on the second stage of fulfilling the inter-Korean *Basic Agreement on Reconciliation, Nonaggression, Exchange and Cooperation*, signed on December 13, 1991. For North Korea, whether to enter into the second stage depends upon the progress of its negotiations with the United States.

Against this backdrop, relations between two Koreas would proceed in a limited manner. North Korea would continue to drive a wedge between the South and the U.S. and to discuss the problems of the Korean peninsula only with the U.S. Then, it would allow limited improvement in its relations with South Korea, only when its relations with the U.S. come to a standstill.

On the other hand, it is expected that the North would show good faith on the issue of the reunion of separated families. This would serve

to demonstrate its benevolence without recognizing the legitimacy of the South Korean government.

The most plausible process for improvement of relations between two Koreas is that Pyongyang would adopt its own methods of "separation of politics from economics," which aims to negotiate political-security issues only with Washington, while pursuing gradual economic cooperation with Seoul. It would try to gain from Seoul's engagement policy as much as possible, while making minimum concessions to keep the policy alive.

IV. Tasks Ahead

Now, the bargaining process, which is based on the comprehensive approach, is expected to be started to establish a durable peace system. In order to avoid the situation in which North Korea will muddle through, however, the United States, Japan, and South Korea need to devise a strategy that can increase their bargaining power. While maintaining the two-path strategy (cooperation and coercion), as enumerated in the Perry report, those three countries need to think seriously about the tasks ahead, and what they should do to make the comprehensive approach successful.

Bipartisan Support in the U.S.

Bipartisan support of the United States should be established. The Clinton Administration should shore up congressional support in carrying out the comprehensive approach, so that the support would play a great role in the progress of U.S.-North Korean relations. None of the actions announced by President Clinton on September 18 to ease sanctions against North Korea require Congressional approval, although the next step - lifting sanctions imposed by legislation - would require

approval.

However, the humbling of the White House over the Comprehensive Nuclear-Test-Ban Treaty (CTBT) augurs poorly for President Clinton's being able to secure any crowning foreign policy achievement in the last year of his term. Indeed, the defeat was so severe that some Administration and Congressional officials wondered if it would prematurely cripple President Clinton's authority on foreign affairs. The highly partisan atmosphere in Congress had much to do with the defeat, but so did the White House's failure to fight with more determination. The White House needed to start working at least a year ago to help lawmakers understand the intricacies of the test ban treaty. Thus, President Clinton should continue to pay attention to the North Korean issue to prevent it from falling victim to another partisan struggle.

Synergy Effect of Three Channels

The goals and strategies of the comprehensive approach should be pursued on three levels - the South-North and the U.S.-North Korea high-level talks and the four-party talks - so that a "synergistic effect" may be achieved among the three channels. North Korea would target the United States as its counterpart in order to reap the most, while making the least concessions, rather than to negotiate with all three countries, i.e., the U.S., Japan, and South Korea, simultaneously. The government of South Korea would like to dismantle the Cold War structure on the peninsula through the reconciliation and cooperation with the North, by turning the zero-sum relationship between the U.S.-North and the South-North dimensions into the positive sum game. The key is whether Seoul can bear the North's efforts to drive a wedge between the U.S. and South Korea without losing its patience. It is thus strategically recommended that the South Korean government avoid showing its impatience to improve the relations with the North, while the U.S. and Japan continue to remind North Korea of the importance

of inter-Korean talks.

Welcome China and Russia

South Korea, the United States, and Japan should welcome China and Russia in helping to work out problems on the Korean peninsula, while maintaining the tripartite policy coordination as the central mechanism to ensure a united front. In particular, Beijing finds itself in a rather unique position with respect to the Korean question. China has studiously cultivated good relations with the two Koreas on both the military level as well as the political level. While the recent movement of Russia and China toward the North is closely related with their strained relations with the United States, their new approach toward the North could play a positive role in North Korea's reform and openness, and in diluting its hostile attitude toward South Korea. Thus, it is recommended that South Korea, the United States, and Japan take advantage of the strategic cooperation between China and Russia in gaining North Korea's cooperation. Such help could remove barriers to the comprehensive approach.

Multilateral Institutionalization

If the comprehensive approach is implemented, it would contribute to creating a favorable environment for multilateral security cooperation in Northeast Asia. The Korean government introduced the "Republic of Korea's Paper on Northeast Asia Security Cooperation" at the ASEAN Regional Forum Senior Officials Meeting (ARF-SOM) in Bangkok on 23-25 May 1994. According to the report, multilateral security cooperation in Northeast Asia, as a form of preventive diplomacy, should be pursued on the basis of the following principles: 1) respect for sovereignty and territorial integrity; 2) non-aggression and no threat or use of force; 3) non-intervention in internal affairs; 4) peaceful

settlement of disputes; 5) peaceful coexistence; and 6) democracy and respect for human dignity. This idea has not materialized due to North Korea's refusal. From now, as the North's talks with the U.S. and Japan for diplomatic normalization progress, the North would become less worried that the other participating countries are ganging up against North Korea.

In discussing the launching of a track one multilateral security dialogue in Northeast Asia, however, there should be a clear understanding about the distinction between the Four-Party Talks and the Northeast Asia multilateral security dialogue, which is also referred to as the six-nation dialogue in today's context. The confusion exists largely due to the tendency to identify the security of the Korean Peninsula with that of Northeast Asia.

The Four-Party Talks have a specific aim of negotiating a permanent peace regime on the Korean Peninsula by replacing the armistice with a peace treaty. The four countries share a common understanding that there should be no change or variation to the current framework of the talks. In other words, the Four-Party Talks will not be transformed into a four plus two or two plus four mechanism, as suggested at times by Japan and Russia. While the Korean Peninsula will be discussed in the Northeast Asia multilateral security dialogue, it will not be the sole or central issue of discussion. The multilateral dialogue in Northeast Asia will deal with a broad range of issues related to regional security including traditional political and military issues as well as non-traditional trans-border security threats.¹²

12 Kim Eun-seok, "Multilateral Security Cooperation in Northeast Asia: A South Korean Perspective," *IFANS Review*, Vol.7, No.1, July 1999, pp.54-5.

빈 면

THE BERLIN AGREEMENT AND THE PERRY REPORT: OPENING A NEW ERA IN U.S.-NORTH KOREA RELATIONS

Haksoon Paik

Through the Berlin Agreement and the Perry Report, the US and North Korea made a critical decision to go down the road toward mutual threat reduction, normalization of relations, and dismantling of the Cold War on the Korean Peninsula and in Northeast Asia. In order to inquire into the significance of the Berlin Agreement and the Perry Report, this paper reviews the changes in the U.S. policy toward North Korea in the 1990s and North Korea's policy toward the U.S. during the same period, and the positions of both countries in the Berlin deal. Then the paper deals with the responses of Congress to the Clinton Administration's engagement policy toward North Korea including its recent responses to the Berlin agreement and the Perry Report. This paper concludes by predicting that the next U.S. Administration, Democratic or Republican, is likely to continue the hitherto engagement policy, not having much leeway for returning to the policy of confrontation and containment.

I. Introduction

Recent months have witnessed a dramatic development in the relationship between the United States and North Korea. Both countries discussed bilateral relations and other issues of mutual concern, including sanctions and missile issues, from September 7 to 12 in Berlin. They reached an agreement there that each side "would endeavor to preserve a positive atmosphere conducive to improved bilateral relations and to peace and security in Northeast Asia and the Asia-Pacific region."¹

In accordance with the Berlin Agreement, the United States eased economic sanctions against North Korea on September 17,² and North Korea welcomed it on September 21, 1999.³ Previously on September 12, North Korea announced that it would suspend the test launching of its long-range missiles for the duration of negotiations with the United States "in order to create a more favorable atmosphere" for the talks to come.⁴ This announcement was confirmed the next day by North Korea's Foreign Minister at the United Nations General Assembly meeting in New York.⁵ Before this, on September 15, the Perry Report, a comprehensive recommendation for U.S. policy toward North Korea, was delivered to the President and Congress.⁶

This development indicates that both the United States and North Korea made a critical decision to go down the road toward mutual

1 DPRK-US Press Statement, September 12, 1999, Berlin, Germany.

2 "Easing Sanctions against North Korea," Statement by the Press Secretary & Fact Sheet, White House, September 17, 1999.

3 *Korean Central News Agency*, September 21, 1999.

4 *Ibid.*, September 24, 1999.

5 North Korean Foreign Minister Paek Nam-sun's keynote address to the General Assembly of the United Nations, September 25, 1999.

6 "Review of United States Policy Toward North Korea: Findings and Recommendations," a declassified Report by Dr. William Perry, U.S. North Korea Policy Coordinator and Special Advisor to the President and the Secretary of State, Washington, D.C., October 12, 1999 (hereafter referred to as "The Perry Report, October 12, 1999").

threat reduction, normalization of relations, and dismantling of the Cold War on the Korean peninsula and Northeast Asia, thereby ultimately securing peace and stability in the region. History shows critical junctures in time where political leaders make critical choices. In 1994, the United States and North Korea made a critical choice in the Agreed Framework with respect to North Korea's nuclear weapons program. And now in 1999, right on the eve of the 21st century, both countries have begun to take cooperative measures for another critical choice, this time, concerning North Korea's ballistic missile program and beyond.

How significant is the Berlin Agreement between the United States and North Korea and what kind of critical decisions were made in the deal? What is the significance of the Perry Report as a policy recommendation for the United States and North Korea? What was the response of the U.S. Congress to the Berlin Agreement and the Perry Report? What will happen to U.S. policy toward North Korea if the Republican Party wins the Presidential election next year?

In order to address these questions, I will first review the changes in U.S. policy toward North Korea in the 1990s and the changes in North Korea's policy toward the United States during the same period, consecutively. Then I will examine the positions of both countries in the Berlin deal. This will be followed by an analysis of the Perry Report in terms of the similarities and differences between the U.S. policy toward North Korea before the Perry Report and the policy measures advocated in the Report. Then I will review the Congressional response to the Clinton Administration's engagement policy toward North Korea including its recent response to the Berlin Agreement and the Perry Report. Concretely, I will examine a few Congressional bills related to North Korea and the Korean Peninsula Energy Development Organization (KEDO), and the North Korea Advisory Group's report on North Korea, which is a Congressional reply to the Perry Report. Then I will conclude the study by discussing the influence of next year's U.S.

Presidential election on U.S. policy toward North Korea and the prospects for this policy in the 21st century.

II. Changes in U.S. Policy toward North Korea in the 1990s

A better understanding of the Clinton Administration's engagement policy toward North Korea, the Berlin Agreement, and the Perry Report may require a brief review of the changes in U.S. policy toward North Korea in the 1990s. In this regard, I will review a few important developments that have taken place since the 1994 Agreed Framework.

The National Defense Authorization Act for Fiscal Year 1996

It is a well-known fact that the Republican members of the U.S. Congress strongly opposed the Agreed Framework between the United States and North Korea, and they have never dropped their suspicion of North Korea's clandestine nuclear weapons development program for the past five years. One critical development in U.S. domestic politics after the Agreed Framework was the fact that the Clinton Administration faced Congressional opposition to many of its policies due to the unfavorable outcome of the mid-term election in early November 1994. The Congressional election was held on November 8, 1994, which was just barely less than three weeks after the Agreed Framework was signed, and the Republican Party gained a majority in the Congress.

While the 104th U.S. Congress was deliberating on the National Defense Authorization Act for Fiscal Year 1996, in which the Republican members demanded an amendment that required the establishment of the National Missile System by the year 2003,⁷ the Central

7 National Defense Authorization Act for Fiscal Year 1996 (H.R. 1530).

Intelligence Agency (CIA) sent a letter to the Senate in opposition to the amendment on December 1, 1995. The CIA's opposition to the amendment was based on the National Intelligence Estimate (NIE) on the intercontinental ballistic missile (ICBM) threat, which was released in its classified form on November 1995.⁸ The NIE, a new intelligence estimate made by the Clinton Administration after it came to power, stated that "[no] country, other than the major declared nuclear powers, will develop or otherwise acquire a ballistic missile in the next 15 years that will threaten the contiguous 48 States or Canada."⁹

The members of Congress who supported the 1996 defense authorization bill rejected the conclusions of the NIE as "incorrect," pointing out the "flawed assumptions" underlying the NIE. They accused these so-called flawed assumptions of "ignoring plain facts: Foreign assistance is increasingly commonplace [in newer, developing missile threats in North Korea, Iran and Iraq] and will accelerate indigenous missile programs [in those countries]."¹⁰

President Clinton vetoed the 1996 defense authorization bill on December 28, 1995, because the CIA did not foresee a long-range missile threat in the coming decade.¹¹ In May 1998, when the Senate wanted to invoke cloture on the American Missile Protection Act,¹² the Clinton Administration opposed the bill again based on the conclusions of the NIE. The Defense Department's general counsel's letter to the Senate quoted the Intelligence community's conclusion as follows: "a long-range ballistic missile threat to the United States from a rogue nation,

8 NIE 95-19 ("Emerging Missile Threat to North America During the Next 15 Years."). See Sen. Jon Kyl's speech on the Rumsfeld Commission Report delivered on the Senate floor on July 31, 1998 (hereafter referred to as "Sen. Kyl's speech, July 31, 1998") (GPO's PDF, p. S9522).

9 *Ibid.*

10 For the so-called eight flawed assumptions of the NIE, see Sen. Jon Kyl's speech, July 31, 1998 (GPO's PDF, p. S9522).

11 *Ibid.*

12 American Missile Protection Act of 1998 (S. 1873).

other than perhaps North Korea, is unlikely to emerge before 2010," and "the only rogue nation missile in development that could strike the United States is the North Korean Taepodong II, which would strike portions of Alaska or the far-western Hawaiian Islands."¹³

The Rumsfeld Commission Report

The Republican-majority Congress was discontented with the opposition of the Clinton Administration and the CIA to the national missile defense, and it organized a nine-member bipartisan congressional commission including former senior government officials and members of academia led by former Secretary of Defense Donald Rumsfeld.¹⁴ The Rumsfeld Commission was assigned "to examine the current and potential missile threat to all 50 States and to assess the capability of the U.S. intelligence community to warn policymakers of changes in this threat."¹⁵ It is noteworthy that the Rumsfeld Commission would examine the missile threat to "all 50 states," whereas the 1995 NIE and CIA's report included only "the contiguous 48 States or Canada," excluding Alaska and Hawaii.

The Rumsfeld Commission investigated for six months from January to June 1998 and submitted the Rumsfeld Commission Report on missile threats and intelligence shortfalls to Congress on July 15, 1998. The classified report concluded three things unanimously: first, the missile threat to the United States is real and growing; second, the threat is greater than previously assessed; third, the United States may have little or no warning of new threats.¹⁶

13 Sen. Kyl's speech, July 31, 1998 (GPO's PDF, p. S9523).

14 The Rumsfeld Commission was established pursuant to "National Defense Authorization Act for Fiscal Year 1997" (H.R. 3230) (Public Law 104-201).

15 Sen. Kyl's speech, July 31, 1998 (GPO's PDF, p. S9523).

16 *Ibid.*; the comments on Rumsfeld Commission Report on Missile Threat and Intelligence Shortfalls by Sen. Richard C. Shelby, Chairman of the Senate Intelligence Committee. July 15, 1998; "Ballistic Missile Threat to the U.S.," Hearing of the House

The Report paid serious attention to the “newer, developing threats in North Korea, Iran and Iraq” in addition to those threats still posed by the existing missile arsenals of Russia and China.¹⁷ The Report maintained that North Korea was developing the Taepodong II with a 6,200 mile range, which could reach even Phoenix in Arizona and Madison in Wisconsin, and surmised that North Korea would obtain ICBM capacity to reach the U.S. continent within 5 years, while Iraq would develop such capacity within 10 years. It is noteworthy that there is a big gap between the assessment presented by the Rumsfeld Commission and the 1995 assessment provided by the CIA. One of the reasons why the Rumsfeld Commission conclusions were so different from the CIA’s estimate in the 1995 NIE was that the Rumsfeld Commission examined the missile threat to all 50 states of the United States, while the 1995 NIE dealt with only 48 states, excluding both Alaska and Hawaii.¹⁸

The Kumchang-ni Suspicion and North Korea’s Taepodong I

The allegedly growing North Korean missile threat to U.S. security interests served as a background for conservatives in Washington, D.C. to suspect that the underground construction site at Kumchang-ni in North Korea contained suspect nuclear-related facilities.¹⁹ If this sus-

National Security Committee, July 16, 1998.

17 Sen. Kyl’s speech, July 31, 1998 (GPO’s PDF, p. S9523).

18 For the reasons for the gap between the Rumsfeld Commission conclusions and the CIA’s estimate in the 1995 NIE, see Sen. Kyl’s speech, July 31, 1998. For the text of a letter Director of CIA George J. Tenet sent to various members of Congress, July 15, 1998, in regards to the Rumsfeld Commission’s Report, see the CIA Press Release, July 15, 1998. In a somewhat apologetic tone, the letter defended the CIA’s position by arguing that “the differences [between CIA’s March 1998 Annual Report to Congress on Foreign Missile Developments and the Rumsfeld Commission Report] center more on when specific threats will materialize, rather than whether there is a serious threat.”

19 David E. Sanger, “North Korea Site an A-Bomb Plant, U.S. Agencies Say,” *The New*

pect site turned out to contain graphite-moderated nuclear facilities or plutonium-reprocessing facilities, this would be a violation of the 1994 Agreed Framework. In the eyes of Americans, North Korea's test launch of Taepodong I in August 31, 1999 was a "timely confirmation" of the allegation that North Korea had never given up its program for weapons of mass destruction, which was highlighted in the Rumsfeld Commission Report. This developments were immediately followed by another round of "North Korea-bashing" and a clamorous call for a theory of "the Korean peninsula in crisis."

The task before the Clinton Administration appeared to be a formidable one. It was a typical two-level game theoretical situation in which the U.S. negotiators had to deal with both domestic political forces and foreign negotiators.²⁰ Under heavy pressure by congress and opinion leaders in Washington D.C. to review U.S. policy toward North Korea,²¹ the Clinton Administration appointed William J. Perry, former Secretary of Defense, as North Korea Policy Coordinator in November 1998 and put him in charge of producing a review report of the U.S. policy toward North Korea.

On the other hand, succumbing to pressures from both at home and abroad, U.S. Secretary of Defense William Cohen announced on January 20, 1999 that an additional 6.6 billion dollars would be allocated for two programs, National Missile Defense (NMD) and Theater Missile Defense (TMD) for the new budgets for fiscal years 2000 to 2005.²² This additional appropriation increased the budgets for missile defense for fiscal years 2000 to 2005 to a total of 10.6 billion dollars.

York Times, August 17, 1998.

20 Robert D. Putnam, "Diplomacy and domestic politics: the logic of two-level games," *International Organization*, 42, 3 (Summer 1998), pp. 433-435.

21 For instance, see "Letter to the President of the United States from the Independent Task Force on Managing Change on the Korean Peninsula," Council on Foreign Relations, October 7, 1998.

22 Defense Department Announces New Funding for Missile Defenses, January 20, 1999.

A Watershed in Mid-March 1999: Budget for NMD Passed and Visit to Kumchang-ni Site Agreed Upon

On January 11, 1999, the North Korean foreign ministry spokesman stated that North Korea would allow the United States "just one visit" to the underground site at Kumchang-ni as a special favor, "if the United States compensates by providing three hundred million dollars for the slander and blasphemy it has inflicted on North Korea with respect to the underground site at Kumchang-ni." If the United States had difficulty providing the compensation in cash, the spokesman continued, it would have to compensate for the visit "by other economic means" equivalent to the aforementioned amount.²³

Faced with strong opposition from the United States to any compensation in cash, North Korea now demanded two million tons of food instead of three hundred million dollars in cash.²⁴ Both sides informally reached a tentative agreement that they needed to remove the lingering suspicion on the Kumchang-ni site, although they could not come to the agreement on the amount of food aid to provide and the method of verification regarding the suspected underground construction at Kumchang-ni.²⁵ More talks were needed so that more practical arrangements could be made, and North Korea provided the United States with a list of what it wanted.²⁶

Finally, on March 16, 1999, the United States and North Korea reached an official agreement that North Korea would "provide the United States satisfactory access to the site at Kumchang-ni by inviting a U.S. delegation for an initial visit in May 1999, and allowing additional visits to remove U.S. concerns about the site's future use" and that

23 Korean Central News Agency, January 11, 1999; Alexander G. Higgins, "US, N. Korea Discuss Nuclear Site," *The Associated Press*, January 24, 1999.

24 *Hangyore Sinmun*, January 19, 1999.

25 *Dong-A Ilbo*, January 25, 1999.

26 Alexander G. Higgins, "US, N. Korea Discuss Nuclear Site," *The Associated Press*, Jan. 24, 1999; State Department Noon Briefing, January 25, 1999.

the United States would "take a step to improve political and economic relations between the two countries."²⁷ Pursuant to the agreement, the United States would be preparing "to resume moving in the direction envisioned in the Agreed Framework," hoping that North Korea would "take the requisite actions that [would] enable [the United States] to do so." As a way of improving political and economic relations with North Korea, the United States decided to provide North Korea with six hundred thousand tons of food and a bilateral pilot agricultural project involving potato production.²⁸

During the negotiations, the United States laid out for North Korea "a very detailed agenda for what [the U.S.] would like to see occur in order to allow [the U.S.] to lift sanctions" against North Korea.²⁹ Some eight months before, South Korean President Kim Dae Jung had asked U.S. President Bill Clinton to ease U.S. economic sanctions against North Korea when he paid a state visit to the United States in June 1998, but the United States was not so willing to consider an easing of sanctions against North Korea at that time. Having found a solution to the nuclear suspicion around the Kumchang-ni site, both the United States and North Korea now agreed to resume missile talks on March 29, 1999 to find a solution to the North Korean missile problem.³⁰

Here it is particularly noteworthy that the Republican members of Congress succeeded in passing the budget bill committing 6.6 billion dollars for the NMD and TMD on March 17 at the Senate and on March 18 at the House, respectively.³¹ In other words, the Republican-majority Congress successfully achieved its goal of securing budget appropriations for missile defense exactly at the time when the Clinton

27 U.S.-DPRK Joint Press Statement, March 16, 1999.

28 Albright 3/16 on Agreement with N. Korea on Site Access, March 16, 1999; U.S.-DPRK Joint Statement, U.S. Mission, New York, March 16, 1999.

29 Background Briefing, U.S.-DPRK Joint Statement, U.S. Mission, New York, March 16, 1999.

30 Albright 3/16 on Agreement with N. Korea on Site Access, March 16, 1999.

31 National Missile Defense Act (H.R. 4) (S. 257) (Public Law 106-38).

Administration obtained a permit from North Korea to inspect the suspected underground site at Kumchang-ni. This fact explains why the theory of "the Korean peninsula in crisis" lost its steam in mid-March 1999. As a matter of fact, the plan of the Republicans and conservatives to secure budget appropriations for NMD and TMD lay behind the theory of "the Korean peninsula in crisis." It is also noteworthy that the Republican-sponsored Armitage Report released in March 1999 advocated a "comprehensive approach" to North Korea,³² and the approach put forward in the report could be put into perspective against the background of the new developments in mid-March in the relationship between the United States and North Korea.

According to the March 16 agreement, the U.S. inspection team visited the Kumchang-ni underground site on May 18-24, and the outcome of the inspection was announced on June 25, 1999. The underground site was proved not to contain a plutonium production reactor or reprocessing plant, either completed or under construction.³³

William Perry's Visit to Pyongyang

William Perry, the U.S. North Korea Policy Coordinator, visited Pyongyang in late May 1999 and met with top North Korean leaders. Perry and the North Korean leaders had long and serious discussions, according to Perry, "entirely without polemics," and "very much down to business, exploring the alternatives."³⁴

32 Richard L. Armitage, "A Comprehensive Approach to North Korea," March 1999.

33 Report on the U.S. Visit to the Site at Kumchang-ni, Democratic People's Republic of Korea, Statement by James P. Rubin, June 25, 1999.

34 On-the-Record Briefing, Secretary of State Madeleine K. Albright and Dr. William Perry on U.S. Relations with North Korea, Washington, D.C., September 17, 1999 (hereafter referred to "Albright and Perry Briefing, September 17, 1999"); Testimony Before the Senate Foreign Relations Committee, Subcommittee on East Asian and Pacific Affairs, Dr. William Perry, U.S. North Korea Policy Coordinator and Special Advisor to the President and Secretary of State, Washington, D.C., October 12, 1999

Perry described the four goals of his visit to Pyongyang as follows: first, to make meaningful contact with senior North Korean officials in order to establish a base for future discussions; second, to reaffirm the principles of the nuclear restraint that had been established in the Agreed Framework; third, to explore whether North Korea had an interest in going down a path to normalization; fourth, to explore whether North Korea was willing to forgo its long-range missile program and begin moving with the United States down a path to normal relations.³⁵

According to Perry, the first two goals were achieved at that time without question. The third goal was achieved in the sense that North Koreans were clearly interested, but it was not clear at the time of his visit that they were prepared to take steps going down a path to normalization. As for the fourth goal of making North Korea forgo its long-range missile program, North Korean leaders were not able to agree to that goal while Perry was in Pyongyang, but it was clear that they understood that long-range missiles were an impediment to normal relations.³⁶

Perry explained that the ultimate goal of the United States was “to terminate North Korean missile exports and indigenous missile activities inconsistent with MTCR [(Missile Technology Control Regime)] standards, but that suspending long-range missile testing was the logical first step.” At the time of Perry’s visit, North Korea did not give a clear answer to his proposal, but it subsequently agreed to continue to discuss the issue further.³⁷

In Pyongyang, Perry indicated the U.S. intention to willingly create a positive environment for moving toward normalization by taking a

(hereafter referred to as “William Perry’s testimony before Senate Foreign Relations Committee, October 12, 1999”).

35 *Ibid.*

36 William Perry’s testimony before Senate Foreign Relations Committee, October 12, 1999.

37 *Ibid.*

first step in that direction, that is, by easing some of the sanctions against North Korea. Then he asked if North Koreans would willingly create the same environment by taking a first step of their own, that is, by forgoing the testing of its long-range missiles.³⁸

In other words, even though Perry demanded reciprocal action from North Korea, he proposed a first cooperative move from the American side, not demanding it from North Korea. This was a significant development which could lead to the emergence of cooperation and the release from a vicious circle of mistrust and hostilities between the two sides. Tit-for-tat strategy is a proven strategy for the evolution of cooperation even between enemies.³⁹

Two things loom large in relation to Perry's visit to Pyongyang. First, the fact that Perry has talked to the North Korean leaders and heard from them about how to solve the nuclear and missile problems before he produced his final report, not after, is a significant new development in the relationship between the United States and North Korea. This means that the U.S. government is getting North Korea involved in the process of reestablishing its North Korea policy.

Secondly, Perry carried a joint message fully pre-coordinated between the U.S., South Korea, and Japan to North Korea. Through close coordination, as Kenneth Quinones pointed out, the three countries have removed the possibility that North Korea can play them off against each other and any potential gap that may come about between them as far as their policy toward North Korea is concerned.⁴⁰

The events in May and June 1999 completely silenced the theory of "the Korean peninsula in crisis" and paved the way not only toward solving the North Korean missile threat but also toward improvement in relations between the two countries.

38 Albright and Perry Briefing, September 17, 1999.

39 Robert Axelrod, *The Evolution of Cooperation* (New York: Basic Books, 1984), pp. 2-5.

40 Haksoon Paik, "The Kumchangni Inspection and Perry's Visit to North Korea," NAPSNet Policy Forum Online (PFO) 99-06, Nautilus Institute, June 4, 1999.

A New Start with North Korea

On July 27, 1999, the Council on Foreign Relations (CFR) released its North Korea policy recommendations in its independent task force report, "U.S. Policy Toward North Korea: A Second Look." Three broad courses Pyongyang could pursue were put forward in the report: first, if North Korea accepts comprehensive engagement; second, if North Korea temporizes; and third, if North Korea spurns engagement. The report then presented policy options for each course. One of the policy options for the second course - that is, in case North Korea temporizes - was "selective engagement," which was recommended as "the most prudent policy course if the status quo continues." One of the elements of this policy of selective engagement was the following: "Lift sanctions under the Trading with the Enemy Act, with the clear stipulation that they will be reinstated (in concert with other actions) in the event of a second Taepodong launch or other egregious provocation."⁴¹

The CFR's recommendation of a unilateral lifting of sanctions against North Korea on the part of the United States was a significant recommendation, because it called for the Clinton Administration to take a first cooperative move from its own side, laying a foundation for breaking out of a vicious circle of decades-long mistrust and hostilities between the two sides. In retrospect, the recommendation of the CFR, a prestigious non-governmental public policy-advising organization, to lift sanctions against North Korea was sort of an eagerly-sought policy recommendation for the Clinton Administration to move, albeit belatedly, in the direction of "normalization of political and economic relations" as promised in the 1994 Agreed Framework.

In early August 1999, the United States and North Korea continued

41 "U.S. Policy Toward North Korea: A Second Look," Independent Task Force Report, Sponsored by the Council on Foreign Relations, Co-Chaired by Morton I. Abramowitz and James T. Laney, Project Directed by Michael J. Green, July 27, 1999.

to make efforts to strike a deal concerning the removal of the North Korean missile threat and easing of U.S. economic sanctions against North Korea at a high-level meeting in Geneva. Finally, on September 12, both countries reached an agreement in Berlin with respect to the problems at issue. This new start with North Korea was, in William Perry's words, "the beginning of a path to normalization, which after decades of insecurity, will finally lead to a Korean Peninsula which is secure, stable, and prosperous."⁴²

III. Changes in North Korea's Policy toward the United States in the 1990s

The changes in U.S. policy toward North Korea went in tandem with those in North Korea's policy toward the United States in the 1990s. I will examine how North Korea policy toward the United States went through various stages in the 1990s.

Critical Choice in the Early 1990s

North Korea made a critical choice in its external relations in the early 1990s in order to survive after the collapse of the former Soviet Union and East-Central European socialist system. The choice was to expand and strengthen its contacts and cooperation with the advanced Western countries, particularly the United States and Japan. In fact, North Korea took measures that could ultimately lead to "opening" and "reform" of North Korea, even though it never intended to do so and therefore never used such terms in describing its new policy trend.

In the external economic realm, North Korea installed a special economic and trade zone in Rajin-Sonbong, introduced a new trade sys-

42 William Perry, Press Conference, Seoul, September 22, 1999.

tem, advocated the trade-first policy as one of the three first policies, and formulated various legal and regulatory measures to create a favorable trade and investment environment for foreign capital and technology. In the external political realm, North Korea obtained membership in the United Nations together with South Korea and signed the Agreement on Reconciliation, Nonaggression, and Exchanges and Cooperation with South Korea.⁴³

The 19th Plenum of the Central Committee of the 6th Congress of the Korean Workers' Party in December 1991 allegedly conducted a heated debate on what North Korea should do for survival, that is, how to survive the political and economic difficulties North Korea faced and maintain the North Korean system. The doves or moderates allegedly won the debate basically due to the treacherously deteriorating situation in North Korea. They allegedly argued for normalization with the United States and Japan and then with South Korea as a means of solving the economic difficulties and the problems of diplomatic isolation. They even argued in favor of the use of North Korea's nuclear program as a bargaining chip at the negotiation table. The hawks criticized the doves as "very naive," arguing that the United States, Japan, and South Korea were the very countries that wanted to see North Korea collapse.⁴⁴ The Supreme Leader Kim Il Sung and the Dear Leader Kim Jong Il must have sided with the moderates in the whole debate.

The Nuclear Problem and the Agreed Framework

Despite North Korea's efforts to improve relations with the United

43 Hak Soon Paik, "Problems and Prospects for North Korea's Transformation in the 1990s," Un-Chul Yang, ed., *The Political Economy of Korean Unification: Agenda Preparation* (Sungnam, Korea: The Sejong Institute, 1998), pp. 54-57.

44 Selig S. Harrison, "How to Deal with North Korea," *Sejong Colloquium*, Sejong Institute, Korea, May 6, 1999.

States and Japan, North Korea's nuclear weapons program posed a formidable obstacle. Because maintaining and extending the Nuclear Non-Proliferation Treaty (NPT) was one of the most important national interests of the United States at that time, the North Korean nuclear problem emerged as one of the biggest issues of the time and bore global security implications.

The first high-level talks between the United States and North Korea were held in New York in January 1992 with Arnold Kanter and Kim Yong-Sun representing the governments of the United States and North Korea, respectively. Unfortunately, however, this meeting ended without any meaningful results. However, North Korea was seriously searching for a way to make a deal with the United States, suspending its nuclear program during the years 1992-93.⁴⁵ Despite time-consuming negotiations and delayed a outcome, it is noteworthy that the North Korean doves continued their efforts to improve their relationship with the United States and Japan.

The basic problem between the United States and North Korea was that neither side was willing to make the cooperative first move, due to a lack of trust. Thus a vicious circle of mistrust and hostilities to each other continued. Under such circumstances, the solution the United States and North Korea that was found was a "compromise solution" to the North Korean nuclear problem - the Agreed Framework of October 21, 1994.

The Agreed Framework reached in Geneva was basically "defensive" in character for North Korea. Due to a lack of trust in the United States, North Korea did not give up its nuclear weapons program and decided to watch if the promises made by the United States in the Agreed Framework would be kept faithfully, including the provision of the light-water reactor (LWR) project, heavy fuel oil, and normalization of political and economic relations. Only when those promises had

45 Leon V. Segal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (Princeton: Princeton University Press, 1998), Part II.

been fulfilled would North Korea cooperate with the United States in putting an end to the North Korean nuclear problem by taking measures to dismantle the graphite-moderated nuclear power plants, including the verification of the accuracy and completeness of North Korea's initial report on all nuclear material in North Korea.

When the U.S. House election of November 1994 produced a Republican-majority Congress, the Clinton Administration suddenly fell into a situation where it had serious difficulty in carrying out the Agreed Framework due to the opposition of the Republican-majority Congress to the Agreed Framework and its implementation. The provision of the LWR project and heavy fuel oil were behind schedule, which drew strong criticism from North Korea against the intentions of the United States. A cosmetic, limited easing of sanctions against North Korea by the United States just after the Agreed Framework has been the main source of North Korea's discontentment with the United States. This was particularly so because North Korea was undergoing an unprecedented economic crisis. In addition, both sides did not open a liaison office in the other's capital. In other words, the promise made in the Agreed Framework that "the two sides will move toward full normalization of political and economic relations" was not fully kept due to the lack of U.S. cooperation mainly resulting from domestic political reasons.

The Kumchang-ni Site and Test Launch of Taepodong I: Calling a Bluff

As soon as the Agreed Framework was concluded, the North Korean leadership was never free from the uneasiness that the United States might lose its interest in faithfully implementing the Agreed Framework since the United States had already obtained its goal of containing the North Korean nuclear weapons program. Since North Korea had made a critical choice of improving relations with the United

States and Japan in the early 1990s as a choice for its survival, any U.S. negligence on the implementation of the Agreed Framework would bring about serious negative economic implications. It was for this fear that North Korea did not lose time in criticizing the United States whenever a U.S. delay in the LWR construction and delivery of heavy fuel oil occurred.

In mid-1998, North Korea became extremely concerned about the implementation of the Agreed Framework on the part of the United States because of various domestic political developments in the United States. The Rumsfeld Commission Report, which was released on July 15, 1998, was an enormous, explicit challenge to the implementation of the Agreed Framework.

In mid-August 1999, *The New York Times* reported that the detected underground complex at Kumchang-ni was a site at which it was "intended to build a new reactor and reprocessing center" in order "to revive the country's frozen nuclear weapons program."⁴⁶ The United States suddenly suspected that the Kumchang-ni underground construction site might be a nuclear site potentially capable of violating the Agreed Framework.

Confronted with these two events, North Korea appeared to have felt that a critical juncture had arrived and that it had to choose between two alternative options: whether to continue to withhold the test-launch of a multi-stage ballistic missile or to test-fire it. It appears that the North Korean leadership finally elected to test-launch the Taepodong I mainly in order to bring the United States toward the negotiation table and begin anew the process of normalization of political and economic relations with the United States, as promised in the Agreed Framework five years ago. North Korea elected to choose the test-launch of the long-range missile, and it served the purpose without fail. That is, the United States, realizing that North Korea would not

46 David E. Sanger, "North Korea site an A-Bomb Plant, U.S. Agencies Say," *The New York Times*, August 17, 1998.

collapse in the immediate future and had obtained an added capability of weapons of mass destruction, came to the negotiation table. As explained above, in January 1999 the United States and North Korea informally reached a tentative agreement on the inspection of the Kumchang-ni site and came to an official agreement in March 1999.

North Korean Vice Foreign Minister Kim Gye Gwan expressed his satisfaction with the U.S.-North Korea joint statement on March 16, 1999.⁴⁷ U.S. Secretary of State Madeleine Albright also expressed her satisfaction that the agreement addressed "all" of U.S. concerns and her hope that the removal of U.S. suspicions concerning Kumchang-ni would enable the United States to resume progress in the U.S.-North Korean relationship "as outlined in the Agreed Framework."⁴⁸ This last point was significant because it meant that the March 16 agreement would pave the way for the easing of U.S. sanctions against North Korea⁴⁹ and ultimately political and diplomatic normalization between the two countries. Having found a solution to the nuclear-related problem, both sides also agreed to resume missile talks on March 29, 1999 in Pyongyang.⁵⁰

Pursuant to the March 16 agreement, a U.S. interagency team "visited" the Kumchang-ni underground site on May 18-24, and North Korea provided the U.S. delegation with "good cooperation," allowing it to conduct the visit "in the manner the U.S. deemed necessary." On June 25, the United States announced that the site at Kumchang-ni was nuclear-free, and declared that "at present, the underground site at Kumchang-ni does not violate the 1994 U.S.-DPRK Agreed Framework." Following this, the U.S. decided to make next visit to the Kumchang-ni site in May 2000.⁵¹

47 U.S.-DPRK Joint Statement, New York, March 16, 1999.

48 Statement by Secretary of State Madeleine K. Albright, March 16, 1999.

49 Background Briefing, U.S.-DPRK Joint Statement, U.S. Mission, New York, March 17, 1999.

50 Statement by Secretary of State Madeleine K. Albright, March 16, 1999.

A New Start with the United States

William Perry, the U.S. North Korea Policy Coordinator, visited Pyongyang in late May and met with many top decision-making leaders in the security and diplomacy realm. Perry's explanation about his visit to North Korea at the U.S. Senate hearing later in October 1999 clearly showed that North Korea was making efforts to improve its relationship with the United States. It is worth recalling that North Korea's efforts were also demonstrated in the March 16 agreement on the inspection of the suspected Kumchang-ni construction.

As was revealed by Perry's testimony, when Perry visited Pyongyang in late May the North Korean leaders was ready to discuss matters of mutual concern "entirely without polemics" and "very much down to business, exploring the alternatives."⁵² Perry made meaningful contacts with North Korean senior officials and established a base for future discussions with them, but it also held true of the North Korean leaders the other way around. According to Perry, the North Korean leaders reaffirmed their commitment to the Agreed Framework to Perry. They were clearly interested in going down a path to normalization with the United States, but it was not clear that they were prepared to take steps in that direction. They were not able to agree to forgo their long-range missile program, but they clearly understood that the long-range missiles were an impediment to normal relations.⁵³

At the time of Perry's visit, the North Korean leaders did not give a clear answer to his proposal that North Korea "terminate" its missile

51 "Report on the U.S. Visit at Kumchang-ni, Democratic People's Republic of Korea," Statement by James P. Rubin, Spokesman, U.S. Dept. of State, June 25, 1999.

52 Albright and Perry Briefing, September 17, 1999; William Perry's testimony before Senate Foreign Relations Committee, October 12, 1999.

53 William Perry's testimony before Senate Foreign Relations Committee, October 12, 1999.

exports and indigenous missile activities inconsistent with MTCR standards, and "suspend" its long-range missile testing as the logical first step. But they agreed to continue to discuss the issue further.⁵⁴

In a sense, North Korea was willing to respond positively to Perry's suggestion that if the United States willingly creates a positive environment for moving toward normalization by taking a first step of easing some of the sanctions against North Korea, North Korea should create the same environment by taking a first step of its own by suspending the test-launch of its long-range missile.⁵⁵

In Berlin on September 12, 1999, North Korea finally agreed on a new start with the United States: North Korea and the United States decided to take the road toward reducing the mutual threat, normalizing political and economic relations, and dismantling the Cold War structure on the Korean Peninsula and Northeast Asia. Pursuant to the Berlin Agreement, the United States unilaterally eased sanctions against North Korea, and North Korea reciprocated such U.S. cooperative moves by suspending the long-range missile testing while both sides conducted negotiations for the improvement of the relationship between them.

IV. Positions of the United States and North Korea at the Berlin Agreement

What were the positions of the United States and North Korea when they reached the Berlin Agreement, in which both sides would willingly reciprocate each other's favor or cooperative move? An analysis of the positions of both countries at Berlin will reveal the driving forces that underlie how both sides will make decisions in their future negotiations.

54 *Ibid.*

55 Albright and Perry Briefing, September 17, 1999.

The United States' Position

When the United States and North Korea signed the Agreed Framework in October 1994, U.S. negotiators did not believe that North Korea would survive until 2003 when the provision of the LWR project to North Korea was completed. The theory of North Korea's "early collapse" represented the U.S. judgement and hope in this regard.

But North Korea has not collapsed for the past five years, despite its unprecedented food shortage and economic crisis. There is no evidence that North Korea will collapse in the near future. Instead, North Korea has held its nuclear weapons program albeit frozen, increased its long-range missile capability, posed a security threat to the United States and its allies in the Northeast Asia, and disturbed the relatively stable security balance in the region.

Meantime, American negotiators including William Perry have realized how seriously the United States has posed a military and security threat to North Korea and how sincerely the North Korean leadership has been interested in improving its relationship with the United States. The Americans have also realized that, without North Korea's help and cooperation, the United States cannot guarantee its own security interests in the Korean Peninsula and Northeast Asia.⁵⁶

Thus, the American negotiators have concluded that U.S. policy must deal with the North Korean government "as it is, not as [the U.S.] might wish it to be,"⁵⁷ and that the United States should cooperate with it in order to have a mutual threat reduction, normalization of relations, and an ultimate end to the Cold War structure in the region. Based upon this conclusion, U.S. negotiators have rejected various policy options such as maintaining the status quo with North Korea, undermining North Korea, reforming North Korea, or "buying" U.S.

56 The Perry Report, October 12, 1999; William Perry's testimony before the Senate Foreign Relations Committee, October 12, 1999.

57 *Ibid.*

objectives.⁵⁸

Instead, they elected to choose a "comprehensive and integrated approach" to their negotiations with North Korea, which is a two-path strategy. The first path is joint cooperation for a mutual threat reduction. If the first path does not work, the second path is in order. The second path was designed to "contain the threat that [the United States] has been unable to eliminate through negotiation." The Perry Report points to the advantages of the two-path strategy as follows: "By incorporating two paths, the strategy devised in the review avoids any dependence on conjectures regarding DPRK intentions or behavior and neither seeks, nor depends upon for its success, a transformation of the DPRK's internal system."⁵⁹

It is a significant development that it was the United States, the only remaining superpower, that took the first cooperative move from its own side by easing economic sanctions against North Korea, not the other way around. This means a much higher probability that the negotiations between the two sides will result in a more successful outcome.

A lack of trust in North Korea on the part of the United States, however, was reflected in the scope of easing sanctions against North Korea, which was announced on September 17, 1999. The easing of sanctions did not affect U.S. counter-terrorism or nonproliferation controls on North Korea, which prohibited exports of military and sensitive dual-use items and most types of U.S. assistance. In addition, statutory restrictions, such as U.S. missile sanctions, and multilateral arrangements - for example, the Wassenaar Arrangement - were not affected by the U.S. easing of sanctions against North Korea. This easing measure did not address claims settlements issues regarding North Korean assets in the United States currently blocked under the Trading with the Enemy Act.⁶⁰

58 *Ibid.*

59 *Ibid.*

North Korea's Position

Behind North Korea's decision in the Berlin Agreement lay the North Korean leadership's highly political calculation to restore its legitimacy that plummeted among its people and keep the system going at any cost as well as its urgent practical need to feed its people and stop its economic downturn.

The official food distribution system in North Korea has been restored to a meaningful extent in 1999 in North Korea, and average North Koreans are known to have recognized the improved food situation for this year. It is also known that more factories have begun operation this year compared to previous years. This new development would allay the discontentment of the people with the Kim Jong Il government.

The North Korean leadership is well aware that the North Korean crisis is not a security crisis but an economic crisis. Kim Jong Il appears to be determined to keep the recently created momentum going by providing more food to his people and instilling hope for economic recovery through economic and political normalization with the United States.

However, more fundamentally behind the Berlin deal with the United States lay North Korea's political and economic dynamics in the 1990s. As already noted above, North Korea made a critical choice in the early 1990s to take a road in the direction of reform and opening, particularly in the external realm, even though it did not use such terms explicitly. But it did not make any more moves in that direction during 1994-97 due to the death of Kim Il Sung and the crisis brought about by the extreme food shortage and ensuing large-scale death of people from starvation. Kim Jong Il was afraid of any policy that would result in changes in North Korea.

60 "Easing Sanctions against North Korea," Statement by the Press Secretary & Fact Sheet, White House, September 17, 1999.

Only after securing his power base in the military and party, Kim Jong Il opened a new era of his own in 1997-98. He assumed the General Secretaryship of the Korean Workers' Party in October 1997, revised the Constitution and reshuffled the government's organization in September 1998, and took the Chairmanship of the National Defense Commission of North Korea. North Korea has resumed its road toward reform and opening, particularly in the external economic realm, and this development has been supported by the United States and South Korea.

In this historical context, North Korea has sought to conduct negotiations with the United States by using its missile program as a bargaining chip, and it is trying to obtain more food, overcome economic crisis, and sustain its system. It may take years to have a complete settlement of the problems at issue between the two countries, but it is more than significant that North Korea has chosen "to cooperate" with the United States in the Berlin deal, abandoning "confrontation" with it. Normalization of relations between the United States and North Korea will inevitably lead to the improvement of relations with South Korea and Japan as well.

V. The Perry Report: U.S. North Korea Policy for the 21st Century

What are the similarities and differences between U.S. policy toward North Korea before the Perry Report and the policy measures advocated in the report? First, there is a big difference in the assumptions upon which both policies were based. The U.S. policies before the Perry Report assumed that North Korea might collapse rather early considering its dire food and economic situation. However, the U.S. policy manifested by the Perry Report assumes that North Korea may not collapse in the imminent future.

Second, as a corollary of the assumption that North Korea may not

collapse in the foreseeable future, the Perry Report accepts North Korea "as it is," not depending on "conjectures regarding DPRK intentions or behavior," that is, not depending on "specific North Korean behavior or intent" nor seeking "a transformation of the DPRK's internal system."⁶¹ The Perry Report is based on "a hardheaded understanding" of military realities and a firm determination to protect the interests of the United States, South Korea, and Japan. In other words, the Perry Report has taken a more realistic understanding of North Korea compared to the previous understanding of North Korea.

Third, the United States has adopted a give-and-take principle in dealing with North Korea. The United States has already taken a first cooperative measure toward North Korea through easing of sanctions against North Korea, and North Korea reciprocated it by suspending the test launch of its long-range missiles. These acts of reciprocating good will and favors to each other will lead to the evolution of cooperation between the two countries. In the due course, the United States will take measures for "a comprehensive relaxation of political and economic pressures" against North Korea, and North Korea will cooperate in finding a solution to the weapons of mass destruction and dissipating the North Korean nuclear and missile threat for the United States.

Fourth, the Perry Report recommends a "comprehensive and integrated approach" to negotiations with North Korea. This approach deals with both paths: the first path of North Korea's cooperation and the second path of North Korea's rejection of the first path. No doubt the United States clearly prefers the first path to the second. But both paths were delineated while aiming to protect the key security interests of the United States. The United States has established an approach which can deal with the possibility of North Korea's defection and protect its security interests by acting "to contain the threat" cannot able to be eliminated through negotiation and by taking "firm but measured

61 The Perry Report, October 12, 1999; William Perry's testimony before the Senate Foreign Relations Committee, October 12, 1999.

steps to persuade North Korea that it should return to the first path and avoid destabilizing the security situation in the region."⁶²

Fifth, the new policy of the United States builds on the Agreed Framework and combines the near-term with long-term objectives of the United States and its allies. That is, the Perry Report aligns the near-term objectives concerning North Korea's nuclear and missile activities with the long-term objectives for a lasting peace on the Korean Peninsula and the Asia-Pacific region. In the 1994 Agreed Framework, the United States and North Korea had promised to each other to move beyond cooperation in the nuclear field to broader, more normal U.S.-North Korea relations. Unfortunately, however, there has not been much progress in fulfilling that promise. Now the new policy implied by the Perry Report "seeks to realize the long-term objectives of the Agreed Framework."⁶³

Sixth, the Perry Report recommends that the United States government "take steps to create a sustainable, bipartisan, long-term outlook toward the problem of North Korea." Compared to the previous policies, the Perry Report emphasizes the importance of obtaining the support of Republican lawmakers in Congress for this new policy toward North Korea to succeed.

Finally, the new policy appreciates close coordination among the United States, South Korea, and Japan as to their policy toward North Korea. Compared to the period before the problems of the suspected underground site at Kumchang-ni and North Korea's long-range missile launch came up, the three countries' close consultation and coordination of their overall strategy and policy toward North Korea through the Trilateral Coordination and Oversight Group (TCOG) since March 1999 is a notable development. In particular, such coordinated policies toward North Korea have built on South Korea's engagement policy with North Korea.

62 *The Perry Report*, October 12, 1999.

63 *Ibid.*

VI. Congressional Opposition to the Engagement Policy toward North Korea

Many Republican members of Congress, particularly, Rep. Benjamin Gilman, Chairman of the House International Relations Committee, has opposed the Clinton Administration's engagement policy toward North Korea ever since the 1994 Agreed Framework. Particularly after the suspect underground construction at Kumchang-ni was reported in *The New York Times* and North Korea test-fired a multi-stage missile over Japan in August 1998, Congress "observed the growing gap" between North Korea's threatening actions and the Clinton Administration's representation that North Korea's behavior was accommodating key American interests.⁶⁴

The Republican-majority Congress attached various provisos to the bills related to North Korea, sponsored anti-North Korea bills, and opened hearings on North Korea. In order to see how the Republican-majority Congress has hindered the Clinton Administration's effort to engage North Korea, I will analyze (1) the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999; (2) the North Korea Threat Reduction Act of 1999; (3) the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 2000; (4) House Hearings and other actions regarding North Korea; and (5) the North Korea Advisory Group's Report on North Korea.

The Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999 (KEDO Bill for 1999)

As North Korea's security threat was newly highlighted by the suspected underground site at Kumchang-ni and the test launch of the long-range missile, the Republican-controlled Congress began to work

⁶⁴ North Korea Advisory Group, Report to the Speaker of the U.S. House of Representatives. November 1999.

on budgets that would prevent the Clinton Administration from pursuing an engagement policy toward North Korea.

The Senate passed "the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 1999" (hereafter referred to as "the KEDO bill for 1999"), on September 2, 1998. This bill appropriated a maximum of 35 million dollars for KEDO, and was passed with five provisos for the budget to be available to KEDO.⁶⁵ The House passed the KEDO bill for 1999 on September 17, but, to make matters more complex, the bill was passed without any appropriation for KEDO. According to the bill, "none of the funds" was to be used for a voluntary contribution to, or assistance for, KEDO.⁶⁶

The Senate-House Conference Committee passed a compromised bill on KEDO on October 19, 1998, with all of 35 million dollars revived but with multiple strict provisos.⁶⁷ First, none of 35 million dollars may be made available until March 1, 1999.

Second, of the funds made available for KEDO, up to 15 million dollars may be made available prior to June 1, 1999 if the President certifies and so reports to Congress that progress, compliance, cooperation, and/or full engagement has been made with respect to the Joint Declaration on the Denuclearization of the Korean Peninsula, North-South dialogue, the Agreed Framework and the Confidential Minute, the canning and safe storage of spent fuel from the graphite-moderated nuclear reactors, no significant diversion of U.S. assistance, and U.S. full engagement in efforts to impede North Korea's development and export of ballistic missiles.

65 For the provisos, see "Nonproliferation, Anti-Terrorism, Demining and Related Programs" in "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999" (S. 2334).

66 "Korean Peninsula Energy Development Organization" in "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1999" (H.R. 4569).

67 Conference Report on H.R. 4328, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999, House of Representatives, October 19, 1998 (Public Law 105-277).

Third, of the funds made available for KEDO, up to 20 million dollars may be made available on or after June 1, 1999 if the President certifies and so reports to the Congress the following: initiation of meaningful discussions with North Korea on implementation of the Joint Declaration on the Denuclearization of Korean Peninsula, agreement with North Korea on the means for satisfying U.S. concerns regarding suspected underground construction, and significant progress in negotiations with North Korea on reducing and eliminating the North Korean ballistic missile threat, including its ballistic missile exports.

This Senate-House conference agreement, however, allowed the President to "waive" the certification requirements of the above-mentioned provisos, "if the President determines that it is vital to the national security interests of the United States."⁶⁸ This is the so-called "national security interests waiver," which is a part of almost every foreign policy bill ever enacted.

The conference agreement also provided that "a very senior presidential envoy is now necessary to help restore confidence in the Administration's North Korea policy, as well [as] to engage the North Korean government at the most senior levels," and that "no later than January 1, 1999, the President shall name a 'North Korea Policy Coordinator.'"⁶⁹ Pursuant to the conference agreement, President Clinton appointed William Perry as North Korea Policy Coordinator on November 12, 1998.⁷⁰

68 *Ibid.*

69 The duty of the North Korea Policy Coordinator was to "conduct a full and complete interagency review of United States policy toward North Korea...provide policy direction for negotiations with North Korea related to nuclear weapons, ballistic missiles, and other security related issues, and...also provide leadership for United States participation in KEDO." See Conference Report on H.R. 4328, Making Omnibus Consolidated and Emergency Supplemental Appropriations for Fiscal Year 1999, House of Representatives, October 19, 1998.

70 State Dept. 11/12 on New North Korea Policy Coordinator," USIA Text, November 12, 1998.

The North Korea Threat Reduction Act of 1999

Just after the U.S. inspection team departed for Kumchang-ni in North Korea, and just one day before William Perry's plan to visit to Pyongyang was announced, Rep. Benjamin Gilman, Chairman of the House International Relations Committee, introduced "the North Korea Threat Reduction Act of 1999" on May 18, 1999,⁷¹ "despite the State Department's pleas to wait until Perry returns next week."⁷²

This act authorized appropriations of as much as 55 million dollars for fiscal year 2000 for assistance to KEDO as the Clinton Administration requested, which meant an increase of 20 million dollars for assistance to KEDO compared to the previous year.⁷³ This bill specified conditions for the release of funds by attaching as many as eight provisos, which are far more difficult to meet compared to the provisos attached to the KEDO bill for 1999.⁷⁴

The North Korea Threat Reduction Act of 1999 has two important

71 North Korea Threat Reduction Act of 1999 (H.R. 1835). North Korea Threat Reduction Act of 1999 was introduced in the Senate on July 13, 1999 by Sen. Jesse Helms, Chairman of the Senate Foreign Relations Committee. See North Korea Threat Reduction Act of 1999 (S. 1352).

72 "Commentary by Anonymous Congressional Staff Member," May 20, 1999, Special Report, Northeast Asia Peace and Security Network, Nautilus Institute. (<http://www.nautilus.org/pub/ftp/napsnet/special%5Freports/congressional%5Flegislation%5Fon%5Fdprk.txt>)

73 Hon. Benjamin A. Gilman, "Introduction of H.R. 1835, North Korea Threat Reduction Act of 1999," May 19, 1999.

74 The provisos are concern the following: implementation, pursuit and/or compliance of the Joint Declaration on Denuclearization, the North-South dialogue, the Agreed Framework, canning and safe storage of spent fuel from North Korea's graphite-moderated nuclear reactors, prohibition of the diversion of U.S. assistance, agreement regarding suspect underground construction, North Korea's development or aquisition of the capability to enrich uranium or any additional capacity to reprocess spent nuclear fuel, and significant progress on eliminating the North Korean ballistic missile threat, including its ballistic missile exports. See North Korea Threat Reduction Act of 1999, Sec. 3.

sections: restrictions on nuclear cooperation with North Korea and the continuation of restrictions on transactions with North Korea pending progress on ballistic missile issues.⁷⁵ The section on "restrictions on nuclear cooperation with North Korea" specified seven provisos regarding the enforcement of any agreement for nuclear cooperation between the two countries; license/approval for the direct or indirect export, transfer or retransfer of any nuclear materials, facilities, components, or other goods, services, or technology to North Korea. The provisos look almost impossible to meet considering the current state of affairs in U.S.-North Korean relations.⁷⁶

The section on "the continuation of restrictions on transactions with North Korea pending progress on ballistic missile issues" deals with conditions on continuation, termination, and reimposition of restrictions on transactions and activities with North Korea. The bill attached seven provisos to the termination of restrictions and five provisos to the reimposition of restrictions.⁷⁷ Again these provisos look extremely difficult to meet.

The North Korea Threat Reduction Act of 1999 stipulates the withholding of funds pending solicitation of all potential donor governments to KEDO. That is, an amount appropriated in excess of 35 million dollars may not be made available to KEDO until the United States has asked all potential donor governments, including Taiwan, to contribute to KEDO; no contributions offered unconditionally by such governments to KEDO have been declined; and even after such contributions are received, KEDO will have financial requirements in fiscal year 2000 that can only be met through the provision of more than 35 million dollars in assistance from the United States.⁷⁸ This bill also imposes serious restrictions on food aid to North Korea, ballistic mis-

75 *Ibid.*, Secs. 5 & 6.

76 For the seven provisos, see *Ibid.*, Sec. 5.

77 For the seven provisos for the termination of restrictions, see *Ibid.*, Sec. 6.

78 *Ibid.*, Sec. 3.

sile defense in the Asia-Pacific region, and refugees from North Korea.⁷⁹

Special attention should be paid to the stipulation concerning a new requirement that the President should certify that "North Korea is not seeking to develop or acquire the capability to enrich uranium" as an alternative source of fissile material.⁸⁰ This bill demanded North Korea's stricter compliance with its obligations under the Agreed Framework before key U.S. nuclear components could be transferred to North Korea in connection with the construction of two light water nuclear reactors. The bill also demanded that North Korea institute a total ban on missile exports and terminate its long-range missile program.⁸¹

One remarkable thing about this bill was its refusal to allow the President the so-called "national security interests waiver." It is worth comparing this refusal with other foreign policy bills that have been enacted. Chairman Gilman demanded that Perry's policy recommendations address the issues identified in the bill "if the Administration hopes to garner the support of Congress and the American people."⁸² No doubt the North Korea Threat Reduction Act of 1999 was the most anti-North Korea bill ever introduced in the U.S. Congress since the Agreed Framework.

Chairman Gilman stated that he did not anticipate moving the bill forward through the legislative process until he received Perry's recommendations regarding U.S. policy toward North Korea.⁸³ Of the bill, the part of "restrictions on nuclear cooperation with North Korea" was accommodated in the Gilman-Markey amendment of "the American Embassy Security Act of 1999"⁸⁴ and was passed in the House on July

79 *Ibid.*, Secs. 4, 7, & 8.

80 Hon. Benjamin A. Gilman, "Introduction of H.R. 1835, North Korea Threat Reduction Act of 1999," May 19, 1999.

81 *Ibid.*

82 *Ibid.*

83 *Ibid.*

21, 1999. This amendment "restrict[ed] all nuclear cooperation with North Korea until the President determines and certifies to the Congress that North Korea is complying with all international agreements pertaining to nuclear proliferation and has terminated its nuclear weapons program."⁸⁵ In other words, the amendment was "to remove any hope the North Koreans may have that they can get away with less than full compliance with their obligations under the 1994 agreement with the United States."⁸⁶

The Foreign Operations, Export Financing, and Related Programs Appropriations Act of 2000 (KEDO Bill for 2000)

Of North Korea Threat Reduction Act of 1999, the part on assistance for KEDO was accommodated in "the Foreign Operations, Export Financing, and Related Programs Appropriations Act of 2000" (hereafter referred to as "the KEDO bill for 2000").⁸⁷ This bill was introduced to the House on July 23, 1999; amended in the House on August 3, 1999; amended in the Senate on August 4, 1999; coordinated at the conference committee on September 27, 1999; passed in the House by 214 votes to 211 on October 5 and in the Senate by 51 votes to 49 on October 6, respectively; and sent to the President on October 6, 1999.

It is noteworthy that the bill was passed in Congress by a very narrow margin, which means that many of Republican members of both the House and the Senate did not agree with hawks like Chairman Gilman in opposing an engagement policy toward North Korea. The KEDO bill for 2000 does not provisoes as tough as the North Korea

84 American Embassy Security Act of 1999 (H.R. 2415).

85 H. AMDT. 324

86 "House Amendment Placed Conditions on Nuclear Aid to North Korea," Washington, July 22, 1999.

87 "Korean Peninsula Energy Development Organization," in "Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000" (H.R. 2606).

Threat Reduction Act of 1999, and it is similar to the KEDO bill for 1999 as far as funding for KEDO is concerned. It also allows the President to exercise the "national security interests waiver," which was not allowed by the North Korea Threat Reduction Act of 1999.

The KEDO bill for 2000 allows a maximum of 35 million dollars for KEDO. This means that Congress cut the Administration-requested budget by 20 million dollars compared with the budget appropriated for KEDO in the North Korea Threat Reduction Act of 1999.⁸⁸

Of the funds made available for KEDO, up to 15 million dollars were made available prior to June 1, 2000 but with five provisos regarding the implementation of the Joint Declaration on Denuclearization of the Korean Peninsula, the pursuit of the North-South dialogue, compliance with the provisions of the Agreed Framework, no diversion of U.S. assistance for purposes for which it was not intended, and North Korea's development or acquisition of the capabilities to enrich uranium, or any additional capability to reprocess spent nuclear fuel.⁸⁹

Of the funds made available for KEDO, up to 20 million dollars were made available on or after June 1, 2000, but with four provisos concerning the canning and safe storage of spent fuel from North Korea's graphite-moderated nuclear reactors; compliance with the U.S.-North Korean agreement of March 16, 1999 on access to the suspected underground construction at Kumchang-ni; North Korea's termination of its nuclear weapons program; and progress on eliminating the North Korean ballistic missile threat, including further tests and its ballistic missile exports.⁹⁰

What are the notable features of the KEDO bill for 2000 compared with the KEDO bill for 1999? First of all, the KEDO bill for 2000 allows the Clinton Administration to use 15 million dollars from the first day

88 *Ibid.*

89 *Ibid.*

90 *Ibid.*

of the year 2000, if necessary, compared to the previous year's proviso that none of 35 million dollars was available until March 1, 1999. This signifies that Congress as a whole has become more tolerant than before, since the suspected underground site at Kumchang-ni turned out to be nuclear-free and the Berlin Agreement of September 12, 1999 provided a tangible clue to the solution of the North Korean ballistic missile problem.

Second, unlike the KEDO bill for 1999, the KEDO bill for 2000 lists one by one the elements of the Joint Declaration on Denuclearization of the Korean Peninsula concerning nuclear weapons and nuclear reprocessing or uranium enrichment facilities: the bill text includes the following: "not to test, manufacture, produce, receive, possess, store, deploy, or use nuclear weapons, and not to possess nuclear reprocessing or uranium enrichment facilities." This is a special emphasis on the prohibition of any attempt for a nuclear weapons program.

In addition, one of the provisos reads: "North Korea is not seeking to develop or acquire the capability to enrich uranium, or any additional capability to reprocess spent nuclear fuel." All of this demonstrates Chairman Gilman's concern about North Korea's potential development or acquisition of the capability to enrich uranium as an alternative source of fissile material.⁹¹

Third, the KEDO bill for 2000 adds a new, tougher condition regarding the North Korean nuclear weapons program. The bill provides that "North Korea has terminated its nuclear weapons program, including all efforts to acquire, develop, test, produce, or deploy such weapons." The expression "has terminated" signifies that Congress did not want to see the North Korean nuclear problems come up again no more since the Kumchang-ni had been proved to be nuclear-free.

But this demand is not easy to meet at all because the North Korean nuclear program has been frozen, not terminated, in accordance with

91 Hon. Benjamin A. Gilman, "Introduction of H.R. 1835, North Korea Threat Reduction Act of 1999," May 19, 1999.

the Agreed Framework, and will be frozen until the LWR project is provided to North Korea, that is, probably until 2007 if North Korea accepts the new target date of 2007.

Fourth, compared to the KEDO bill for 1999, the KEDO bill for 2000 puts a special emphasis on significant progress on eliminating the North Korean ballistic missile threat, including further missile tests and its ballistic missile exports. The KEDO bill for 1999 focused on U.S. full engagement in efforts to impede North Korea's development and export of ballistic missiles. Thanks to the Berlin Agreement, the KEDO bill for 2000 could now tighten U.S. demand for the elimination of the North Korean missile threat.

Fifth, the KEDO bill for 2000 also puts a special emphasis on the pursuit of North-South dialogue by singling it out as an independent proviso in the bill text.

Lastly, the KEDO bill for 2000 is stricter than the previous year's bill in preventing any U.S. assistance to North Korea from being diverted for purposes for which it was not intended. Whereas the KEDO bill for 1999 simply did not allow "significant" diversion of assistance, the KEDO bill for 2000 straightforwardly did "not" allow any diversion at all.

The House Hearings and Others Regarding North Korea

Following a House International Relations Committee meeting with North Korea Policy Coordinator William Perry on September 15, 1999, Chairman Gilman issued a statement that he opposed the easing of U.S. sanctions against North Korea because he believed that "lifting sanctions will provide a long-term benefit to North Korea in exchange for their short-term concession of halting missile tests."⁹² This was followed by another statement after President Clinton's decision to ease

92 "Gilman Opposes Easing Sanctions on North Korea," Press Release from the House International Relations Committee, September 15, 1999.

sanctions against North Korea was announced on September 17, 1999. In the statement, Chairman Gilman warned that the approach put forward in the Perry Report did not have support in Congress and would not be sustainable into the next administration.⁹³

At a committee hearing on North Korea in the House on October 13, 1999, Chairman Gilman, complaining that "North Korea arguably is the largest proliferator of missiles and enabling technology in the world today," stated that "despite the Agreed Framework, North Korea may still be pursuing a nuclear program," adding that North Korea "may be seeking a parallel program based on a highly enriched uranium which strongly suggests that North Korea never intended to curb its nuclear ambitions."⁹⁴ The expression "may still be pursuing" or "may be seeking" is an expression which demonstrates that Chairman Gilman attacks North Korea and U.S. policy toward North Korea based on his own conjectures or intent, not on any concrete evidence. Chairman Gilman's fear was, in a nutshell, that North Korea would combine its "covert" nuclear weapons program with an intercontinental ballistic missile capable of striking the United States, and that U.S. policy may fail to prevent it.⁹⁵

Based on the report of the General Accounting Office (GAO),⁹⁶ Chairman Gilman accused North Korea of diverting heavy fuel oil and food assistance provided by the United States for purposes for which they were not intended. But the GAO's report uses the following

93 "Gilman Reacts to Lifting North Korea sanctions; urges bipartisan approach," Press Release from the House International Relations Committee, September 17, 1999.

94 "U.S. Policy Toward North Korea I: Perry Review," Full Committee Meeting, International Relations Committee, House of Representatives, October 13, 1999.

95 *Ibid.*

96 GAO Report to the Chairman, Committee on International Relations, House of Representatives, "Status of Heavy Fuel Oil Delivered to North Korea Under the Agreed Framework," Sept. 30, 1999 (hereafter referred to as "GAO Report on Heavy Fuel Oil, Sept. 30, 1999"); GAO Report to the Chairman, Committee on International Relations, House of Representatives, "North Korea Restricts Food Aid Monitoring," October 8, 1999.

expression: "reports have alleged that North Korea has diverted some of this heavy fuel oil for purposes not specified in the Agreed Framework, including resale abroad."⁹⁷ Again, the expression "have alleged" shows that the GAO, the investigative arm of Congress as a Congressional support agency, did not have any concrete evidence of the diversion of the heavy fuel oil.

Rep. Christopher Cox, Chairman of House Policy Committee, contended that "U.S. policy is conducting a one-sided love affair with the regime in North Korea," helping it build nuclear reactors that would produce enough plutonium to make "hundred nuclear bombs a year."⁹⁸ Rep. Joe Knollenberg also attacked the Clinton Administration's North Korea policy by citing a GAO report on North Korea's misuse of the heavy fuel oil provided by the United States.⁹⁹

It is noteworthy that Rep. Tony Hall presented a dissenting view on North Korea's food aid monitoring in his testimony on the House International Relations Committee hearing on North Korea on October 27, 1999,¹⁰⁰ and in his remarks at the House floor on November 3, 1999.¹⁰¹ He argued that the loss rate in food distribution in North Korea by the United Nations World Food Programme was "well within the two percent average loss rate that the WFP maintains in its operation worldwide." North Korea recorded a 1.7 percent loss rate, according to him, which was "not a bad record" at all compared to the more than 10 percent loss rate in Haiti or 6 percent in Honduras.¹⁰²

Chairman Gilman delivered a speech on North Korea at the Asia Society on October 21, 1999.¹⁰³ He repeated his criticism that North

97 GAO Report on Heavy Fuel Oil, September 30, 1999.

98 David Briscoe, "Republicans Attack N. Korea Policy," *Associated Press*, Oct. 13, 1999.

99 *Ibid.*; GAO Report on Heavy Fuel Oil, September 30, 1999.

100 "U.S. Policy Toward North Korea II: Misuse of U.S. Aid to North Korea," Full Committee Meeting, International Relations Committee, House of Representatives, October 27, 1999.

101 Extension of Remarks of U.S. Representative Tony P. Hall, November 3, 1999.

102 *Ibid.*

Korea, the largest recipient of U.S. foreign aid in East Asia, still remained a significant threat to U.S. security interests. He presented statistics on U.S. aid to North Korea: North Korea received almost 750 million dollars since 1995 from the United States, and will receive over 270 million dollars for this year, totalling over 1 billion dollars by the year 2000.¹⁰⁴

Chairman Gilman addressed issues of mutual concern: the North Korean nuclear weapons program, the development and proliferation of ballistic missiles, the recovery and repatriation of remains from the Korean War, the provision of food aid to North Korea, and other problems such as the history of North Korea-sponsored state terrorism, human rights in North Korea, and North Korea's production and trafficking of narcotics and counterfeiting of U.S. dollars.¹⁰⁵

Chairman Gilman offered a few of his ideas about guiding principles for U.S. policy toward North Korea¹⁰⁶ and specific policy recommendations of his own.¹⁰⁷ But he basically recognized and tacitly admitted that the President is in charge of foreign policy and accepted the policy review and policy recommendations made by the Perry Report as the policies of the United States. For example, he stated that "the Clinton Administration must retain a senior, high-visibility presi-

103 Rep. Benjamin Gilman, "America's North Korea Policy is at the Crossroads," *Asia Society*, October 21, 1999.

104 *Ibid.*

105 *Ibid.*

106 The guiding principles were that: (1) U.S. policies must be firm, (2) they do not undermine U.S.' fundamental security, (3) they are willing to undertake tough measures toward North Korean belligerence, and (4) they do not encourage in any way North Korea to miscalculate U.S.' resolve. See *Ibid.*

107 Four specific policy recommendations were: (1) retain a senior, high-visibility presidential envoy to implement the results of the policy review; (2) work closely with Tokyo, Seoul and others to implement a coordinated, coherent multilateral policy; (3) base any new North Korea policy on conditional reciprocity; and (4) ensure that deterrence and military superiority remain front and center of our policy towards North Korea. See *Ibid.*

dential envoy to implement the results of the policy review." He continued to say that Americans "have a unique opportunity to go down a different road with North Korea," and that "it is a journey that [Americans] should embark upon."¹⁰⁸

The North Korea Advisory Group's Report on North Korea

On August 23, 1999, House Speaker J. Dennis Hastert appointed Chairman Benjamin Gilman to form a Republican "North Korea Advisory Group" (NKAG) to study and report on North Korea's threat to the United States and its allies. Responding to this direction, Chairman Gilman and eight other Republican members of the House began to prepare a report in early September upon the return of Congress.¹⁰⁹

NKAG transmitted its report to Speaker Hastert on October 29, 1999, and released it on November 3, 1999. The question that NKAG was asked to answer: "Does North Korea pose a greater threat to U.S. national security than it did five years ago?"¹¹⁰ NKAG's answer to the question was that the comprehensive threat posed by North Korea to the U.S. national interests has increased since 1994. NKAG did not make specific recommendations in the report because it was not asked to do so by the Speaker of the House.¹¹¹

The NKAG report basically repeated what Chairman Gilman had thitherto contended. For example, the report strongly argues that "there is significant evidence that undeclared nuclear weapons devel-

¹⁰⁸ *Ibid.*

¹⁰⁹ "Key Lawmakers Join to Review North Korea Policy," Press Release from the House International Relations Committee, August 23, 1999: "U.S. Policy Toward North Korea I: Perry Review," Full Committee Meeting, International Relations Committee, House of Representatives, October 13, 1999.

¹¹⁰ For the five concrete questions derived from this comprehensive question, see the North Korea Advisory Group, Report to the Speaker of U.S. House of Representatives, November 1999.

¹¹¹ *Ibid.*

opment activity continues [in North Korea], including efforts to acquire uranium enrichment technologies and recent nuclear-related high explosive tests." The report continues to argue that "the United States cannot discount the possibility that North Korea could produce additional nuclear weapons outside of the constraints imposed by the 1994 Agreed Framework."¹¹²

The NKAG report strongly suggested that the Speaker of the House direct the relevant committees to review the following five issues and report back to him with their specific legislation for Congressional action by a certain date: (1) current U.S. policy is not effectively addressing the threat posed by North Korean weapons of mass destruction, missiles and their proliferation; (2) U.S. assistance sustains a repressive and authoritarian regime, and is not effectively monitored; (3) the current U.S. policy is not effectively addressing the issues posed by international criminal activity of the North Korean government, such as narcotics trafficking, support for international terrorism and counterfeiting; (4) current U.S. policy does not effectively advance internationally-recognized standards of human rights in North Korea, including liberating political prisoners and abolishing prisons for hungry children; and (5) current U.S. policy does not effectively encourage the political and economic liberalization of North Korea.¹¹³

VII. Conclusion

The United States and North Korea have now decided to go down a road toward normalization based on a newly-built predictability and trust between them. This new development was brought about through their initial cooperation in a series of negotiations and events of this past year: the March 16 agreement, the Kumchang-ni inspection,

¹¹² *Ibid.*

¹¹³ *Ibid.*

William Perry's visit to Pyongyang, the Berlin Agreement, and finally the Perry Report. As the Perry Report points out, "a confluence of events this past year" has provided "a unique window of opportunity for the U.S. with respect to North Korea," and it may be, historically, one of the "best opportunities to deal with key U.S. security concerns on the Korean Peninsula for some time to come."¹¹⁴

The Berlin Agreement is a concrete, positive sign that the North Korean leadership is seeking a way out of its dire food and economic crisis and looking to improve its relationship with the United States. The Perry Report is a manifestation of the U.S. policy to engage North Korea more fully in the years to come for the security and broader interests of the U.S. and its allies. In other words, both the United States and North Korea have made critical decisions through the Berlin Agreement and the Perry Report.

With the Presidential election coming up next year, the Clinton Administration is willing to go down the road of normalization with North Korea fast enough to enable it to have some more tangible achievements in its North Korea policy, saleable to the voters in the Presidential campaign. Also, the North Korean leadership basically appears to be thinking along the same lines, hoping to secure more of its demands from the U.S. side until the U.S. Presidential election in November 2000.

What will happen to U.S. policy toward North Korea if the Republican candidate wins the Presidential election next year? I would argue that the next U.S. Administration, Democratic or Republican, may not have much leeway for returning to the policy of confrontation and containment. As far as the "North Korean problem" continues to exist and poses a threat to U.S. interests in the Korean Peninsula and Northeast Asia—that is, without fundamental changes in U.S.-North Korean relations in the political, economic, and security realm—the new U.S. Presi-

114 *The Perry Report*, October 12, 1999.

dent may be obliged to continue its engagement policy toward North Korea, which has already produced some important initial results.

Since the United States and North Korea share an interest in mutual threat reduction, normalization of relations, and an ultimate end of the Cold War structure on the Korean Peninsula and Northeast Asia, both countries will exercise caution and patience in the coming negotiations. It is always possible that the road to normalization will be bumpy and take much time to walk down, but this does not mean that either side is likely to take the steam out of this momentum and return to the previous state of confrontation and hostility. Therefore, the prospects for the U.S.-North Korean relations look bright in the months and years to come.

빈 면

BEYOND BALANCING: ECONOMIC COOPERATION ON THE KOREAN PENINSULA

Peter M. Beck

This article attempts to answer the question of how we can best deal with the security threat posed by North Korea. It argues that the most effective way to ease tensions on the Korean Peninsula and lower the security threat to the region is to engage North Korea economically in the context of a strong defense posture. In the first section, it makes the case for a broad-based and flexible approach to economic engagement. It then provides a comprehensive review and assessment of North Korea's external economic linkages and the steps undertaken to economically engage North Korea to date. These activities include trade and investment, humanitarian assistance and the light water reactor project undertaken by the Korean Peninsula Energy Development Organization (KEDO). It concludes by examining the prospects for sustaining and deepening economic cooperation with the North.

I. Introduction

One of the most formidable challenges facing policy makers in the Asia-Pacific has been how to deal with North Korea. North Korea remains one of the most serious threats not only to South Korea's security, but also to regional security in the Asia-Pacific region due in no small part to its suspected nuclear and ballistic missile activities. As if any reminders were needed, the North's testing of the Taepodong I ballistic missile in late August 1998 raised tensions as well as the specter of an arms race in the region. How can we best deal with the challenge posed by North Korea?

I argue that the most effective way to ease tensions and lower the security threat to the region is to engage North Korea - diplomatically, socially and most importantly, economically. In the first section, I make the case for a broad-based and flexible approach to economic engagement. I then provide a comprehensive review and assessment of North Korea external economic linkages and the steps undertaken to economically engage North Korea to date. These activities include trade and investment, humanitarian assistance and the light water reactor project undertaken by the Korean Peninsula Energy Development Organization (KEDO). There have been a flurry of conferences and articles on engagement with North Korea but the vast majority have focused on one specific area of cooperation, be it trade, investment or KEDO. However, in establishing the potential efficacy of economic engagement, we must look at the overall picture rather than one narrow aspect. I conclude by examining the prospects for sustaining and deepening cooperation with the North.

Few would disagree over the desirability of engaging North Korea, the question is, what should be the extent of that engagement? To what degree should it be conditional or reciprocal? The Kim Dae Jung Administration has undertaken the boldest engagement policy ever in South Korea and has proclaimed the separation of economic and politi-

cal issues (*jeon-kyeong bun-ri*) when dealing with North Korea. In reality, it may be almost impossible to separate the two. Nevertheless, the current policy of comprehensive engagement initiated by the Kim Administration offers an unprecedented opportunity to reduce tensions on the Korean Peninsula. Questions have been raised about the sustainability of the engagement policy. The course ahead is far from clear. A sufficiently provocative act by the North could derail engagement efforts and force governments to adopt more confrontational stances. Elections in South Korea and the US could adversely impact the prospects for economic cooperation. Nevertheless, until the North proves otherwise, economic engagement remains the best option available to policymakers.

II. Moving Beyond the Zero-Sum Game

The dilemma of whether to pursue engagement, confrontation or benign neglect on the Korean Peninsula echoes the debate within the international relations literature which pits realists against neo-liberal institutionalists. Realists, with Kenneth Waltz leading the charge, have argued that interactions among nation-states are characterized by competition and confrontation.¹ States are continually vying with each other for hegemony. Interactions between states are zero-sum - one country gain is another country loss. Nations or blocks of nations invariably attempt to balance against one another. The realist approach provided a parsimonious and seductive explanation for the Cold War, but was ill equipped to predict or explain the Soviet Union decision to stop balancing against the United States. In other words,

1 Kenneth N. Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979) and "Realism and Globalism: Is International Politics Becoming Obsolete?", Presented at the annual meeting of the American Political Science Association, Atlanta, September 2-5, 1999.

realism provides a persuasive explanation for past relations between North and South Korea, but fails to explain how the Koreas can move beyond balancing.

The interdependence school contends that states can indeed cooperate and interact in ways that are mutually beneficial or "positive sum." Where realists like Waltz see growing economic interdependence leading to confrontation, neoliberal institutionalists see less confrontation and conflict because the cost of war becomes greater and greater; trade and investment concerns raise the cost of military conquest.²

Over the past decade, the forces of globalization have only strengthened the interdependence approach. More recent interdependence writings have made more nuanced arguments about the forms of interdependence most conducive to cooperation. One finding is particularly pertinent to the Korean case. Goldstone finds that asymmetrical bilateral trade relations are more likely to lead to conflict and even war than symmetrical relations.³ In other words, when one country depends on another for trade and investment but the other country does not depend on the first, the dependent country is more likely to opt for a policy of confrontation.

The Korean Peninsula represents one of the last vestiges of the Cold War, with the two sides locked in a military rivalry that at times grows extremely tense. President Kim Dae Jung has pledged to "end the Cold War on the Korean Peninsula" during his term of office. At recent conferences, some analysts have described Kim's bold engagement policy as a paradigm shift.⁴

2 For a succinct application of this debate to Northeast Asia, see Mike Mochizuki, *Security and Interdependence in Northeast Asia*, *Asia/Pacific Research Center* (Stanford University: May 1998).

3 P.R. Goldstone, "Economic Interdependence and Peace: Hollow at the Core?", presented at the annual meeting of the American Political Science Association Atlanta, September 2-5, 1999.

4 For a strong assertion of the "paradigm shift" view, see Kim, Ki-jung, and Deok Ryong Yoon, "beyond Mt. Kumkang: Social and Economic Implications," presented

While the policy clearly represents a sharp departure from that of past administrations, North Korea remains a clear and present danger that cannot be ignored. Even one of America's foremost champions of globalization, *New York Times* columnist Thomas Friedman stresses the need for maintaining security. Building on his thesis that countries with McDonald's rarely go to war against one another, Friedman argues, "the fact that no two countries have gone to war since they both got McDonald's is partly due to economic integration, but it is also due to the presence of American power and America's willingness to use that power against those who would threaten the system of globalization - from Iraq to North Korea. The hidden hand of the market will never work without a hidden fist".⁵ South Korea and the United States must work more closely than ever to deter potential North Korean aggression.

Nevertheless, Kim Dae Jung was the first leader to recognize that from a position of strength, South Korea and the rest of the world have the opportunity to engage North Korea economically without compromising South Korea's security interests, and ultimately lower tensions, not only on the peninsula, but also in the region. In the words of Unification Minister Lim Dong-won, "We can introduce the engagement policy because we are strong".⁶ The Council on Foreign Relations's North Korea Task Force reached a similar conclusion, "We are strong enough to test inducements for change in the North".⁷ In a sense, the Perry Report represents an affirmation of Kim's policy choice. In a

at the conference on "Kim Dae Jung's Sunshine Policy: Its Conceptual Promise and Political Challenges," Georgetown University, May 1999.

5 Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Farrar Straus Giroux, 1999), p. 373.

6 Dong-won Lim, "How to End Cold War on the Korean Peninsula," presented at a working breakfast meeting hosted by Korea Development Institute, Seoul, April, 1999.

7 Council on Foreign Relations, "U.S. Policy Toward North Korea: A Second Look," New York: July 1999.

word, the Kim and Clinton administrations are attempting to move beyond balancing.

One of the benefits of William Perry's review of U.S. policy toward North Korea has been more effective policy coordination between the United States, South Korea and Japan. Each country's interests diverge at times, but for the first time there is now a basic consensus among the three on dealing with North Korea.

After South Korea, the United States is the key to economic engagement with North Korea. China and Japan provide critical financial lifelines to North Korea both in terms of trade and unilateral transfers (see Table 2), but neither is likely to take a proactive stance toward engaging North Korea for the foreseeable future. Chinese authorities appear satisfied with the status quo. Despite the tremendous potential windfall for the North, negotiations between the North and Japan to normalize relations remain at an impasse. The main sticking point has been the North's failure to adequately address the kidnapping of Japanese nationals. The test firing of the Taepodong missile in August 1998 led to a hardening of views in Tokyo.⁸ As a result, the biggest economic engagement prize of all for North Korea, wartime reparations of \$10-\$20 billion for normalizing relations with Japan,⁹ may be out of reach for the foreseeable future.

Even the leading proponents of engagement with North Korea, Seoul and Washington, face the challenge of coordinating the interests of each country as well as reconciling differences of opinion within each country.¹⁰

Perry made this clear in his report, "No U.S. policy can succeed

8 Masao Okonogi, "Beyond the Status Quo: A View from Japan," presented at the conference "Kim Dae Jung's Sunshine Policy: Its Conceptual Promise and Political Challenges," Georgetown University, May 1999.

9 Mike Mochizuki, *op. cit.*

10 For a summary of Congressional Republican views on U.S. policy toward North Korea, see Benjamin A. Gilman, "Speech to the Asia Society," manuscript, October 1999.

unless it is coordinated with the ROK's policy".¹¹ For the United States, North Korea policy has been guided by nuclear and ballistic missile proliferation concerns, while for South Korea, the paramount concern is maintaining peace on the Korean Peninsula; proliferation has been a secondary concern. Nevertheless, both countries have arrived at the conclusion that engaging North Korea economically is the best way to reduce tensions.

This essay makes an important assumption. I assume that North Korea will not collapse in the short to medium term. In a few weeks, yet another prediction by Aidan Foster-Carter about the imminent demise of North Korea will be proven wrong. After predicting in the early 1990s that the North would collapse within a few years, he went on to predict that Kim Jong Il would not survive the 1990s as head of North Korea. While a sudden implosion/explosion cannot be entirely ruled out, most analysts believe the current regime will remain in power for the foreseeable future.¹²

The U.S. and South Korea tried a confrontational approach in the early 1990s and it almost lead to war.¹³

III. The North Korean Economy

Before delving into North Korea's international economic linkages,

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- 11 William J. Perry, "Review of United States Policy Toward North Korea: Findings and Recommendations," United States Department, October 1999, p. 2.
 - 12 A May 1999 survey of participants at a conference on North-South Korean relations found that 71% believe that it will be more than ten years before the Koreas reunify. Peter M. Beck, "Engagement or Confrontation: American, Asian and European Views on the Two Koreas," *Korea Approaches the Millennium* (Washington, D.C.: Korea Economic Institute of America 1999).
 - 13 Oberdorfer and Sigal provide the most telling accounts of the perils of confrontation. Don. Oberdorfer, *The Two Koreas* (Massachusetts: Addison-Wesley, 1997) and Leon V. Sigal, *Disarming Strangers: Nuclear Diplomacy with North Korea* (New Jersey: Princeton University Press, 1998)

it is important to have a sense of North Korea's economic situation and the prospects for reform. Given the opaque nature of the regime and paucity of hard data on the North Korean economy, at best we can only guess what conditions are like, much less fathom the calculations of policymakers. As Perry put it, "the unknowns continue to outweigh the knowns."¹⁴ What we do know is that the North Korean economy experienced profound economic distress during the 1990s. As Table 1 indicates, the 1990s were a "lost decade" for the North Korean economy. Estimates vary, but the North Korean economy shrank by roughly one-half or more during the 1990s. In contrast, South Korea grew by the equivalent of the entire North Korean economy each year during the 1990s. Many factors have been cited for the North's dismal economic performance. The collapse of the Soviet Union, one of the North's leading trade partners and sources of foreign assistance, likely triggered the downturn. The limitations of a command economy, droughts and floods have also contributed. Despite the North's *juche* ideology, the economy has experienced shortfalls in grain production and energy imports of 20-30% in recent years. Some analysts have declared that the North Korean economy has collapsed. The only potential bright spot is growing signs that the economy may have bottomed out, due in part to increased foreign assistance.

North Korea's *juche* ideology has become increasingly anachronistic as the world grows increasingly interdependent. Ironically, North Korea is more dependent than ever on outside assistance from its traditional adversaries, South Korea, the United States and Japan, than ever before.

14 William J. Perry, *op. cit.*, p. 5.

IV. Prospects for Reform: Neither Vietnam Nor Albania?

In finding a way out of its economic tailspin, the North Korean regime faces a Catch-22: to rescue the economy and ensure the survival of the regime, the North must undertake economic reform, yet these same reforms could destabilize the country and ultimately threaten the regime, much like the Tienanmen Square Democracy Movement in China in 1989. At times it can be difficult to separate North Korean rhetoric from reality. Nevertheless, it is important to briefly assess the prospects for economic reform in North Korea. If the North were to undertake fundamental economic reforms, the payoff/returns would be tremendous. By one estimate, the North would experience an almost unprecedented jump 20-40% in economic output if economic distortions were eliminated.¹⁵

Given the North's opaqueness, it is impossible to draw any conclusions about the regime's level of commitment to economic reform. Nevertheless, there are modest signs of change. For example, the North adopted a revised constitution in the fall of 1998 which includes market-oriented laws relating to price reform and profit incentives.¹⁶ Some analysts dismiss North Korea's tentative reform efforts. Eberstadt argues, "North Korea today appears to be guided by an aid-maximizing economic strategy".¹⁷ Oh and Hassig arrive at a similar conclusion.

15 Marcus Noland, "The North Korean Economy," *Joint U.S.-Korean Academic Studies*, Vol. 6, 1996 (Washington, D.C.: Korea Economic Institute of America) and "The Implications of Increased Economic Integration," presented at the conference "Two Koreas: Toward One Economy," Korea America Economists Association: Washington, D.C., October 4-5, 1999.

16 Jin-wook Choi, "Changing Relations Between Party, Military, and Government in North Korea and Their Impact on Policy Direction," *Discussion Papers*, Asia/Pacific Research Center, Stanford University, July 1999; In-duk, Kang, "Challenge and Response: The South Korean Policy Toward North Korea," *East Asian Review*, Vol. 11, No. 3 (Autumn 1999).

17 Nicholas Eberstadt, "U.S.-North Korea Economic Relations: Indications from North Korea's Past Trade Performance," Tong-whan Park, ed., *The U.S. and the Two Koreas*

They suggest that the reforms undertaken so far are "half-hearted and peripheral".¹⁸ The Council on Foreign Relations concludes, "there is little clear evidence that North Korea is embracing a more open economic system from the top".¹⁹ In a survey of 40 recent works on the North, Oh and Hassig find that the vast majority support the view that the North will continue to adopt a "muddling through" approach.

However, the muddling through assessment contains the implicit assumption that the North will not close its doors to the outside world and stamp out all market-oriented initiatives. It is reasonable to conclude that the North is likely to take tentative steps to promote trade and investment which are viewed as non-threatening to the regime survival and national security. Whether these steps are incremental or ad hoc, there will likely be increased opportunities for engaging North Korea.

V. Engaging North Korea

Kim Dae Jung's policy of comprehensive engagement with North Korea represents a clear departure from the past. By dropping the requirement that all engagement must begin and end at the government-to-government level, he has managed to break the logjam in inter-Korean relations. Moreover, President Kim has shown a consistency, even single-mindedness about engagement with North Korea that has surprised many analysts. This is in sharp contrast to his predecessor, who became known for an erratic (*naegtang ontang*) approach. Moreover, given South Korea's economic difficulties, engaging North Korea and lowering tensions on the peninsula would facilitate the

(Lynne Rienner Publishers: 1998), p. 131.

18 Kongdan Oh and Ralph Hassig, "North Korea Between Collapse and Reform," *Asian Survey*, Vol 39, No. 2 (March/April 1999), p. 289.

19 CFR, *op. cit.*, p. 8.

South's economic recovery. A senior Blue House official rhetorically asked, "What foreigner would want to invest in an uncertain South Korean market if North-South relations are also tense?"²⁰ Mochizuki notes, "What economic interdependence can do is to make North Korea somewhat less desperate and therefore less prone to acts of terror and sabotage".²¹ In other words, the North must be shown that the benefits of engagement outweigh the costs of provocation and confrontation.

The Kim Administration's engagement policy is not without its critics. Some charge that without improvements at the governmental level, at best engagement rewards North Korea for bad behavior and at worst it is turning the North into an inveterate extortionist. However, as mentioned above, it is important to bear in mind that rewards can be taken away, which also creates a form of leverage for North Korea's negotiating partners. A second criticism is that despite the Administration's vigorous efforts, all the government really has to show for its engagement policy is the Hyundai deals. *Dong-a Ilbo* even ran a political cartoon on October 3 that showed the sign for the Ministry of Unification and underneath the sign it read "A Division of the Hyundai Corporation." Critics contend that such a policy amounts to getting the cart in front of the horse: without agreements and understandings at the governmental level, investment projects will invariably falter without sufficient protections for South Korean citizens, for example. The detention of a South Korean tourist during a tour of Mt. Kungang provided a vivid example of this. However, the China-Taiwan experience demonstrates that economic relations can flourish even when state-state relations remain essentially frozen. A final criticism made is that Kim engagement policy lacks a clear ultimate goal. However, when dealing with the North, having the modest goal of reducing tensions and increasing cooperation may be the most realistic approach to take.

20 *News Plus*, November 19, 1998.

21 Mike Mochizuki, *op. cit.*, p. 23.

VI. North Korea's External Economic Linkages

Foreign Trade

Foreign trade represents North Korea's biggest economic link to the outside world. Like the economy, the North's foreign trade has contracted in the 1990s, but trade still accounts for more than 10% of GDP, totaling an estimated \$1.44 billion in 1998.²² Japan and China are North Korea's top two trade partners, but since trade with the South began in 1988, South Korea has quickly risen to third (Table 4).²³

After contracting in 1997 by 30% due largely to the South's economic difficulties, North-South trade recovered in 1999, with trade during the first eight months of 1999 exceeding the total for all of 1998. The largest share of items traded were primary goods such as metals and marine products from the North and heavy fuel oil and food from the South, but textiles have become the single leading item in bilateral trade as a result of processing on commission trade.²⁴

POC trade has risen dramatically since the North adopted a law in 1992, accounting for nearly 30% of North-South trade. It is also important to point out that non-commercial transfers make up an increasingly large portion of official South Korean "export" figures.²⁵ During the first half of 1999, less than one-quarter of exports consisted of commercial transactions. Nevertheless, Noland estimates that South Korea would rise to become the North's leading trade partner (35%) if the

22 *Bank of Korea*, 1999.

23 Several analysts have noted that South Korean trade figures overstate the actual level of trade by including unilateral transfers such as humanitarian assistance and KEDO oil shipments.

24 Processing on commission trade consists of enterprises in the South shipping raw materials to the North, where they are then processed and exported.

25 Hong-tack Chun, "Intra-Korean Economic Relations under the Sunshine Policy," presented at the conference "Two Koreas: Toward One Economy," Korea America Economists Association: Washington, D.C., October 4-5, 1999.

North were to become a "normal" country.²⁶ This is perhaps the clearest indicator of the potential for North-South economic cooperation. However the interdependence literature helps alert us to one potential problem: trade relations between the North and the South are likely to remain asymmetrical, which could pull the North in the direction of confrontation rather than cooperation. At the appropriate time, care will have to be taken to relieve the North's concerns.

Investment

External investment in North Korea has been negligible despite its efforts to attract investors in the 1990s. Total foreign investments through 1998 were estimated to be less than \$350 million. However, there are growing signs that this could soon change, especially in the wake of Hyundai's North Korea initiative and the partial lifting of sanctions by the United States. The North began to take concrete steps to attract foreign investment in 1984 with the passage of the Foreign Joint Venture Law, but this effort languished until 1991 with the creation of the Foreign Economic and Trade Zone in Rajin-Sonbong and passage of a new foreign investment law in 1992.²⁷

This represents the biggest step taken by North Korea to date to open up its economy as well as one of the most effective means for transforming the North Korean economy and introducing market principles. However, the North chose an extremely remote and undesirable location so as to minimize the potential "contamination" from the zone on the local population. A major international investment conference held in 1996 in the zone only resulted in a handful of investments, with

26 Marcus Noland, *op. cit.*

27 For a detailed review of North Korean investments policy, see Brendon A. Carr, "Ending the Hermit Kingdom's Belligerent Mendicancy: New Openness, New Foreign Direct Investment Laws of the Democratic People's Republic of Korea," *Manuscript*, University of Washington School of Law, 1997.

Hong Kong's Empire Hotel leading the way with a *reported* \$200 million tourist hotel project.

However, there appears to be a growing recognition among the North Korean leadership that the Rajin-Sonbong SETZ is proving to be inadequate. The clearest indication of this has been news reports in October suggesting that Haeju might be designated as a SETZ. Location alone would make it a vast improvement, but there would still be infrastructure questions. As a result of the lifting of U.S. sanctions in September, the American Chamber of Commerce in Seoul announced in mid-October that it would send a group of ten American businessmen to Pyongyang in November. Even more surprisingly, AmCham received over 90 requests to participate. The Korea Society President, Donald Gregg, has also publicly stated that he has a group of leading American companies that are ready to visit the North. As with all projects involving the North, expectations should not be raised too high. In dealing with the North, the devil is often in the details.

South Korean firms were not allowed to invest in the North until a law was passed in the South in 1994. The first investment was by Daewoo in a \$5.1 million POC textile venture in Nampo. As of September 1999, a total of 42 firms have been approved to invest in North Korea, and of these, 15 have also had their actual investment projects approved, nine since Kim Dae Jung became president (Table 5). However, as Flake points out, even "approved projects" do not necessarily lead to actual investments.²⁸

Due to the inherent risks and uncertainties involved with investing in North Korea, investment in the North is likely to remain modest. The impediments to trade and investment should not be dismissed - an often bellicose regime, investment restrictions, inadequate infrastructure and a lack of legal protections and guarantees for investors and

28 Gordon Flake, "Inter-Korean Economic Relations under the Sunshine Policy," *Korea's Economy* 1999, Vol. 15 (Washington, D.C.: Korea Economic Institute of America, 1999)

their investments. Nevertheless, a number of reasons can be found to consider North Korea as a potential foreign investment recipient. Obviously, the North is most attractive to South Korea, given a common language and considerable complementarity. The North's cheap labor and natural resources, when combined with the South's investment and technology, could lead to synergistic economic relationship.²⁹ While the most risky form of economic engagement, foreign investment also represents the greatest catalyst to economic change by introducing foreign business practices to the North. As with trade, South Korea's investments in North Korea pale in comparison to Taiwanese investments in China. By 1996, Taiwan's cumulative investments in China exceeded \$30 billion.³⁰ By becoming one of China's leading sources of trade and investment, Taiwan has dramatically raised the cost of war for China. South Korea can follow Taiwan's example.

The most ambitious project undertaken between the two Koreas since partition is the Hyundai-led tours of Kungang-san. The tours have proven to be the most tangible and controversial product of South Korea's engagement policy. In exchange for paying the North roughly \$1 billion over a six-year period, Hyundai has been granted exclusive rights to develop tourism facilities in the legendary national park. As with all North Korea initiatives, the project is not without its critics. Some are uncomfortable with the thought of providing the North with large sums of cold hard cash. This view only hardened when news reports emerged that the North had purchased MiG fighter planes from Kazakhstan - in cash. One scholar suggests that until the North relinquishes its weapons of mass destruction program that payments be made in goods rather than cash.³¹ Critics also question the economic

29 Youn-suk Kim, "Economic Cooperation Between the Two Koreas: Historical Analysis," presented at an Economic Outlook Conference on "Two Koreas: Toward One Economy," Washington, D.C., October, 1999.

30 Mike Mochizuki, *op. cit.*

31 Hong-nack Kim, "The Kim Dae Jung Government's North Korea Policy: Problems

viability of the project. Kim and Yoon estimate that the project is losing \$127 million per year. There have also been suggestions that the South Korean government has provided Hyundai with unspecified "favours."

Humanitarian Assistance

Last, but far from least, humanitarian assistance to North Korea represents an increasingly significant portion of North Korea's external economic linkages (see Table 2). In 1995, North Korean authorities took the unprecedented step of requesting humanitarian assistance in order to address its chronic food shortages. Since 1995, the international community has contributed an estimated \$1 billion in famine relief.³² Food aid now accounts for roughly 20% of North Korea's foreign economic linkages. While the United States and China are the two biggest contributors, a host of NGOs (led by the World Food Program) also contribute and handle most of the distribution. Much to the dismay of some Republicans, the North is now America's leading aid recipient in Asia. Humanitarian assistance can help establish the sincerity of the international community to both the North Korean government and North Korean people. The American flag is emblazoned on all corn and grain contributions from the United States. Monitoring food aid distribution remains an on-going concern, but the World Food Program contends that there are no significant diversions.

From KEDO to KADO?

The Korean Peninsula Energy Development Organization (KEDO) was established in 1994 as the implementing organization for the Agreed Framework between the U.S. and North Korea, which halted

and Prospects," presented at the 1999 annual meeting of the Korea American University Professors Association, October, 1999, p. 21.

32 Kongdan Oh and Ralph Hassig, *op. cit.*

the North's nuclear program in exchange for two proliferation-resistant reactors. KEDO also represents the most sustained and extensive case of economic cooperation between the North and its former adversaries, the United States, Japan and South Korea.³³

Though reluctant partners initially, South Korea and Japan have come to view KEDO as a means to avoid crisis and promote economic cooperation with North Korea. Consequently, KEDO has quickly grown to become one of the cornerstones of the United States, Japan, and South Korea's trade and investment with North Korea. Since early 1995, KEDO has provided the North with roughly 500,000 tons of heavy fuel oil and has conducted a site survey and site preparations. This has amounted to a unilateral transfer of \$50 million per year in oil and project activities, which many analysts consider a small price to pay for halting the North's nuclear program.³⁴

Several analysts have cited KEDO as a model for other forms of economic engagement with North Korea, including a potential "KADO," which would focus on addressing North Korea's agricultural problems. While KEDO can be viewed as a model for engaging North Korea economically in a coordinated manner, the on-going funding difficulties underscore the challenge of sustained cooperation. Administration officials have at times likened the bargaining process to secure funding from Congress and obtain financial commitments from Japan and Korea to negotiating with North Korea. Though far behind schedule in terms of constructing the reactors, KEDO has still managed to thrive under adverse conditions. KEDO's executive director, Desaix Anderson insists, "KEDO can be a vehicle to begin the process whereby Pyongyang might be enticed from its isolation and brought into the broader regional and international community".³⁵

33 For a comprehensive review of KEDO and the Agreed Framework, see Ralph Cossa, *op. cit.*

34 For KEDO's financial particulars, see Korean Peninsula Energy Development Organization, *Annual Report 1998/1999* (New York: 1999)

VII. The Next Level: Joining International Financial Institutions

If North Korea's leaders decide to continue down the path of economic engagement with the outside world, participation in international financial institutions would become one of the most promising as well as least threatening forms of development assistance. According to the World Bank's Bradley Babson, North Korea has expressed an interest in joining international financial institutions, including the Asian Development Bank.³⁵ The North hosted fact-finding missions from the International Monetary Fund in September 1997 and the World Bank in February 1998. North Korea also took the important step of receiving technical assistance from the UN Development Program by allowing some of its officials to receive training in market economics in Beijing, but since then there has been little progress.

The World Bank attempted to initiate a training program for North Korean economic officials in either Pyongyang or Beijing, but the North has temporized on making a final decision and following through with it. Such a move would be a modest step in the right direction, but numerous obstacles remain before the North could actually join IFIs. First, the North is reluctant to provide the quality of economic data necessary for meeting membership requirements.³⁷ Second, some IFI contributors would not support such an initiative until certain political conditions have been met.³⁸ For the United States, this would include having the remaining sanctions against the North lifted. Third,

35 Desaix, Anderson, "KEDO in the Strategic Context of Northeast Asia," *Korea's Economy 1999*, Vol. 15 (Washington, D.C.: Korea Economic Institute of America, 1999), p. 110.

36 Bradley O. Babson, 1999. "North Korean Economy Today," *Manuscript*, (World Bank, 1999)

37 Danny M. Leipziger, 1998. "Thinking about the World Bank and North Korea," *Economic Integration of the Korean Peninsula*, Marcus Noland, ed. (Washington D.C.: Institute for International Economics, January 1998)

38 Bradley Bobson, *op. cit.*

some resolution of the North's sizable external debt, largely in the form of defaulted loans from the 1970s, would also have to be undertaken. The potential benefits for North Korea would be considerable. Using Vietnam's experience as an example, assistance from international development banks to North Korea could total \$250-\$500 million per year.³⁹

VIII. Conclusions

We face an unprecedented opportunity to engage North Korea economically. Ironically, the opposition parties in South Korea and the United States are proving to be some of the biggest impediments to a policy of economic cooperation. President Kim has steadfastly maintained a policy of economic engagement, even in the face of harsh criticism in the South and military provocations by the North, which most analysts expect will continue. Kim seems to have mastered the art of turning the other cheek. However, it is valid to question whether or not the policy will work in the short to medium term. Based on the China-Taiwan experience, we can conclude that even sustained economic engagement is unlikely to lead to significant North-South political engagement. Even though the Chinese leadership has committed itself to gradual economic opening and liberalization over the past two decades, including Taiwan during the past ten years, political relations between the two remain as frozen as ever. Nevertheless, the thriving economic relations between the two provide one of the strongest arguments against a military confrontation.

Over the past five years, there has been an unprecedented level of cooperation between the North and the non-communist world. Yet, most of these efforts have been unilateral transfers, such as humanitari-

39 Danny M. Leipziger, *op. cit.*

an assistance. One of the challenges for future engagement efforts will be to shift from unilateral transfers to bilateral and multilateral exchanges. Nevertheless, both forms of economic cooperation can help provide the incentives for the North to forgo the path of confrontation. This does not mean that the South and its allies should pause in their military deterrence activities or give in to blatant attempts at extortion. Admittedly, drawing a line between cooperation and extortion will be a difficult task. North Korea may ultimately view the South's engagement policy as a "Trojan Horse" designed to destabilize the North.⁴⁰ Gordon Flake calls it "the most dangerous policy [the North] has ever faced."⁴¹ Yet, this will not be known until a sustained effort has been made to try to coax the North with enough carrots to come out of its shell.

This paper has argued in favor of economic engagement with the North in the context of a strong defense posture and suggested that there are a variety of different forms of economic cooperation and inducements available. Taken in their entirety, these efforts represent a modest but significant commitment on the part of the North to engage the international community. Invariably, there will be setbacks, but economic cooperation will likely remain the surest path to peace and reconciliation on the Korean peninsula.

40 Hong-nack Kim, *op. cit.*

41 Gordon Flake, *op. cit.*, p. 101.

Table 1. North Korean Economic Indicators

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Growth Rate (%)	-3.7	-5.1	-7.7	-4.2	-1.8	-4.6	-3.7	-6.8	-1.1	1.0*
GNP (\$ trillion)	23.1	22.9	21.1	20.5	21.2	22.3	21.4	17.7+	12.6+	-
Per Capita GNP (\$)	1,064	1,038	943	904	923	957	910	811+	573+	-

Source: KOTRA (1999), Bank of Korea (1999)

*estimate + gross national income

Table 2. North Korea's International Economic Linkages

Foreign Trade	\$1-3 billion/year
Foreign Investment (cumulative)	\$50-80 million
Kumgangsan Tours (Hyundai)	\$150-200 million/year
Remittances from Japan	\$200-600 million/year
Humanitarian Assistance	\$300-500 million/year
KEDO Heavy Fuel Oil	\$50 million/year
Overseas Weapons Sales	\$50 million/year
Future	
Foreign Loans in Default	\$12.1 billion
Normalization with Japan	\$10-\$40 billion
Trade and Investment from U.S.	\$30-100 million/year
KEDO Reactors	\$4.5 billion
Humanitarian Assistance from Japan	\$5-30 million/year
Pyongyang Gymnasium Project (Hyundai)	\$34 million

Sources: Eberstadt (1998); Mochizuki (1998); *Vantage Point* (September 1999); Oh and Hassig (1999) *Korea Economic Weekly*; author's estimates

Table 3. North Korea's Leading Trade Partners (1995, \$ Million)

Country	Imports	Exports	Total
Japan	255	340	595
China	486	64	550
South Korea	64	223	287
World Total	1,380	959	2,339

Source: Flake (1996)

Table 4. North-South Trade in Comparative Perspective (\$ Million)

	North-South			China-Taiwan		
	S to N	N to S	Total	T to C	C to T	Total
1990	1.2	12.3	13.5	2,254	320	2,574
1992	10.6	162.9	173.5	5,881	698	6,579
1994	18.2	176.3	194.5	14,085	2,242	16,327
1996	69.6	182.4	252.0	16,182	2,803	18,985
1997	115.3	193.1	308.4	—	—	—
1998	129.7	92.3	222.0	16,630	3,870	20,500
1998 Jan-June	43.9	32.0	75.9	—	—	—
1999 Jan-June	119.4	45.5	164.9	—	—	—
East-West Germany (1987)	—	—	14,014	—	—	—

Sources: Ministry of Unification (1999); Chun (1999)

Table 5. Leading South Korean Investment Projects

Company	Description	Investment (\$million)	Date Approved
Kohap, Inc.	Clothing/Textile	6.9	5/17/95
Hanil Synthetic Fiber Co.	Clothing	9.8	6/26/95
Kukje Corp.	Shoes	3.5	6/26/95
Korean Green Corp.	Medicine	3.0	9/15/95
Tong Yang Cement	Cement Factory	3.0	9/15/95
Dong Ryung Marine	Shipping facilities	3.0	9/15/95
Samsung Electronics	Telecommunications	7.0	4/27/96
Taechang	Spring Water	5.8	4/27/96
Daewoo Electronics	Electronics	6.4	4/27/96
Korean Gono	Water Projects	45.0	7/19/96
Shinil	Clothing	3.0	5/22/97
LG Electronics	Electronics	4.5	5/22/97
Samsung Electronics	Communications	5.0	8/1/97
Kolong	Textiles	4.0	8/1/99
Daesang	Distribution System	4.2	10/14/99
Samchunli Bicycles	Bicycles	8.0	10/14/99
Ace Furniture	Furniture	4.3	1/9/98
Lotte Confectionery Co.	Confectionery	5.8	2/18/98
Kwangin	Outdoor Advertising	2.5	2/18/98
Doorae Maeul	Farming	8.0	3/13/98
International Corn Foundation	Corn Research	2.2	6/18/98

Source: Ministry of Unification (1999)

빈 면

SOUTH KOREA'S SECURITY RELATIONS WITH JAPAN: A VIEW ON THE CURRENT TREND

C.S. Eliot Kang and Yoshinori Kaseda

Recently, South Korea and Japan have significantly increased their bilateral security cooperation. They have strengthened direct military to military links, achieved a better understanding of their respective roles as allies of the United States in the event of a contingency on the Korean peninsula, and are developing ways to coordinate their handling of the North Korean threat. The emergence of North Korea as a mutual threat to South Korea and Japan has increased the incentive for improving bilateral security relations. Yet, more crucial was political leadership in Seoul and Tokyo. To be sure, the bilateral security cooperation is still underdeveloped and may prove fragile. However, their cooperative security relationship is crucial for regional security. Although some may fear that the deepening of their bilateral security ties might provoke North Korea and, more importantly, China, it can be defended as the first step toward a more comprehensive confidence-building process in East Asia.

I. Introduction

Since President Kim Dae Jung came into office, South Korea-Japan bilateral relations have improved dramatically and the two nations have significantly increased their security cooperation. Among others things, South Korea and Japan have improved direct military to military links, achieved better understanding of their respective roles as allies of the United States in the event of a contingency on the Korean peninsula, and are developing ways to coordinate their handling of the North Korean threat. We examine these bilateral security ties and the bumpy road to the present state of relations. We also offer some thoughts from, for the lack of a better description, a "liberal-constructivist" perspective on the future of these crucial relations

The key factors that have contributed to the recent improvement in security relations between South Korea and Japan are the threatening behavior of North Korea as well as the leadership of President Kim Dae Jung and his Japanese counterpart, Prime Minister Obuchi Keizo. Despite, or perhaps because of, the dilapidated state of its economy, North Korea in the post-Cold War period has become even more militant in its actions, threatening to develop nuclear weapons and testing long-range ballistic missiles capable of reaching Japan and the United States. This "mendicant militancy" has had a greater impact on Japan than South Korea. While South Korea has lived with the threat from North Korea for a long time, Japan's perception of the danger posed by North Korea has become acute only recently as the North Koreans have developed nuclear and missile capabilities to directly threaten Japan.

The militancy of North Korea, however, does not by itself account for the improved bilateral security cooperation. Political leadership as well as domestic and international factors facilitating this leadership were crucial to this development. While bilateral relations have suffered during the administration of President Kim Young Sam, limiting

security cooperation, they have improved markedly in the administration of Kim Dae Jung. Rising above difficult domestic political obstacles as well as "benefiting" from the regional economic crisis, Kim Dae Jung placed improving bilateral relations as a top priority in his political agenda. If President Kim has led in this diplomacy, his Japanese counterpart, Prime Minister Obuchi, has reciprocated, which is not necessarily an easier task.

To be sure, South Korea-Japan security relations are still underdeveloped and have weak points. The security cooperation measures underway may prove fleeting. The long-term trend in the bilateral relations appears positive, but the trajectory of the security relationship will be affected by many uncertainties and imponderables.

II. A Bumpy Road

To appreciate the recent improvement in bilateral relations that has led to increased security cooperation between South Korea and Japan, one must have some idea of what the relations have been in the past. Indeed, given their reputation for mutual distrust of each other, the increased security cooperation between South Korea and Japan may come as a surprise to many.

During the Cold War, despite many security interests South Korea and Japan shared, neither country made much of an effort to promote direct bilateral security ties. In the case of South Korea, the biggest obstacle was the strong anti-Japanese sentiment of its citizens as a legacy of the Japanese colonial era. If the policy elites in South Korea wanted some indirect Japanese contribution to South Korean defense preparedness against North Korea and its great power backers, they had to weigh this desire carefully against public sentiment and the fear of resurgent Japan.

On the Japanese side, there were complicating factors as well. In the

post-World War II period, Japan continued to have strong security concerns about the Korean peninsula. However, given the incentives as well as the disincentives of the U.S.-Japan mutual security treaty and the post-World War II transformation of Japan's "strategic culture," Japan was also reluctant to promote direct bilateral security relations.¹

The end of the Cold War, however, changed the strategic calculation on both sides. Both South Korea and Japan could no longer take the forward deployment of troops of their mutual ally, the United States, for granted, and some analysts have argued that this is the propelling force behind current improving trend in bilateral security relations.²

However, the full story is more complicated. For one, the collapse of the Soviet Union and China's new market orientation isolated North Korea, causing it to behave even more militantly to protect its failing *juche* system. Also, there are important domestic and international political factors that explain the variations in policies pursued by South Korea and Japan toward each other even as the altered strategic environment set the context for the reevaluation of the bilateral security relations

Roh Tae Woo Years

In 1987, Roh Tae Woo, an ex-general and a protege of Chun Doo

1 On Japan's "strategic culture," see Thomas U. Berger, "From Sword to Chrysanthemum: Japan's Culture of Anti-Militarism," *International Security* 17 (1993): 119-150; and, for the institutional underpinning of Japan's pacifism, see Peter J. Katzenstein and Nobuo Okawara, "Japan's National Security: Structures, Norms, and Policies," *International Security* 17 (1993): 84-118.

2 For example, Victor Cha takes the position that South Korea and Japan are cooperating on security matters because they want to reduce their mutual security concerns created by the reduction of U.S. presence in the region. Victor D. Cha, *Alignment Despite Antagonism: The United States-Korea-Japan Security Triangle* (Stanford: Stanford University Press, 1999).

Hwan, won the presidential election by defeating the divided opposition which was split between the supporters of Kim Young Sam and Kim Dae Jung. His term in office (1988-93) coincided with the transition from the Cold War era to the post-Cold War era.

Roh was an imaginative and activist foreign policy president. Taking advantage of rapid international developments as the Cold War was coming to its end, Roh established diplomatic relations with the Soviet Union in September 1990 and with China on August 1992. He also pursued innovated diplomacy with Japan as well, leading to new developments in South Korea-Japan security ties.

In 1990, for example, the chief of the Japan's Defense Agency made a visit to South Korea for the first time since 1979.³ In the same year, the two countries participated together for the first time in RIMPAC, a biannual multinational naval exercise involving the United States and its Pacific allies.⁴ Also, the two countries agreed to increase consultation over an "Air Defense Intercept Zone" to prevent any accidents or incidents involving the air forces of the two countries when scrambling to intercept intruders.⁵ The most notable development came in November 1991 when the two countries established high-level trilateral policy-planning talks with the United States in order to improve security coordination.⁶ They were established to deal with issues arising out of U.S. force reduction from East Asia with the Cold War coming to its end.⁷

3 Boei-cho, ed., *Boei Hakusho, Heisei 10 nen ban* [Defense of Japan 1998] (Tokyo: Okura-sho Insatsu-kyoku, 1998), p. 202.

4 *Jane's Defense Weekly*, 27 April 1991, p. 691.

5 Brian Bridges, *Japan and Korea in the 1990s: From Antagonism to Adjustment* (Hants, England: Edward Elgar Publishing Ltd., 1993), p. 55.

6 *Yonhap*, 2 November 1991.

7 In its *East Asian Strategic Initiatives* (EASI) of April 1990, the United States made a blueprint for a force reduction in East Asia to be implemented in two phases (1990-1992 and 1992-1995). The first phase reduction was completed as planned. The reduction consisted of nearly 4,800 from Japan, nearly 7,000 from South Korea, and a total withdrawal from the Philippines (nearly 15,000), bringing down the U.S. force level in the three countries to 83,640 from 109,200 in 1993. See Douglas T. Stuart and

These developments, in part, were driven by the fact that, with the thawing of Cold War tensions in the region, there were increasing concerns about South Korea and Japan's intentions toward each other in the changed strategic environment. On the part of South Korea, it had reservations about Japan's military buildup. Tellingly, in its 1990 Defense White Paper, the South Korean defense ministry stated that Japan's military buildup may be a negative factor affecting South Korea's national security.⁸

South Korea became particularly concerned when the outbreak of the Persian Gulf War led to debates in the Japanese Diet about the use of the SDF for peace-keeping operations abroad, a major change in Japan's post-World War II security policy. When the Diet began to deliberate in October 1990 on the U.N. Peace Cooperation Bill which would have allowed SDF participation in peace-keeping operations in the Persian Gulf, the South Korean foreign minister, Choi Ho Joong, expressed the concern that the dispatch of Japanese troops would be "the starting point of the remilitarization of Japan."⁹

Although the bill was rejected in November, South Korea expressed its fear again when Japan sent, after the cessation of hostilities, Maritime Self Defense Force (MSDF) minesweepers to the Persian Gulf in April 1991. In its 1991 Defense White Paper, the South Korean defense ministry depicted the SDF as being "transformed into offensive forces for the purpose of forward defense."¹⁰ This characterization brought a protest from the Japanese foreign ministry.¹¹ The Roh administration showed more restraint when the Japanese diet passed a revised U.N. Peace Cooperation Bill in June 1992 and sent military

William T. Tow, *A US Strategy for the Asia-Pacific*, *ADELPHI Paper* (299) (London: The International Institute for Strategic Studies, 1995), p. 9.

8 *Japan Times*, International Weekly Edition, November 19-25, 1990.

9 *Kyodo*, October 29, 1990.

10 *Chosun Ilbo*, November 19, 1991.

11 *Chosun Ilbo*, November 19, 1991.

personnel to Cambodia in September for SDF's first U.N. peace-keeping mission.¹² However, the South Korean media was full of suspicions about Japan's "real intention."¹³

What deepened the suspicion among ordinary South Koreans was that the Japanese government appeared to be ready to respond favorably to the concerted North Korean effort to establish normal relations with Japan. Guided by Kanemaru Shin, a Liberal Democratic Party (LDP) power broker, Prime Minister Kaifu Toshiki began normalization talks between Japan and North Korea on 31 January 1991.¹⁴ Although the Japanese government kept the South Korean government briefed, since Tokyo was in the position to provide massive economic assistance to North Korea if normalization occurred, many in South Korea felt vulnerable to and resented the very real power Japan had over inter-Korean affairs.

Likewise, Japan had concerns about South Korea's evolving security interest in the post-Cold War era. Many in Japan became concerned when South Korea normalized relations with the Soviet Union in 1990 and, especially, China in 1992. With regard to South Korea-Soviet ties, some in Japan became worried that the rapidly improving relations between Seoul and Moscow might put additional pressure on the more frigid and fragile Japan-Soviet ties by giving Moscow a "South Korea card" to play against Tokyo.¹⁵ Many more were concerned when Seoul-Beijing normalization came and the South Korean press as well as other opinion leaders expressed the view that the Koreans and the Chinese could form a bloc to check the power of Japan.¹⁶

12 *Yonhap*, June 19, 1992.

13 Robert E. Bedeski, *The Transformation of South Korea* (London: Routledge, 1994), p. 154.

14 *Korea Herald*, February 1, 1992.

15 Author's (Kang) interview with a Japanese diplomat. Chicago, USA. Summer of 1996.

16 Katsuhiko Kuroda, *Kankoku: Hannichi Shindoromu* [South Korea: Anti-Japan Syndrome] (Tokyo: Aki Shobou, 1995), p. 114.

Security specialists in Japan also began to take notice of the increasing military spending by South Korea and what appeared to be a new orientation in South Korean weapons acquisition. They wondered if South Korea was trying to acquire power projection capability beyond deterring North Korean attack. Indeed, South Korea was sustaining very high rates of military spending since the early 1980s, especially for its navy.¹⁷ To the Japanese, it appeared that South Korea was bent on acquiring blue-water naval capabilities with uncertain consequences for Japan.¹⁸

In the final year of the Roh administration, however, the emergence of North Korea's nuclear threat served to dampen increasing concerns on both sides about each other's long-term strategy. In fact, the emergence of North Korea as a common threat has contributed greatly to the improvement in South Korea-Japan security relations. However, the discussion below of the bilateral relations during the presidency of Kim Young Sam and Kim Dae Jung will show that political leadership as well as domestic and international factors have impacted the trajectory of bilateral security cooperation.

The YS Years

When Kim Young Sam, a former opposition leader who joined the ruling party, became president in February 1993, he announced that his administration would seek a "future-oriented" relationship with Japan.¹⁹ Kim's assumption of the presidency marked a major turning

17 See Joseph R. Morgan, "Porpoises Among the Whales: Small Navies in Asia and the Pacific," East-West Center Special Report No. 2 (March 1994), p. 31.

18 Author's (Kang) interviews with Japanese security specialists. Tokyo, Japan. Summer of 1997.

19 Kim Young Sam, "Korea, Japan Bound to Forge Genuine Partnership With New Attitude, Vision" (Kim's address delivered before a joint session of the Japanese Diet on March 25, 1994 during his visit to Japan), *Korea Focus*, 2(2) (March -April 1994): pp. 155-159.

point in South Korea's democratization, and his new Japan policy also promised to begin a new chapter in Seoul-Tokyo diplomacy. With the North Korean nuclear program presenting a common threat, the path of cooperation between South Korea and Japan appeared bright.

In fact, there was a noticeable upturn in the quality and quantity of South Korea-Japan security cooperation. In 1993, an exchange training program between the South Korean navy and Japan's MSDF was initiated. The following year, South Korean naval vessels made their first port call in Japan, and later Japanese vessels made a reciprocating visit to South Korea. More importantly, in 1994, the annual meeting of the South Korean defense minister and the Japanese defense agency chief became institutionalized with supporting working-level talks.

Certainly, the reduction and planned reduction of U.S. military presence in East Asia continued to be an influential consideration in Seoul and Tokyo. Neither South Korea nor Japan could ignore the reality of U.S. retrenchment in the region. The more influential factor, however, was the increasing North Korean threat, particularly to Japan. Increasingly isolated and suffering from structural weaknesses in its economy, North Korea was forging ahead with its nuclear weapons and missile development programs and fine-tuning its hostile and confrontational diplomacy.

Indeed, the rising North Korean threat led to the U.S. decision in 1992 to hold off the second-phase reduction of 6,500 ground troops stationed in South Korea.²⁰ Furthermore, in September 1993, the Clinton administration made it clear in its "Bottom-up Review" that the United States would maintain its commitment to the security of South Korea and Japan and continue to station some 100,000 troops in East Asia.

South Korea and Japan's fear of North Korea reached a zenith in April 1994 when North Korea removed spent fuel rods from its nuclear reactor in Yongbyon and refused to segregate rods that could provide

20 US DOD, *A Strategic Framework for the Asian Pacific Rim* (Washington, D.C.: USGPO, 1992).

evidence of a weapons program.²¹ The tension was eased by Jimmy Carter's June 1994 visit to Pyongyang that led to the signing of the Agreed Framework between the United States and North Korea in October 1994.

The overall handling of the nuclear crisis was left to the United States, but the mutual North Korean threat led to heightened cooperation between South Korea and Japan during the crisis. Seoul and Tokyo consulted with each other often during the crisis.²² They talked about how to deal with North Korea. For example, South Korea was very insistent that Japan break off normalization talks with the North until the crisis was resolved, and Japan obliged. However, what is noteworthy is that they also cooperated on jointly urging the United States to employ more carrots than sticks in dealing with North Korea.

When the Agreed Framework was worked out, to the relief of Seoul and Tokyo, South Korea and Japan pledged cooperation in realizing the framework agreement. Their cooperation led to the successful launching of the Korean Peninsula Energy Development Organization (KEDO), the first post-Cold War multilateral security organization in Northeast Asia, in March 1995. In December, KEDO and North Korea concluded an agreement on the provision of light-water nuclear power plants on the condition that North Korea suspend its nuclear development program, remain a signatory of the NPT and observe its agreement with the IAEA. In this arrangement, South Korea and Japan committed themselves to shoulder between them most of the cost for the construction of the power plants.

Another North Korean threat that encouraged greater security cooperation between Seoul and Tokyo was the test launch of a North

21 For a comprehensive discussion of the North Korean nuclear issue, see Young Whan Kihl and Peter Hayes, eds., *Peace and Security in Northeast Asia: The Nuclear Issue and the Korean Peninsula* (Armonk, New York: M.E. Sharpe, 1997).

22 Author's (Kang) interviews with Japanese foreign ministry officials. Tokyo, Japan, fall of 1997.

Korean missile into the Sea of Japan (called the East Sea by the Koreans) in May 1993. This test alarmed the Japanese more than the South Koreans because it signaled that North Korea now possessed the missile capacity to reach cities in the southern half of Japan. South Koreans were not particularly alarmed by the test, but there was public outrage and panic when, in September 1996, North Korean commandos landed in South Korea after their submarine ran aground. These North Korean provocations heightened the incentive in Seoul and Tokyo to improve their security ties.

There were also important domestic political factors that impacted South Korea-Japan security relations. A change in Japan's domestic politics was one such factor. In this period, the Social Democratic Party (SDP), formally the Japan Socialist Party (JSP), suffered an electoral setback causing it to dramatically change its security policy.

The SDP had long been the largest opposition party, and, as a socialist party, it had a formal relation with North Korea's Worker's Party. Moreover, it did not recognize the legitimacy of the statehood of South Korea.²³ It advocated a strict adherence to the peace constitution and regarded the SDF as unconstitutional. It also opposed the U.S.-Japan Mutual Security Treaty.

These policies of the SDP had long hindered Japan from developing closer strategic ties with South Korea. However, the obstructing influence of the SDP rapidly dwindled as its popularity saw a steady decline after the Cold War. Its seats in the more powerful lower house (House of Representatives) declined from 136 (out of the total seats of 512) in 1990 to 70 (out of 511) in 1993. This forced SDP to take drastic measure. In 1994, it formed a coalition government with its long time ideological adversary, the conservative LDP, with the SDP leader, Murayama Tomiichi, as the prime minister. This forced a Copernican change in the SDP party platform. It had to recognize the legality of the

23 The SDP finally recognized the Seoul-Tokyo diplomatic normalization treaty in March 1993. *Yonhap*, March 21, 1993.

SDF and expressed support for the Japan-U.S. alliance. This shift enabled Japan to improve its strategic relations with South Korea as well as the United States even under a government headed by a socialist. The barriers to greater security cooperation receded further after SDP's severe electoral setback in 1996. It won only 15 seats (out of 500) in the 1996 election.

However, there were other factors that worked against the warming trend in the bilateral security relations. Although one of Kim Young Sam's stated goals of his presidency was to build a future oriented relationship with Japan, he found it difficult to do so. To be fair, it was no fault of Kim that the 50th anniversary of Korea's liberation from Japan came during his administration. By nature, anniversaries are about remembrance, so Kim could not avoid the "history issue."

The words and actions of some Japanese leaders did not help the situation. In 1995, during his visit to South Korea and other Asian countries, Prime Minister Murayama Tomiichi made the sincerest apology ever for the past Japanese wrongdoing. Unfortunately, many conservatives in his coalition government were not happy with the socialist prime minister's apology and some of them, including cabinet members, made remarks that cast doubt on the sincerity of the apology. In fact, their remarks did more damage to South Korea's perception of Japan than the Murayama's good apology achieved. The South Korean public's attitude hardened further when the "comfort women" issue regained salience after the release of a report by the U.N. Human Rights Committee in February 1996.

The heightened awareness of the unpleasant past complicated Kim Young Sam's handling of the Tokdo/Takeshima problem, potentially a far more explosive issue dividing South Korea and Japan. In 1996, a tense dispute arose over a set of islets in the Sea of Japan (or the East Sea as it is referred to by the Koreans) called Tokdo by the Koreans and Takeshima by the Japanese. The islets are under South Korean control, but Japan has kept up a routine protest of this fact since 1954. The

renewal of this dormant territorial dispute was triggered by the Japanese government. However, the Kim administration, weakened by scandals and policy failures, exacerbated the conflict, which put a damper on improving bilateral security relations.

In February 1996, Japan decided to ratify the U.N. Convention on the Law of the Sea and used Tokdo/Takeshima as a base point in establishing a 200-nautical-mile exclusive economic zone (EEZ). This sparked an emotional uproar in South Korea. The motivation behind the Japanese move was complicated. On the face of it, by establishing a 200-nautical-mile EEZ, Japan was attempting to protect maritime resources, especially fish from overfishing by fishermen from South Korea, China, and Taiwan. However, there is also the fact that the LDP government, suffering from increasing electoral losses, was trying to shore up the traditional support for LDP by the Japanese fishermen.

With a general election scheduled for April 1996 approaching, the territorial dispute was perhaps too good of an opportunity for Kim Young Sam to divert public attention from his political problems—such as the suspicion that his campaign solicited illegal political contributions during the 1992 presidential elections, inter-Korea and foreign policy failures, and the sluggish state of the economy. Instead of exercising leadership to cool down emotions and calmly dealing with the Japanese, he decided to ride the crest of South Korean public anger toward Japan.

Kim made a deliberate decision to dramatize South Korea's response to Japanese claims. He went on a rhetorical offensive, saying that the nature of the Japanese had to be corrected to the core.²⁴ He promised that he would deal firmly with the Japanese. Beyond words, he took such measures as the canceling of a planned meeting with a delegation of Japan's ruling party and the ordering of a military exercise near the disputed islets on February 15, 1996.

24 Toshimitsu Shigemura, *Kankoku hodo taisetsu na kuni wa nai* [There's no country as important as South Korea] (Tokyo: Toyo Keizai Shinpo Sha, 1998), p. 189.

If Kim Young Sam overreacted, his Japanese counterpart at the time, Prime Minister Hashimoto Ryutaro, also mishandled the problem. Hashimoto threw gasoline on the anti-Japanese flame when, in July 1997, he made an official visit to the Yasukuni Jinja, a shrine dedicated to the souls of the Japanese war dead. The visit provoked a strong outcry from South Korea as well as other East Asian nations. Although he later announced that he would not make another visit during his tenure, the damage was already done to Japan's relations with South Korea.²⁵

The management of the dispute was further complicated by the fact that the Tokdo/Takeshima problem was more than a territorial issue, but it involved domestic distributional issues. Beneath the symbolic matter of national sovereignty, there was the vexing fishery dispute. In fact, things became more complicated when the two countries began negotiating a new fisheries pact to replace the 1965 pact in May 1996. The Japanese government was under pressure from the domestic fishing industry and politicians allied with it to make a new pact favorable to Japan as soon as possible.²⁶ The South Korean government also faced pressure from South Korean fishermen whose livelihood was at stake. This made diplomatic conflict inevitable and a regular staple of the evening news for months.

The tension in the larger bilateral relationship led to the cool reaction of the Kim administration to the announcement of the new defense cooperation guidelines for the U.S.-Japan alliance in September 1997. Although South Korean security officials were well briefed by the Americans and the Japanese on the implication of the new guidelines on South Korean security, Kim and his aides voiced the usual concerns

25 Masao Kunihiro, "The decline and fall of pacifism," *Bulletin of the Atomic Scientists*, 53 (1) (January-February 1997): pp. 35-39.

26 Byung Chul Koh, "Japan and Korea," in Bae Ho Hahn and Chae-Jin Lee, eds., *The Korean Peninsula and the Major Powers* (Sungnam, ROK: the Sejong Institute, 1998), p. 45.

about the revival of Japanese militarism.

Most security analysts and officials in Washington, Tokyo, and Seoul would agree that the new defense guidelines represent a positive development for the security of South Korea, not just for Japan and the United States, because the new guidelines concern crises that do not directly threaten the security of Japan.²⁷ Whereas Article 6 of the U.S.-Japan Mutual Security Treaty limits Japan's cooperation to little more than allowing U.S. forces to use bases in Japan, the new guidelines, among other things, allow Japan to supply those forces during these crises with non-lethal material assistance as well as open civilian ports and airfields to them.

The implication of the new guidelines for a contingency on the Korean peninsula is obvious: In the event of renewed fighting in Korea, Japan would be able to assist U.S. forces fighting along side South Korean forces. Furthermore, from a political point of view, since the U.S.-Japan alliance is the foundation of America's security commitment to Northeast Asia, the strengthening of that foundation is in the long-term interest of South Korea.

Having fanned anti-Japanese sentiments as a distraction to scandals involving the government, however, the Kim administration used the new guidelines controversy to further grandstand. For example, a month after the declaration of the new guidelines, a spokesman for the South Korean defense ministry announced that South Korea "will not allow the Japanese Self-Defense Forces to operate in Korea's sovereign territory, though the revised guidelines allow Japanese troops an expanded role in case of regional conflicts."²⁸ The Kim administration made little effort to explain the significance of the new guidelines to the

27 This is the impression of the author (Kang) based on his over 50 interviews with U.S., Japanese, and South Korean security analysts and officials. Interviews conducted from October 1997 to July 1998 in Washington, Tokyo, and Seoul.

28 "South Korea Not to Allow Japanese Military Operations in Its Territory," *Korea Herald*, October 23, 1997.

public; instead, it tried to utilize its nationalistic response for domestic political purposes.

Not surprisingly, by the time Kim Young Sam left office, mired in domestic as well as foreign policy failures, the forward momentum of the bilateral security cooperation was adversely affected. In fact, by the end of 1997, the inter-government relations between South Korea and Japan were thoroughly strained. The Hashimoto government, also under severe political pressure from failed domestic policies, effectively gave up dealing with the Kim administration on outstanding bilateral issues, most notably the fishery agreement. In fact, Tokyo unilaterally abrogated the 1965 fishery pact between the two countries just before the end of Kim's presidential term.

III. Current Improvement

The remarkable improvement in bilateral relations as well as heightened security cooperation between Seoul and Tokyo achieved by the Kim Dae Jung administration stand in contrast to the mixed legacy of the Kim Young Sam administration. Although the level of threat presented by North Korea or the prospect of U.S. withdrawal from Northeast Asia did not vary much during the two administrations, the domestic and international circumstances as well as the quality of the political leadership responding to these factors made the difference.

Indeed, the leadership failures of Kim Young Sam's presidency and the "IMF crisis" brought about the election of Kim Dae Jung as the fifteenth president of South Korea in December 1997.²⁹ His election represented the first peaceful transfer of power to an opposition leader in

29 For details on the failures of Kim Young Sam's presidency and the "IMF crisis," see C.S. Eliot Kang, "*Segyehwa* Reform of the South Korean Developmental State," in Samuel S. Kim, ed., *Korea's Globalization* (Cambridge: Cambridge University Press, forthcoming).

South Korean history. The crisis atmosphere of the South Korean economic collapse provided in the "honeymoon" phase of his administration a unique opportunity for the president to guide the country according to his vision. Envisioning a new "partnership" with Japan, Kim has made a determined effort to improve strained relations with Japan. The result is dramatically improved relations, including security relations.

To be sure, as during the Kim Young Sam Administration, the mutual security threat from North Korea is one of the key factors that have facilitated bilateral security cooperation. Remarkably, despite the famine ravaging the country, North Korea continues to provoke its neighbors.

North Korea's launching on 31 August 1998 of a rocket, which entered the stratosphere in Japanese airspace, was a defining moment in Japan's post-Cold War history. It demonstrated to the Japanese that now all Japanese cities, including Tokyo, were vulnerable to North Korean missiles. Given that the United States made public at about the same time the intelligence that North Korea might be constructing new underground facilities for nuclear weapons development near Kumchang-ni in violation of the Agreed Framework of 1994, there was a great public uproar in Japan for measures to deal with the North Korean threat. The discovery of two North Korean spy ships in Japanese territorial waters in March 1999, an incident that led to MSDF escort ships firing their guns for the first time in the post-World War II period, further heightened Japanese concerns.

The South Koreans, long living under the threat of North Korea's conventional artillery, were, once again, not as alarmed by the missile launch as were the Japanese.³⁰ However, they have become increasingly frustrated by the militant behavior of North Korea despite the

30 Much of the South Korean public, particularly those under 30 years old, lack a sense of threat from North Korean nuclear weapons and missile development efforts. See *Korea Herald*, March 20, 1999.

liberalization of South Korea's inter-Korea policy by the Kim administration. Kim Dae Jung's so-called "sunshine policy"—offering North Korea "carrots" for cooperation and opening up its economy—has not produced much tangible result. In fact, North Korean provocation, particularly armed reconnaissance, only seems to be increasing in frequency.

Despite the importance of the common North Korean threat, as it was the case during the presidency of Kim Young Sam, the improvement in bilateral security relations cannot be understood without taking into account other factors. Fortunately for Kim Dae Jung, these factors tended to facilitate foreign policy leadership rather than subvert it, producing a more favorable condition for accelerating bilateral security ties.

The Summit of October 1998

Faced with the IMF crisis, one of Kim Dae Jung's top foreign policy challenges was to repair damaged relations with Japan, a country vital to the resuscitation of the South Korean economy. Within a few months of taking office, President Kim met with Prime Minister Hashimoto in London during the April 1998 Asia-Europe Meeting (ASEM) and discussed the need to establish a "comprehensive cooperative relationship" between the two countries. This set off a scramble in the respective governments to hammer out ways to improve bilateral ties.³¹ In May 1998, Seoul and Tokyo announced a five-point plan of action for the creation of a "New Partnership for the Twenty-first Century" to deal with the lingering historical suspicions and ill-feelings and forge new political, economic, and, notably, security ties.

In order to advance the larger relationship, however, the festering fishery problem had to be removed as an obstacle. Kim Dae Jung used

31 Author's (Kang) interviews with Japanese foreign ministry officials and South Korean diplomats. Tokyo, Japan, May 1998.

his upcoming October 1998 summit meeting with the new Japanese prime minister, Obuchi Keizo, to pressure both sides, but particularly the South Korean side, to come to an early agreement on the fishery dispute. Kim did not want the fishery dispute to cloud the atmosphere of the summit, which he hoped would dramatically advance bilateral relations. With a sense of urgency injected into the negotiation process, the two sides signed a new fishery agreement on September 25, 1998, less than two weeks before Kim arrived in Tokyo.

Kim Dae Jung's visit to Japan, as it was planned and anticipated, proved to be history-making. Throughout his visit, Kim Dae Jung lauded Japan for its prosperity and its diplomatic and security policy based on the peace constitution.³² The Japanese public was delighted to hear such praise coming from a Korean leader and was charmed by Kim's frank and sincere style. The Japanese leaders were pleasantly surprised when Kim, at the state dinner hosted by the Japanese emperor, toasted his host as *chonhwang*, a Korean word for "emperor" instead of *ilh-wang* the word for "Japanese king." This was an unprecedented, if calculated, act that demonstrated to the Japanese government and people that Kim was sincere in his desire to further bilateral relations for the sake of the future. The Japanese also took note that Kim, unlike his predecessors, did not dwell on the past Japanese misdeeds in Korea and urged a "forward-looking partnership."³³

Prime Minister Obuchi reciprocated Kim's gesture of goodwill by praising South Korea's deepening democratization and economic development. He himself showed leadership when, having achieved the needed political consensus within the ruling circle, he expressed Japan's "sincere apology" and "poignant remorse" for the misdeeds during the Japanese imperium in Korea. Of course, it was not the first time a Japanese political leader apologized, but what made Obuchi's apology historic was that it was the first time such an apology was

32 *Asahi Shimbun*, October 9, 1998.

33 *New York Times*, October 8, 1998.

included in an official document, the Joint Declaration on the New Korea-Japan Partnership for the Twenty-first Century, which was issued at the end of the summit. Unlike the Murayama's oral apology earlier, this time there were no dissenting or distracting remarks from the conservative elements in the Japanese government.

The substantive achievements of the summit and the diplomacy leading up to it and immediately following it were many. The most anticipated by the economic crisis stricken South Koreans was the agreement that Japan would extend to South Korea a \$3 billion loan, in addition to the \$1 billion loan received earlier in May, to stabilize the South Korean economy.³⁴ However, the most significant achievement of the summit for the long-term health of the bilateral relationship may prove to be the understanding the two sides achieved about their common security interests and the agreement to expand direct security cooperation between South Korea and Japan.

In the joint declaration, Kim and Obuchi acknowledged the importance of their respective alliance with the United States to regional peace and stability. They also agreed on the importance of stability on the Korean peninsula, and hence agreed on the importance of KEDO. They also expressed their concern about the North Korean missile development and agreed to expand their security cooperation. In the accompanying 43-point action plan, South Korea and Japan agreed to hold their bilateral security talks, which started on June 1998, at least once a year. They also agreed to expand the mutual visits of the defense ministers and the exchanges at other levels, and to step up military exchanges such as mutual visits of warships.³⁵

34 *Korea Herald*, October 17, 1998.

35 *21 seiki ni muketa aratana nikkun paatonaashippu no tameno koudou keikaku* [The Action Plan for the New Japan-Korea Partnership for the 21st Century. Gaimusho [the Ministry of Foreign Affairs].

Security Cooperation Measures

With the summit agreement to significantly expand direct bilateral military cooperation, a torrent of military-to-military exchanges followed. The specific nature of these measures originated from the September 1998 visit of the South Korean Defense Minister, Chun Yong-taek, to Japan when he met with Japanese leaders, including Prime Minister Obuchi and the Director General of the Defense Agency, Nukaga Fukushima, to prepare the ground for the October summit.³⁶

The armies were the first to initiate the post-summit wave of exchanges between the South Korean armed forces and the SDF. In late November 1998, the Chief of Staff for the GSDF arrived in Seoul to follow through on the agreement to increase uniform-to-uniform contact between the two countries.³⁷ General Fujinawa Yuji met with his South Korean counterpart, General Kim Dong-shin, and discussed ways that military exchanges—especially involving field-grade officers—and cooperation may be facilitated; and, in March 1999, a group of GSDF personnel—most of them company-grade officers—visited South Korea for the first ever on-the-spot training and to tour major South Korean army posts. A delegation of South Korean army officers is expected to make a reciprocating visit to Japan.³⁸

Given that South Korea and Japan are separated by water and the North Korean propensity for seaborne provocation, the first joint military exercise, however, was initiated by the navies. In February 1999, Rear Admiral Kim Mu-woong led the first ever South Korean naval delegation to Tokyo and agreed to a joint search and rescue exercise by the South Korean navy and the MSDF in the open seas off the Korean island of Cheju.³⁹ Following through on an agreement made by the

36 *Japan Times*, September 1, 1998 and *Asahi Shimbun*, September 2, 1998.

37 *Korea Herald*, November 25, 1998.

38 *Korea Herald*, March 11, 1999.

39 *Korea Herald*, February 14, 1999.

defense ministers in September 1998 that the navies should hold combined search and rescue operations on a regular basis, the naval delegations of the two countries also agreed to cooperate in submarine rescue operations. In early August 1999, the two navies conducted the planned search and rescue exercise, and more exercises of this type are to follow.

Another bilateral cooperative measure that is worth mentioning is the establishment of military-to-military hotlines. In May 1999, three hotlines were hooked up linking the South Korean defense ministry with the Japanese defense agency, the South Korean Combat Air Command with the Japanese Air Self-Defense Force (ASDF), and the South Korean Naval Operations Command with the MSDF.⁴⁰ These hotlines were agreed to when Defense Minister Chun met with Nukaga's replacement, Norota Hosei in January 1999 in Seoul.⁴¹ The two sides agreed to the necessity of the emergency hotlines because, during the June 1998 North Korean spy submarine incident, South Korean forces were unable to quickly alert Japan of the North Korean spy boat which was heading into its territorial waters.

However, the most important advance made in South Korea-Japan security relations to date is not the establishment of some hotline or joint exercise, but the understanding Seoul and Tokyo achieved about the new defense cooperation guidelines between Japan and the United States. On May 25, 1999, the Japanese Diet passed a set of bills to give substance to the new U.S.-Japan defense cooperation guidelines. Despite the progress that was made in improving bilateral relations, some South Korean commentators expressed their concern about the passage of bills. However, Kim Dae Jung made the position of his administration clear to the South Korean public.⁴² On 11 June 1999, President Kim unambiguously expressed his approval of the newly

40 *Korea Herald*, May 8, 1999.

41 *Korea Herald*, May 5, 1999.

42 *Korea Herald*, May 27, 1999.

enacted laws.⁴³

Kim Dae Jung also took another proactive step. Kim proposed that the two countries and the United States should work together to determine the scope of Japan's defense operations in South Korean territorial waters and airspace.⁴⁴ His statement was a milestone in bilateral security relations in that Seoul would permit, in principle, SDF operations in South Korean territory during an emergency triggering the application of the new guidelines. This was a remarkable development considering the cool reception given to the announcement of the new guidelines by the Kim Young Sam administration less than two years before.

Here, with regard to the crucial issue of new guidelines, Kim Dae Jung's leadership had a significant impact. Through a succession of speeches and interviews and the powerful imagery of his successful summit, not only did he give new direction to official government policy, but he helped the South Korean people to deal in a level-headed way the lingering distrust they have toward Japan.

IV. Looking to the future

Despite the improvement discussed above, South Korea-Japan bilateral ties, especially security relations, remain vulnerable. Many of the reasons that have made bilateral relations difficult since Korea's liberation from Japan remain. History cannot be erased by apology or forgiveness and territorial disputes charged with nationalistic emotions tend to be intractable. There is still the lingering unease the two countries have about each other's regional security strategy.

Furthermore, as far as the argument in this paper applies, the North Korean threat that has driven South Korea and Japan to cooperate on

43 *Yomiuri Shimbun*, June 12, 1999.

44 *Yomiuri Shimbun*, June 12, 1999.

security matters also has the potential to cause trouble in the relationship. A perception gap already exists with regard to the North Korean missile threat, and this could lead to different and conflicting national strategies to deal with North Korea. The March 1999 summit meeting in Seoul between President Kim and Prime Minister Obuchi revealed how much more the Japanese government is nervous about the North Korean missile program and prepared to take a hard-line stance toward Pyongyang than the South Korean government, which wants more forbearance toward North Korea for its "sunshine" policy to work.⁴⁵

There is also the problem that the North Korean threat is unlikely to be a permanent feature of the regional security environment. Indeed, if the regime in Pyongyang collapses and Seoul emerges as the unifier of Korea, the two countries may have different security interests vis-a-vis China. The danger exists that a future reunited Korea, "freed" from the mooring of South Korea-U.S. mutual security treaty, will try somehow to play China off against Japan.⁴⁶

Of course, leadership can make all the difference, but this is often the least predictable feature of international relations. Both Kim Young Sam and Kim Dae Jung wanted a new "future-oriented" relationship with Japan and an improvement of security ties, yet they produced contrasting results because of their differing leadership qualities as well as the political constraints facing them. No one can predict what kind of leaders will emerge in the future and what value they will place on bilateral security cooperation.⁴⁷

However, cooperative security relations between South Korea and Japan now, and between a reunified Korea and Japan in the future, are crucial for regional security. This being the case, there are two tasks

45 *New York Times*, March 20, 1999 and *Korea Herald*, March 22, 1999.

46 For a discussion on the strategic uncertainty of Korean reunification, see C.S. Eliot Kang, "Korean Unification: Pandora's Box of Northeast Asia?" *Asian Perspective*, Vol. 20, No. 2 (Fall-Winter 1996).

47 *Korea Herald*, April 18, 1999.

before South Korea and Japan. The first, more partical and doable; the second, more idealist and difficult.

First, both countries must continue to nourish their respective security ties with the United States. Second, they need to strengthen their bilateral security ties by emphasizing the common values and destiny they share as democratic capitalist states.

As even the Chinese who oppose "hegemony, alliances, and coalitions" recognize, one factor that is critical to security throughout East Asia is the continuing U.S. military presence via the South Korea-U.S. alliance and the Japan-U.S. alliance. Everyone recognizes that the region has had problems achieving a stable balance of power in the past with grave consequences. Therefore, it is critical that South Korean and Japanese leaders do their part to maintain strong alliance ties to the United States.

The second task is much more difficult and may be impossible to achieve. Nonetheless, South Korea and Japan should work with the United States to create a security community held together by common values that in turn can become the vehicle to bring in community members in a cooperative security framework. South Korea and Japan can have all the hotlines and cooperative security measures they want, but they will not do them any good if these ties are built simply on shifting interests rather than some long-term vision of common community.

Although many would find the second task unprecedented and inconsistent with the Asian experience, it would be wrong to believe that history is a trap, that human behavior is preordained or otherwise beyond the power to imagine. Certainly, the two Asian nations have a long way to go before they can reach the level of trust and cooperation found in Western Europe, but the fact is South Korea and Japan are now talking about and creating a common market, something many thought unthinkable or impossible just even a year or two ago. Improbable things do happen in history. During the late 1930s, who could have imagined the European Community bringing together the

interests of France and Germany? Who could have foreseen the durable Japan-U.S. alliance?

Besides, from a very practical point of keeping the United States engaged in Northeast Asia, the community-building strategy has merit. The trend is undeniable that, in the United States, increasingly more people critically view Washington's security commitment to East Asia as the memory of the Soviet threat fades and economic tensions increase. Many members of the U.S. policy elite believe that the geopolitical interest in preventing the rise of a hostile regional hegemon is sufficient to justify the U.S. military presence in East Asia. However, others are increasingly skeptical of the argument that the United States has to play a mediating, stabilizing role in East Asia for as long as it takes the countries in the region to learn to get along with each other.

Both the calculating and the skeptical views of the alliance underscore the necessity of laying a new political foundation for U.S.-centered Pacific alliances. Even a convinced realist will accept that the existence of democratic and capitalist Atlantic community affects how the United States should approach the balance of power on the western side of the Eurasian landmass, but they do not see the relevance of the democratic coalition strategy to the eastern side. If South Korea and Japan are to have security relations with the United States on par with America's Western European allies, they need to begin speaking the language and pursuing policies that are coincident with the strain of U.S. diplomacy that believes in a close relationship among democratic capitalist nations of the world. In U.S. domestic politics, this kind of value-based diplomacy is easier to defend in all-important electoral politics.⁴⁸

48 Dick Morris, a prominent and controversial political strategist, argues that foreign policy should be explained to the electorate by appealing to values rather than security or economic interests. See his revealing book about American electoral politics; *Behind the Oval Office: Getting Reelected Against All Odds*, 2nd ed. (Los Angeles: Renaissance Books, 1999).

Although some may fear that the deepening of security relations between South Korea and Japan would provoke North Korea and, more importantly, China, it can be defended as the first step toward a more comprehensive confidence building process in East Asia. However, it is not an assured or even a probable thing. What is certain is that it does require more work, greater risk-taking, and longer-term vision than South Korea and Japan have exhibited thus far.

빈 면

MILITARY COOPERATION BETWEEN RUSSIA AND SOUTH KOREA

Tae-Hwan Kwak and Seung-Ho Joo

After South Korea opened diplomatic relations with the Soviet Union in September 1990, bilateral relations extended into the military field. By the end of the 1990s, Moscow emerged as Seoul's second most important military partner after the U.S. This paper explores Seoul-Moscow military relations in 1992-1999, focusing on their recent developments, Russia's arms sales and military-related technology transfer to South Korea, and limitations to Seoul-Moscow military cooperation. Large-scale Russian arms sales to South Korea are problematic since the bulk of South Korea's military hardware and equipment are U.S.-made and Russian armaments may be incompatible with South Korea's existing weapons systems. But still promising are the prospects for joint research and development of high-weapons and military components for domestic consumption and exports.

I. Introduction

Since the end of the Korean War, the ROK-US Mutual Defense Treaty of 1954 has served as the cornerstone of bilateral relations

between the two nations. The treaty came about because the ROK (Republic of Korea or South Korea) sought and gained military protection from the U.S. after being confronted with incessant military threats from the DPRK (Democratic People's Republic of Korea or North Korea). During its crusade against the Soviet Empire, the U.S. found a loyal, anti-Communist ally in South Korea. At the end of the Cold War, South Korea opened diplomatic relations with the Soviet Union in September 1990; soon thereafter Soviet/Russian-South Korean relations extended into the military field. The end of the Cold War and the establishment of a formal diplomatic relationship between Seoul and Moscow fostered conditions necessary for the two countries to initiate military cooperation. By the end of the 1990s, Moscow emerged as Seoul's second most important military partner after the U.S.

Russia has pursued four interrelated goals vis-à-vis Seoul: (1) to develop Siberia and the Far East with economic cooperation and aid from Seoul; (2) to cultivate close political and military ties with Seoul in order to diversify its diplomatic ties and enhance its power position in Northeast Asia; (3) to muster Seoul's support for its proposal for a collective security system in the Asia Pacific region; and (4) to be recognized as a full-fledged member of the Asia Pacific community and to incorporate its economy into the dynamic process of that community with the help of South Korea. This paper explores Seoul-Moscow military relations in 1992-1999, focusing on their recent developments, Russia's arms sales and military-related technology transfer to South Korea, and limitations to Seoul-Moscow military cooperation. By way of conclusion, the authors offer some practical suggestions for policy-makers.

II. Recent Developments in Seoul-Moscow Military Cooperation

In his first years as Russian President, Boris Yeltsin favored Seoul at

the expense of Pyongyang. Russia continued to strengthen its ties with Seoul and kept North Korea at arm's length. Yeltsin considered the communist North Korea a detestable regime and did not want a relationship with it. Consequently, Seoul-Moscow relations matured into a cooperative partnership, while Moscow-Pyongyang relations continued to degenerate. However, Russia concluded that it needed to maintain a balanced relationship with the two Koreas to maximize its influence and prestige in the Korean peninsula and Northeast Asia. By late 1994, Moscow had discarded its lopsided, pro-Seoul policy and made efforts to restore a relationship with Pyongyang. Moscow-Pyongyang rapprochement began in earnest after Yevgenii Primakov replaced Andrei Kozyrev as Russian Foreign Minister in January 1996. In March 1999, representatives of Russia and North Korea initialed a new basic treaty that would replace the 1961 mutual assistance treaty. Still, Moscow-Pyongyang relations are developing at a snail's pace, while Moscow-Seoul relations remain robust.¹

As bilateral political relations matured, Seoul-Moscow military cooperation has evolved in three stages in 1990-1999: (1) in search of military cooperation (1990-1991); (2) building mutual confidence through military exchanges (1992-1996); and (3) military cooperation gaining momentum (late 1996 - present).

In Search of Military Cooperation: 1990-1991

Military cooperation² between Seoul and Moscow began in the Soviet era. After establishing a diplomatic relationship on September 30, 1990, the USSR and the ROK considered establishing military coop-

1 For an overview of Russia-South Korean relations, see Seung-Ho Joo, "Russia and Korea," in Bae Ho Hahn and Chae-Jin Lee (eds.), *The Korean Peninsula and the Major Powers* (Seoul: The Sejong Institute, 1998), pp. 69-114.

2 In this paper, the authors use the term "military cooperation" in a broad sense that includes inter-state activities such as transfer of arms sale, technology transfer, personnel contacts, exchange visits, military education, and even military alliance.

eration. South Korea was reluctant to engage in military cooperation with the Soviet Union. In fact, the Roh Tae Woo government displayed extreme caution towards Soviet President Mikhail Gorbachev's unexpected suggestion of a treaty on basic relations, believing the Soviet draft of the proposed treaty might include military contents. Gorbachev raised the possibility during the summit in April 1991. After all, the Soviet Union, the leader of the communist bloc, was still maintaining a military alliance with North Korea. Seoul did not wish to jeopardize the U.S.-ROK military alliance by rushing into military ties with Moscow. At the time, it was unthinkable for Koreans to enter into military cooperation with a communist country.

Still, military relations between the two countries began via exchange/ visits between senior military officers and South Korea's participation in the Soviet Union's defense industry conversion. In 1991, the Soviet Union sent a military attache to its embassy in Seoul, and in October 1991, South Korea followed suit. Through the military attache offices, Seoul and Moscow began military relations. In late October-early November 1991, for the first time, senior military officers visited each other's capitals to discuss bilateral military cooperation. Lt. Gen. Yong Yong-Il, chief of the ROK National Defense Ministry Intelligence Directorate, arrived in Moscow in late October to attend a ceremony marking the dispatch of the military attache to the Korean embassy in Moscow.³ During the two-week-long visit, he met with Soviet Defense Minister Yevgeni Shaposhnikov. Coinciding with Gen. Yong's trip, the commander of the Soviet Far Eastern Military District, Lt. Gen. Viktor Novozhilov, came to Seoul on November 4 to participate in a two-day seminar on Asia-Pacific security problems.

The Kremlin requested that South Korean companies participate in its efforts towards defense industry conversion. The Soviet government suggested 69 areas in which Korean companies could participate

3 *Yonhap*, November 6, 1991, in FBIS-EAS-91-217, p. 28; *The Korea Herald*, November 5, 1991, p. 3, in FBIS-EAS-91-214, November 5, 1991, p. 14.

on a joint venture basis. These included explosives, medical machinery and equipment, radar and satellite communication facilities, optical equipment, automobile engines, and aircraft and light helicopters. It also offered to sell a total of 24 products and technology, including explosives, laser technology, and rocket-firing facilities.⁴

Some of these items have military applications and revealed the Soviet government's interest in selling armaments and military technology. In early 1991, the Soviet government offered through unofficial channels to sell weapons to Seoul and to use the revenues from the sale to purchase Korean-made light industry products. The listed items included the MiG-29B, SU-25, S-200 (SA-5 Gammon) air defense missile system, BM-21 Grad 122mm, and BM-27 220mm multiple barrel rocket launchers. In mid-1991, the Soviet Union offered the S-300PMU1 and the TOR air defense missile systems for licensed co-production by a consortium of South Korean companies.⁵ Furthermore, Moscow was willing to sell military technology related to the production of fighter aircraft. Despite these offers, military cooperation between Seoul and Moscow remained scarce and negligible.

Building Mutual Confidence through Military Exchanges: 1992-1996

With the implosion of the Soviet Union at the end of 1991, the Russian Federation became its legal successor. It should be noted that Moscow continues to tilt to Seoul at the expense of Pyongyang, and Russia has vigorously pursued military cooperation with South Korea and considers it (or a unified Korea) a potential ally.⁶ This desire has been clear since 1991. In 1992, Hong Soon-Young, then South Korean

4 *Yonhap*, November 20, 1991, in FBIS-EAS-91-225, p. 14.

5 Edmond Dantes, "Changing Air Power Doctrines of Regional Military Powers," *Asian Defence Journal*, March 1993, p. 44; *Kukmin Ilbo*, April 4, 1991, p. 1, in FBIS-EAS-91-067, April 8, 1991, p. 38.

6 *Chosun Ilbo*, March 12, 1992.

ambassador to Moscow, observed the following: "Russia is more forward [about a military relationship] than we are, meaning it wants more than partnership relations."⁷ Russian Ambassador to Seoul Aleksandr Panov, in a news conference in Seoul in June 1992, stated that Seoul and Moscow could gradually increase bilateral military cooperation based on exchanges and contacts among military officials.⁸ During his trip to Seoul in March 1992, Russian Foreign Minister Andrei Kozyrev revealed that Russia was considering the inclusion of a clause in the new treaty on basic relations on "mutual consultation and cooperation when the two countries feel they are in danger." He further stated that Russia was ready to seek exchanges with South Korea in the military field.⁹

The first step towards Moscow-Seoul military cooperation was to build mutual confidence and understanding between their militaries. The two militaries had long considered each other as enemies and knew so little about each other. It was expected that they would develop an amicable and cooperative relationship through frequent personnel exchanges and contacts. Military exchanges contributed to mutual confidence and eventually facilitated bilateral military cooperation between Seoul and Moscow in such fields as intelligence sharing, arms sale, and military technology transfer.

The first summit meeting between Russia and South Korea took place on November 18-20, 1992, in Seoul. At the time, Presidents Roh Tae Woo and Boris Yeltsin signed the treaty on basic relations that laid the legal foundations for closer bilateral economic, political, scientific, and cultural cooperation. The basic treaty repudiated the use of force in settling disputes and committed the two countries to pursuing the common values of freedom, democracy, respect for human

7 *Yonhap*, March 11, 1992, in FBIS-EAS-92-048, March 11, 1992, p. 29.

8 *Yonhap*, June 17, 1992, in FBIS-EAS-92-117, June 17, 1992, p. 13. Panov succeeded Oleg Sokolov to become the second Russian ambassador to Seoul.

9 *Yonhap*, March 19, 1992, in FBIS-EAS-92-055, p. 7.

rights, and market economy.¹⁰ The basic treaty did not contain any military cooperation clauses. The joint Russian-Korean statement issued at the end of the summit did not include mention of bilateral military cooperation.

During Yeltsin's visit, Russian Defense Minister Pavel Grachev and his Korean counterpart Choi Se-chang signed a memorandum of understanding (MOU) for military exchanges for 1993-1994. The MOU was the first document outlining military cooperation between the ROK and Russia and has served as the basis for bilateral military cooperation. The MOU covered exchange visits of the defense ministers or chairmen of the joint chiefs of staff and other military personnel, warships, and the Korean Defense Ministry delegations, and Russian Military College delegations.¹¹ Through the MOU, the defense ministries of the two countries established direct contacts and exchanges.

In accordance with the MOU, Seoul and Moscow implemented exchange visits and military contacts. A squadron of the Russian Pacific Fleet consisting of the cruiser Admiral Panteleev, destroyer Bystryi, and tanker Pechenga arrived on Aug 31, 1993, in Pusan for a friendly visit. In early September, South Korean naval ships (frigates Ching Nam and Ul San) arrived in Vladivostok for a friendly visit. In June 1993, a South Korean military delegation arrived in Russia to visit the Russian ministry of defense and educational institutions. The following month, a Russian military delegation led by Col. Gen. Boris Petrovich, First Vice President of the Russian Military General Staff

10 During the Cheju summit in April 1991, President Gorbachev of the USSR and President Roh of South Korea agreed in principle to conclude a treaty on basic relations. After the dissolution of the USSR, the Russian Federation and South Korea continued working on the basic treaty. For the full text of the Basic Treaty, see *The Korea Herald*, November 20, 1992. For the joint statement by Presidents Roh and Yeltsin, see *The Korea Herald*, November 21, 1992.

11 The memorandum consisted of a preamble and six articles. It would take effect in January 1993. *Yonhap*, November 20, 1992, in FBIS-EAS-92-225, November 20, 1992, p. 11; ITAR-TASS, November 20, 1992, in FBIS-SOV-92-225, November 20, 1992, p. 12.

College, came to Seoul to observe the major military education and training system.¹² Gen. Lee Yang-Ho, chairman of the ROK Joint Chiefs of Staff, visited Russia on September 5-12, 1993, and met with Russian Defense Ministry Pavel Grachev. At the meeting, the two sides agreed to have joint naval exercises in 1997. In 1993, for the first time a Russian military officer (the Russian military attache at the Russian embassy in Seoul) was allowed to observe the Team Spirit U.S.-ROK joint military exercise. In November 1994, eight ROK military officers were sent to the Russian General Staff College on a two-year educational program to acquire Russian language skills and study the Russian military system and strategy.¹³

In May 1995, Russian Defense Minister Pavel Grachev made a second visit to Seoul, leading a Russian military delegation. This visit indicated that the defense ministers of the two countries were making regular contacts with one another.¹⁴ A Korean Defense Ministry official revealed, "The Defense Ministry [of the ROK] has prepared for the Grachev meeting more in earnest than for the annual Korea-U.S. Security Consultative Meeting (SCM)."¹⁵ This fact was a clear sign that the ROK was considering Russia as a serious military partner. Grachev and his South Korean counterpart Lee Yang Ho signed a Memorandum of Understanding for Military Exchanges. This MOU included an agreement to exchange experts and personnel and an agreement to exchange military intelligence.¹⁶ In addition, the defense ministers ini-

12 *The Korea Times*, July 3, 1993, p. 3.

13 As of late 1994, Korean military personnel were undergoing military education in 38 countries. *Chosun Ilbo*, November 7, 1994.

14 Since Russia wishes to renew the Memorandum of Understanding between the defense ministries of the ROK and Russia every two years, the defense ministerial meeting may take place regularly in the future. By contrast, the defense ministers of the ROK and the U.S. meet regularly through the annual Security Consultative Meeting to coordinate their joint military posture.

15 *The Korea Times*, May 20, 1995, p. 3, in FBIS-EAS-95-098, May 20, 1995.

16 Oh Young Jin, "Russian Scraps Automatic Support for NK," *The Korea Times*, May 20, 1995, p. 1.

tialled an agreement on military-technical cooperation,¹⁷ opening the door to Russian arms sales to South Korea. During his visit, Grachev reconfirmed Russia's interest in a collective security system in North-east Asia by proposing the creation of a sub-regional security system in the region.

Military Cooperation Gaining Momentum: late 1996-present

By late 1996, Moscow-Seoul military relations were moving to a higher level. Whereas previous MOUs between the two militaries were designed primarily to enhance mutual understanding and trust through personnel exchanges and visits, military agreements in 1996 and thereafter focused on bilateral military cooperation in practical matters. This changing focus clearly indicated that bilateral military relations between Seoul and Moscow were stable and mature.

In November 1996, South Korean Defense Minister Kim Dong Jin and Russian Defense Minister Igor Rodianov signed a Memorandum of Understanding for Military Cooperation. The MOU called for bilateral cooperation in training troops and army surgeons and in educating military personnel on weapons operation and other equipment.¹⁸ By signing the MOU for military cooperation, both sides laid the foundation for comprehensive and far-reaching military cooperation. In November 1997, South Korea and Russia signed an agree-

17 In Russian usage, the phrase "military technological cooperation" refers primarily to the transfer of arms and related technologies. It also includes education of foreign cadets in military schools, military advice and expertise, construction of military installations, and mutual research and development in related area. See Petr Litavrin, "Military Technical Cooperation: New Image of an Old Business," *The Monitor: Nonproliferation, Demilitarization, and Arms Control*, Vol. 4, No. 2-3 (Spring-Summer 1998), p. 43.

18 The memorandum became effective as soon as it was signed. It would remain in effect for five years and thereafter will be renewed automatically. "Defense Ministers Sign Memorandum of Understanding in Moscow," *The Korea Times*, November 5, 1996, p. 1.

ment to enhance bilateral cooperation in their respective defense ministries. The agreement, signed by Vice Defense Minister Lee Jung Rin and Lee's Russian counterpart Nikolai Mikhailov in Moscow, called for mutual assistance in technology transfer and information on the design, testing, and production of weapons. It also paved the way for the establishment of a joint committee to effectively implement the agreement.¹⁹

In 1998, exchange visits between the militaries of the two countries continued. In April, Russia's ground forces commander Y.D. Bukreev visited Korea at the invitation of ROK Army Chief of Staff General Kim Dong-shin. In May, Vice Defense Minister Nikolai Mikhailov visited Seoul to have a meeting with his Korean counterpart, Ahn Byung-gil. At the vice ministers' meeting, the two sides agreed to hold a working-level "defense policy meeting" of directors on a regular basis, and signed a memorandum of understanding on the exchange of military personnel for the 1998-1999 period. At the meeting, Mikhailov promoted arms sale by asking Korea to buy Russian-made submarines and S-300 surface to air missiles (SAM).²⁰ In October 1998, the ROK and Russia conducted their first joint naval exercises in communication and maneuvering in the Bay of Peter the Great, off Russia's Far East in the East Sea of Korea.²¹

South Korea welcomed the opportunities for personnel exchanges and military cooperation with Russia. By deepening military cooperation with Moscow, Seoul expected to further weaken the military connection between Moscow and Pyongyang and better cope with the military threat from Pyongyang by accumulating knowledge and intelligence about the North's armed forces. Since North Korea's military institutions and policies were heavily influenced by the Soviet Union/Russia, learning about the Russian armed forces was deemed

19 "Russia Sign Agreement on Defense Ties," *The Korea Times*, November 11, 1997, p. 3.

20 FBIS-EAS-98-149, May 29, 1998, in *The Korea Times* (Internet version), May 29, 1998.

21 ITAR-TASS, October 19, 1998, in FBIS-UMA-98-292.

necessary for South Korea to enhance its military capability. In addition to exchanges visits and contacts, Russia and South Korea expanded their military cooperation in the areas of arms sale and technology transfer.

III. Russia's Arms Sales to South Korea

Sales of weapons and military technology have been an integral component of ROK-Russia military relations. Russia's outstanding debt to South Korea, Russia's need to earn cash through arms exporting, and South Korea's desire to diversify sources of high-tech weapons and core military technologies have all intertwined to boost mutual interest in arms sales and technology transfer.

Russia's arms export to South Korea has been closely related to the repayment of Russia's debt to South Korea. South Korea provided \$1,470 million in loans to the former Soviet Union by the end of 1991 as part of a \$3 billion loan package promised in exchange for granting diplomatic recognition to Seoul.²² In the wake of the Soviet Union's collapse, South Korea and Russia negotiated the debt repayment issue, and in May 1992 Russia agreed to assume the former Soviet Union's debts to South Korea. Negotiations on debt repayment reached an impasse due to different approaches to repayment methods: Moscow wanted to sell military products to Seoul to pay for the debts, whereas Seoul demanded repayment in cash or in kind. During his visit to Seoul in August 1993, Aleksandr Shokhin, Vice Premier for External Economic Relations and Chair of the Russian Military Technology Commission, officially proposed that South Korea purchase Russia's most advanced weapons and related systems as a way of settling Russian debts. South Korea did not accept the offer on the grounds that

22 After the Soviet Union repeatedly failed to repay the debt on schedule, the South Korean government decided to stop paying the rest of the \$3 billion loan.

"military strategy was more important than the quality of weapons." Interoperability with South Korea's existing weapons system and U.S. pressure to purchase its weapons were serious concerns to the ROK.

In August 1994, Seoul and Moscow reached a compromise solution on Russia's debt repayment, and agreed in principle that Russia should repay half the debts with military hardware and the remaining half with raw materials.²³ Since Russia was incapable of paying cash to settle the debts due to severe economic difficulties at home,²⁴ South Korea was forced to accept whatever Russia had to offer, including armaments and military equipment. At first, the ROK Defense Ministry was interested in acquiring a limited quantity of Russian weapons for training purposes. Since North Korea's armed forces are equipped mostly with Russian-made weapons and equipment, it wanted to become familiar with North Korea's weaponry through Russian military products. The first shipment of Russian weapons and ammunition arrived in South Korea on September 18-19, 1996. On October 1, 1996, South Korea created its first mechanized infantry battalion armed with Russian-made BMP-3 (the Russian version of the U.S. Army's Bradley fighting vehicle).²⁵ The Russian weapons provided to South Korea included T-80U main battlefield tanks, BMP-3 armored fighting vehicles, IGLA portable anti-aircraft missiles, and Metis anti-tank missiles.

In the 1990s, South Korea embarked on a number of military pro-

23 The deal was that Russia would provide half of the payment in kind as commodities (machinery, copper, and other commodities), 5 percent as helicopters, and the remaining 45 percent in military hardware. Russia would provide seven civilian helicopters (worth \$4 million each) to be used to fight forest fires. Russia would provide a list of weapons and South Korea would select the items and their quantity from the list. *Choson Ilbo*, August 4, 1994; *Hanguk Ilbo*, August 4, 1994.

24 Even after the compromise, Russia paid only intermittently and did not provide raw materials and finished goods as scheduled. Russia was \$450 million in arrears by the end of 1993. It also accumulated an outstanding debt of \$650 million for the 1994-1995 period.

25 "ROK Army Activates Russian Arms-Equipped Infantry Battalion," *The Korean Herald*, October 2, p. 3, in FBIS-EAS-96-192, October 2, 1996.

curement projects to upgrade existing armaments and to acquire high-tech weapons and equipment. The ROK's military force improvement programs (FIPs)²⁶ were launched in 1974 by President Park Chung Hee to build a self-reliant military capability against North Korea's threat. Their main focus has taken three stages: (1) quantitative expansion of military capability in the 1970s; (2) qualitative improvement of combat equipment and weapons systems in the 1980s; and (3) building a future-oriented military force based on high-tech weaponry and military equipment in the 1990s (especially after the Gulf War).²⁷ The ROK armed forces now have the dual task of deterring North Korea's military aggression and coping with an uncertain security environment in the 21st century. High on ROK FIPs' agenda are the creation of the industrial and technological basis for highly advanced weapons and equipment and the establishment of a self-reliant defense posture.

Russia has persistently promoted its military products for ROK's FIPs. In early 1999, Russia suggested that it repay its remaining debt to South Korea with high-tech weapons since it could no longer provide natural resources, such as aluminum and copper, due to its economic turmoil. Russia's proposal was that South Korea pay in cash for half of the military purchases from Russia and use the Russian debt to pay the other half.

South Korea accepted Russian tanks, APCs, and portable anti-aircraft and anti-tank missiles as a partial repayment of Russian debt. However, the import of highly advanced Russian weapons, such as the S-300 tactical anti-ballistic missile system, the Kilo submarine, and the Su-35 (Su-37) fighter jet, was a different matter. Such a deal not only entails high price tags but also makes a long-term impact on its military improvement programs. Besides, U.S. pressures to choose American

26 South Korea's military modernization program was initially called the Yulgok Program, but was later renamed FIPs.

27 *The Defense White Paper 1998* (Seoul: Ministry of National Defense, the Republic of Korea, 1999), pp. 155-160.

military products over others made the matter much more complicated. In choosing an arms supplier, South Korea has to weigh political gains/ losses as much as military and technical factors.

Arms trade is vital to Russia's economy since it constitutes the second largest source of the Russian government budget revenue.²⁸ The Russian military-industrial complex is also highly dependent on arms trade for its revenue. In 1997-1998, 62 percent of its revenue came from foreign trade.²⁹ Russia inherited about 70 percent of the Soviet military-industrial complex. Russia's military output has declined by 80 percent since 1991 and military production facilities operate at 10 to 15 percent of capacity.³⁰

Naturally, Russia is pitching hard to sell its weapons to South Korea. Rosvoorouzhenie,³¹ Russia's state-run arms sales firm, has stationed two representatives permanently in Korea. Moscow has officially offered Seoul a wide range of sophisticated weapons, including the Su-35 or Su-37 fighter aircraft, the Kilo-class diesel submarine, and the S-300 tactical anti-ballistic missile system. Russia's primary interest in arms trade is commercial: it wants to pay off its debt to Seoul with weapons and to provide additional weapons and spare parts for cash. After all, arms trade is extremely profitable, and Russian military products are the only manufactured items that can effectively compete on

28 Oil and gas sales provide more than three-quarters of Russia's annual budget revenue.

29 Igor Khripunov, "Russia's Weapons Trade: Domestic Competition and Foreign Markets," *Problems of Post-Communism*, Vol. 46, No. 2 (March/April 1999), p. 41.

30 *Ibid.*, p. 40.

31 In January 1994, three Russian state associations dealing in arms - Oboronoexport, Spetzyveshtekhnika, and GTsSK-were replaced by Rosvooruzhenie. Pyotr Latavrin, "Russian Arms Exports: New Aspects of an Old Business," *International Affairs* (Moscow) No. 7 (1994), pp. 33. In September/October 1997, Rosvooruzheniye was reorganized and two other organizations, PromExport and Rossiyskiye Tekhnologii, were allowed to act as marketing agents for Russian defense industries. Stockholm International Peace Research Institute, *SIPRI Yearbook 1998* (New York: Oxford University Press, 1998), p. 296.

the world market. Arms sales to South Korea also would have the effect of strengthening bilateral military ties.

From Seoul's perspective, purchase of Russian weapons is attractive in three ways. First, Russian weapons are of high quality and relatively inexpensive. The T-80U, the latest version of Russia's MBT (main battle tank), is priced at two-thirds the cost of Korea's self-developed K1 and one-half that of the U.S. M1A1 Abrams.³² Second, by diversifying its sources of arms procurement, Seoul can reduce its excessive military dependence on the U.S. Third, Russia is willing to transfer core military technologies to arms importers, and Seoul badly needs core technologies for military independence.

Missiles Systems

Russian armaments have been a strong contender for South Korea's SAM-X, FX, and SSU projects. Seoul possesses the Nike Hercules surface-to-air missile that was developed by the U.S. in 1954. These missiles are long overdue for replacement. The ROK Defense Ministry had for a long time planned to replace this system with a modern missile system. The ROK's surface-to-air missile program, code-named SAM-X, is an ambitious and expensive undertaking. South Korea launched an estimated \$1 billion weapons procurement project to defend against possible attacks from North Korea's Scud-type missiles. The Korean Defense Ministry chose the U.S. Patriot air defense system and the Russian S-300 missile system as the final candidates for the project, and has been carefully weighing the two systems.

The S-300 comes in two types: S-300 PMU-1 (SA-10 Grumble) and S-300V (SA-12A/B Gladiator/Giant). The S-300 PMU-1 is designed primarily as an anti-aircraft missile and the S-300V as an anti-tactical ballistic missile (ATBM).³³ The S-300V system features similar perfor-

32 "Defense Ministry Considering Purchasing Weapons From Russia," *The Korea Times*, September 8, 1996, p. 3, in FBIS-EAS-96-176, September 8, 1996.

mance statistics as the U.S.-made Patriot missile system by Raytheon. The S-300V has two types of interceptors. Model 9M82 (SA-12B Giant) is the larger one and has a top speed of 2.4 Km./Sec. It can engage missiles and aircraft from 13-100 Km. at altitudes of 1-30 Km. (3,300-98,000 ft.). Against missile targets, the engagement range is 20-40 Km. Model 9M83 (SA-12 Gladiator) has a top speed of 1.7 km./Sec. and is optimized against aircraft at shorter ranges of 6-75 km at altitudes of 25-25,000 meters. Russian officials claim that the S-300 is superior to the U.S. Patriot. The S-300 air defense system successfully intercepted a Russian submarine-launched cruise missile flying over the Barents Sea.³⁴

The S-300 has advantages over the Patriot in price and technology transfer. The price of the S-300 is about 30 percent less than that of the Patriot. Purchasing the S-300 is even more appealing to South Korea because it can partially pay for the missile system by using the Russia's debt. Furthermore, Russia is more willing to transfer core technology than the U.S. The Fakel Design Bureau, which produces the S-300, even offered an upgradeable system, providing some assurance of continued improvement.

The Patriot, on the other hand, is more compatible with South Korea's existing weapons system since 80 percent of South Korea's weapons imports are from the U.S., and 37,000 U.S. combat troops are stationed in the country. In addition, purchasing the Patriot would not strain the U.S.-Korean alliance.

While both the U.S. and Russia were making pitches to win the SAM-X project, U.S. Secretary of Defense William Cohen warned South Korea not to purchase the S-300 over the Patriot in a press conference held in Honolulu in April 1997: "it [Seoul's purchasing the S-

33 Nikolay Novichkov and Michael Dornheim, "Russian SA-12, SA-10 On World ATBM Market," *Aviation Week & Space Technology*, March 3, 1997, p. 59.

34 Richard F. Staar, "Beyond the Unipolar Moment: Moscow's Plans to Restore Its Power," *ORBIS*, Vol. 40, No. 2 (Summer 1996), p. 383.

300] won't play well in [U.S.] Congress at all."³⁵ Such a blatant remark from a senior U.S. government official aroused public outcries in Seoul. Russia's reaction to the remark also was highly critical. Georgi Kunadze, Russian Ambassador in Seoul, denounced the U.S. for unfair competition and argued that the military sales should be based on product quality and the principles of free trade.³⁶ Inter-ministerial conflicts between the ROK Ministries of National Defense and Finance and Economy over the SAM-X procurement further tangled the problem.³⁷ Preliminary plans for the SAM-X project called for implementation before the year 2000, though this date has been delayed numerous times. Recently, Seoul announced that it would have to push back the SAM-X implementation to 2000; more recently, the target year was set to 2003. This delay was due mainly to lack of sufficient financial resources.

Pyeongyang's test firing of the three stage Taepodong-1 missile on August 31, 1998, has caused a stir in the international community and strongly motivated Seoul to accelerate its own missile program. In November 1998, the ROK Defense Ministry announced that it had initiated a program in January 1998 to develop a medium-range surface-to-air missile, code-named M-SAM. M-SAM, with a range of 40 km, will be designed to intercept invading North Korean military aircraft and Scud-type missiles. This system aims to replace the aging anti-aircraft Hawk missiles that South Korea currently employs. South Korea

35 "Cohen's Remarks on Missile Deal Erode Support for His Seoul Visit," *The Korea Times*, April 9, 1997, p. 3.

36 "Cold-War Foes Bid for Missile to South Korea: Ambassador Kunadze Says Russia Hopes for Chance for Fair Competition with U.S.," *The Korean Herald*, April 12, 1997.

37 The Defense Ministry opposes the purchase of Russian weapons, including the S-300, on the grounds that Russian weapons would not contribute to improving Korean military capability and that purchasing Russian weapons over American objection would create tensions between the U.S. and the ROK, damaging Korean security interests. In contrast, the Ministry of Finance and Economy prefers to settle the Russian debt issue as early as possible by importing Russian weapons, including the S-300.

hopes to incorporate anti-missile capability into its middle-range SAM. The missiles are expected to be operational in 2008. The ROK plans to acquire technological help from Russia in areas such as electronic guidance in developing the M-SAM. The M-SAM is modeled after the S-300.³⁸

Fighter Aircraft

Russia's S-35 fighter aircraft has been competing for South Korea's FX next-generation fighter program. As the ROK Air Force completes the \$5 billion Korea Fighter Program (KFP)³⁹ to replace its aging F-14 Phantoms and F-5 Freedom Fighters with 120 KF-16s, it is searching for candidates for Korea's next-generation fighter program, code-named FX, worth about 8 trillion won. This new fighter has been planned for some time, and Seoul is eager to acquire new generation military aircraft. The Rafale of French Dassault, the F-15E of U.S. Boeing, the Su-35 of Russian Sukhoi, and the Eurofighter Typhoon jointly developed by Germany, the United Kingdom, Spain, and Italy are considered the top candidates for the FX program.

Russia made its entrance into the bidding at the Seoul Air Show '96. Moscow offered its state-of-the-art Su-35 and Su-37 fighter planes. Sukhoi Design Chief Igor Yemelyanov offered South Korea heavily modified Su-35s or Su-37s to meet the ROK Air Force requirements.⁴⁰ The Su-35 will be equipped with phased grid radar and multifunction-

38 "ROK to Develop Missile Interceptor," *The Korea Times*, September 4, 1998. Nikolai Polyashev, director of the Almaz bureau, announced in July 1999 that his bureau was developing parts of air defense systems for South Korea. Interfax, July 20, quoted in *RFE/RL Newswire*, July 21, 1999.

39 Under the KFP that started in 1994, 12 F-16s were purchased from Lockheed Martin and Samsung has assembled 36. Samsung is producing additional 72 under a license agreement with Lockheed Martin.

40 Nicolay Novichkov, "Desperate for sales, Moscow courts Seoul," *Aviation Week & Space Technology*, November 18, 1996, p. 31.

al color displays, and AL-31FP variable jet direction engines.⁴¹ The Russian proposal included the assembly of Su-35s in South Korea, 100 percent servicing, and technology transfers. Russia suggested that South Korea pay partly in cash and partly with the Russian debt owed to South Korea. Budget constraints also are delaying Seoul's decision on the FX project.

Submarines

In 1987, the ROK launched its first submarine program to produce nine 1,200-ton 209-class diesel submarines. Daewoo teamed up with Germany's HDW for this project. As of 1998, Daewoo had produced seven 209-class submarines and was building two more. As the first submarine program nears completion, the ROK Navy is pushing for the submarine program, code-named SSU, to acquire 1,500-2,000-ton class advanced submarines by early 2000. In the long run, the ROK Navy plans to use its own technology to build 3,000-ton class submarines that are capable of launching missiles and staying under water for an extended period of time. Daewoo with German HDW's technology, Hyundai with French DSN's technology, and Russian submarines are final candidates for the SSU project.⁴²

Russia has been lobbying hard to sell its submarines (2,500-ton Kilo-class or 1,900-ton Amur-class diesel submarines) to South Korea. Russian officials proposed that South Korea pay 50 to 70 percent of the submarine's cost in cash with the remaining amount to be credited to repayment of its debts. During his visit to Seoul in March 1998, Russian Vice Defense Minister Nikolai Mikhailov officially requested that the ROK purchase Russian-made submarines and S-300 missiles.⁴³

41 *Nezavisimoye voyennoye obozreniye*, October 16-22, 1998, p. 113.

42 Russian submarines were initially excluded from consideration, but in August 1998 the ROK Ministry of National Defense decided to include Russian-made submarines in the SSU project.

During his visit to Seoul in April 1998, Admiral Vladimir I. Kuroyedov, Commander-in-Chief of the Russian Federal Navy, expressed Russia's willingness to participate in the SSU program.⁴⁴ Gennady Seleznyov, speaker of the Russian State Duma, promoted Russian submarines for the SSU procurement when he visited Seoul in April 1999 leading a Russian delegation.

On May 20, 1999, the Korean Defense Ministry announced its plan to purchase three 2,300-ton Kilo class diesel submarines from Russia.⁴⁵ The \$1 billion deal would be paid half with cash and half as debt repayment. The surprise announcement was made shortly before President Kim Dae Jung's scheduled state visit to Russia. Obviously the controversial decision was made out of political considerations. In the wake of the spy scandal in 1998, the relationship between ROK and Russia reached its lowest point since the two countries opened diplomatic relations in 1990. It appears that President Kim hastily reached the decision in the hopes that Russia-Korea relations would improve quickly and his impending Moscow trip would bear fruits.

The ROK Navy is opposed to the purchase of the Kilo submarine on the grounds that it has less operational ability than the ROK Navy's 209-class.⁴⁶ ROK naval officers point out that the storage battery of a Kilo-class submarine lasts about 18 to 24 months, whereas the German-made batteries of the 209-class submarines last five years longer. They also note that the submarines offered by Germany's HDW and France's DCN will have the capability to stay submerged longer with their advanced Air Independent Propulsion (AIP) systems. ROK Naval officers maintain that the Kilo-class submarine is an outdated model and that there will be problems with spare parts.⁴⁷ Reversing its earlier

43 *The Korea Times*, "Russia Pushing for Weapons Sale to Korea," May, 30, 1998.

44 *ITAR/TASS*, April 29, 1998.

45 *The Korea Herald*, May 20, 1999.

46 The Kilo-class submarine has six torpedo tubes for 18 torpedoes and mines and a launcher for eight surface-to-air missiles. It can stay at sea for 45 days and dive up to 300 meters deep. Its top speed under water is 10 knots.

decision, the ROK Ministry of National Defense announced in July 1999 that the final decision on the SSU project would be postponed for one year because the decision to import the Kilo submarines was too controversial. It also announced that the final decision to purchase the Russian submarines would be made sometime in late 1999 or early 2000.⁴⁸

IV. Technology Transfer to South Korea

Acquiring core military technologies necessary for high-tech weapons is a top priority for the ROK. Russia is more open to technology transfer than other arms suppliers. South Korea is most interested in acquiring core technologies and key weapons components in pursuing military cooperation with Russia.

Again, Russia's severe economic problems force Russian military producers and R&D (Research & Development) institutes to search for customers abroad. The level of the Russian government's funding for military R&D has dwindled drastically since the Soviet era and Russian R&D institutes are struggling to sustain a military technology base. According to SIPRI, "Russian design bureaus [are] encouraged to sell their services directly to foreign firms, offering either technology transfer or simply modification of arms produced in Russia for export."⁴⁹ In fact, export of armaments and military technology is directly linked to the survival of the Russian military-industrial complex. Part of the income from arms export and technology transfer has been used for R&D and for the procurement of advanced weapons such as the Su-30, Su-35 and Su-37 aircraft for the Russian military.⁵⁰ India agreed to pay

47 *The Korea Times*, June 4, 1999, p. 9, in FBIS-EAS-1999-0604, June 4, 1999.

48 *Chosun Ilbo*, July 27, 1999.

49 Stockholm International Peace Research Institute, *SIPRI Yearbook 1998*, pp. 271-272.

50 *Ibid.*, p. 296.

\$1.8 billion to purchase 40 Su-30M multi-purpose aircraft and to finance further development. India paid an additional \$200 million directly to the Sukhoi design bureau for the development of more advanced variants, the Su-30MKI. Reportedly, China is acquiring technology from Russian R&D institutes for submarine and ballistic missile projects and Iran for ballistic missile projects.⁵¹

The intergovernmental agreement on scientific and technological cooperation between the Soviet Union and South Korea signed in Moscow in December 1990 paved the way to bilateral military technological cooperation. South Korea has actively pursued technological cooperation with Russia through the Korean Institute of Science and Technology (KIST) and the Agency for Defense Development (ADD). The Russo-Korean technological cooperation began with dual-use technology and later expanded into military technology.

The technological cooperation in aviation and aerospace fields started as early as 1992. In January 1992, Daewoo Heavy Industries Co. imported the Russian technology to build pilotless helicopters for agricultural purposes. In the same year, Daewoo was engaged in joint production of brake disks for aircraft with the Niigrafit Research Institute and was working on high-performance training planes with the Mikoyan Avionics Research Institute, and Samsung Aerospace Industries Co. was involved in the joint development of composite materials for aircraft with the Central Aero-Hydrodynamic Institute.⁵²

The legal foundation for bilateral military technology cooperation was laid in November 1997, when Vice Defense Minister Yi Chung-rin and his Russian counterpart Nikolai Mikhailov signed an agreement to enhance bilateral cooperation. The agreement called for one side to provide the other with assistance in technology transfer and information on the design, testing and production of weapons.⁵³

51 *Ibid.*, p. 272.

52 *Yonhap*, September 2, 1992, in FBIS-EAS-92-178, p. 23.

53 *The Korea Times* (Internet version) November 21, 1997, in FBIS-EAS-97-327,

South Korea's missile development programs will benefit immensely if the ROK can enlist Russia's technological help. South Korea's indigenous missile development program started in the mid-1970s with the help of the U.S. The 1990 diplomatic note signed by the U.S. and the ROK stipulates that South Korea should not develop missiles with a range longer than 180 Km. In exchange, the U.S. provided technological support for South Korea's NHK-2 (Hyunmu) missile program. The NHK-2, the longest missile South Korea possesses, has a striking range of 180 km. As the last batch of U.S.-made high-tech parts for Korea's NHK-2 missiles is delivered to Korea in 1999, the diplomatic note will lose binding force. In 1998, South Korea demanded that the U.S. allow it to develop missiles with a range up to 300 km, which is permitted by the Missile Technology Control Regime (MTCR). In response, the U.S. attached an unusual condition: the U.S. would allow a maximum range of 300 Km for South Korean missiles but South Korea must open its missile development programs to U.S. inspections.⁵⁴ The U.S. condition is unacceptable to South Koreans because U.S. inspection of Korean missile programs would be a serious violation of Korean national sovereignty. During his visit to Washington in July 1999, President Kim Dae Jung demanded the right to develop and deploy military missiles with a maximum range of 500 km and to develop private rockets for scientific purposes without range limits.⁵⁵

U.S. inflexibility about the missile issue is driving South Korea towards Russia, who is willing to sell missile technologies and components for cash. As of January 1999, South Korea was considering the purchase of military and industrial high technology worth \$200 million from Russia as a partial repayment of Russia's debt. Among others, the ROK Defense Ministry was interested in radar, missile guidance, and

November 23, 1997.

54 *The Korea Herald*, August 11, 1998, p. 1.

55 *Chosun Ilbo*, July 4, 1999.

other electronic technology.⁵⁶

South Korea's sudden decision in August 1998 to include the Russian Kilo-class submarine as a candidate for its SSU program is likely to have been influenced by Russia's offer to provide advanced technology. During his 1998 trip to Moscow, Admiral Yu Sam-nam, Chief of ROK Naval Operations, was offered a complete Russian submarine package, which included submarine-building technologies. Russia even offered to provide onboard vertical launcher technology. In contrast, German HDW did not provide core technologies related to submarine design throughout the 209-class submarine program.⁵⁷

V. Limitations and Obstacles to Seoul-Moscow Military Cooperation

Russia has displayed a strong interest in arms sales, while the ROK is most interested in the transfer of advanced military technology. Although the two countries harbor different motivations, interests, and plans, Russia and South Korea have rapidly increased military ties as they follow common interests.

Arms sales and technology transfer to South Korea are profitable to Russia. Although Russia's military industrial capacity has stagnated in recent years, its military products remain competitive. South Korea, one of the largest arms importers in the world, can become a valuable

56 "ROK to Receive \$200 Million High Tech Military Transfer from Russia," *The Korea Times*, January 25, 1999. South Korea is eager to acquire Russia's sensitive technologies for its M-SAM program. In early 1998, a Korean official reportedly went to Russia to negotiate the terms of the purchase of advanced technology. *The Korea Times* (Internet version), December 8, 1998.

57 *The Korea Times*, August 18, 1998, p. 3, in FBIS-EAS-98-230, August 18, 1998. South Korea's source of advanced technology is not limited to Russia. South Korea plans to put a military spy satellite into the orbit in 2005 with the help of France's electrical optics technology. *The Korea Herald* (Internet version), November 5, 1998, in FBIS-TAC-98-308, November 4, 1998.

customer for Russian weapons. Former outlets for Russian weapons have recently dried up, while the capacity to produce still exists. The Russian government has neither the need nor the funding for weapons purchases. To make matters worse, worldwide demand for modern weapons has greatly dwindled, and competition among major arms suppliers has intensified. Between 1990 and 1995, the volume of worldwide arms trade shrunk from \$50 billion to \$25 billion. This situation has dealt a devastating blow to Russia's military-industrial complex. Export of armaments, military technology, and related services have become a crucial source of revenues for the Russian military industry, and Russia is aggressively marketing its military products in South Korea.

South Korea may find economic benefits in military cooperation with Russia. Seoul and Moscow can jointly develop advanced technology and high-tech weapons and sell them in the world market. The relationship between the two countries may be mutually complementary: Russia has advantages in basic sciences and advanced technologies, while South Korea has strengths in marketing skills and capital.

South Korea's purchase of Russian weapons began out of an economic necessity, not political or military calculations. Russia pushed military hardware on South Korea as partial repayment of its debt to South Korea, forcing South Korea to accept what Russia had to offer. In this way, South Korea was dragged into an arms trade with Russia. Neither Russia nor South Korea had a real choice in this regard. Arms trade with Russia, however, may have a lasting impact on South Korea's military capability and may affect South Korea's security relations.

ROK-Russian military cooperation may alter political relations. Since the Korean peninsula is geo-strategically important to the Russian Far East, Russia wants to cultivate a friendly and cooperative relationship with South Korea. Military relations with South Korea may offer opportunities for Russia to increase its influence in Korean affairs.

Seoul wants to reduce its heavy dependence on the U.S. for armaments and equipment by diversifying the sources of military procurement, and Russia may become an alternative source. By reducing its military dependence on the U.S., Seoul may more readily find its place in the new international order. The U.S. has played a pivotal role in the Korean peninsula and Northeast Asia as the guarantor of peace and stability, but there is no guarantee that it will stay in the region in the 21st century.

Russo-Korean military cooperation has geo-strategic implications. Russia considers a unified Korea a long-term strategic partner. The Russians believe that a power vacuum is being created in Northeast Asia as U.S. military troops in the Western Pacific are gradually being withdrawn and Russia's military presence in the Far East is reduced. They foresee a threat to the region's security and stability if the Japanese military buildup accelerates and China's military modernization is left unchecked. It is in Russia's interests to prevent any country, particularly Japan and China, from attaining a position of dominance in a region. In this context, South Korea (more likely a unified Korea) may become Russia's ally, and accumulated military relations between South Korea and Russia may pave the way to a military alliance.

As the power structure in Northeast Asia shifts in the early 21st century, Korea may become Russia's strategic ally. If the U.S. follows an isolationist foreign policy and disengages from East Asia completely (including abrogating its military alliances with Japan and Korea), a unified Korea will no longer be able to depend on it for security. Should Japan emerge as the major military threat to Korea, Korea could form a military alliance with Russia, which has never invaded it. Both Korea and Russia have territorial disputes (over the Tokdo [Takeshima] Islets and the Kurile islands, respectively) and have reason to fear Japan's military resurgence.

The prospects for Russo-Korean military cooperation are not all rosy. Numerous obstacles are likely to constrain such cooperation.

First, import of Russia's advanced weapons and equipment may cause technical problems in the Korean military. Seoul's existing weapons systems are supplied by the U.S. or based on U.S. technologies. High-tech weapons and equipment from Russia are likely to cause some incompatibility problems and may not function smoothly with other military equipment in South Korea. Russian officials have assured South Korea that Russian weapons can be easily adjusted to work with Western weapons systems, citing Greece as an example: Greece, whose weapons system also is heavily Western-oriented, agreed in 1998 to purchase both the Russian-made Tor-M1 AA missile system and the U.S.-made Patriot missile system. However, U.S. and ROK Defense Ministry officials disagree, arguing that the compatibility problem is genuine and may cause serious problems. Some U.S. officials even argue that by purchasing Russian weapons South Korea is violating the 1954 Mutual Defense Treaty that assured the interoperability of weapons. This interoperability issue remains unresolved, and is likely to remain a barrier to Russian arms sale to South Korea.

Second, Russia's unreliability as an arms supplier is a serious concern among Korean military officials. ROK Defense Ministry officials repeatedly state that they do not wish to accept any more Russian weapons. A Korean Defense Ministry official revealed that some of the Korean BMP-3 and T-80U battalions remain idle because of a shortage of supplies. The Russians did not even provide repair manuals for the armaments, causing Korean soldiers to improvise to keep the Russian tanks in operational condition.⁵⁸ In fact, certification of outputs, reliable post-sale servicing, and the provision of spares remain "the Achilles heel of Russian arms trade."⁵⁹ Russia also impressed Koreans as an unreliable partner during the 1998 Seoul air show. Reneging on its earlier promise, Russia failed to send the Su-35 high-tech fighter jet there. It turned out that bureaucratic squabbles were responsible for the no-

58 *The Korea Times* (internet version) April, 2 1999.

59 Litavrin, *op. cit.*, p. 33.

show.⁶⁰ Problems relating to services and supplies are further exacerbated by frequent institutional restructuring and personnel changes,⁶¹ contradicting decrees and laws, administrative confusion, widespread corruption, and bureaucratic infighting inside Russia.

Third, Russia's political instability and economic troubles may cause discontinuity and disruptions in arms sales and technology transfer. Arms trade and technology transfer require a long-term commitment from Russia. Seoul will hesitate to enter into a long-term contract for arms sales and supplies from Russia unless domestic political and economic conditions in that country stabilize. Russia's guarantee to service equipment and supply parts does little to reassure Koreans uncertain about whether Russian arms suppliers will remain in business in the future.

Fourth, South Korea will not easily disregard U.S. objections to and suspicions of a close military cooperation between South Korea and Russia. The U.S. wants to maintain a dominant influence in the Korean peninsula and monopolize arms sales to Korea. As long as North Korea poses a military threat to South Korea, the U.S. will remain South Korea's most important military ally. Nevertheless, South Korea has demonstrated its readiness to buy weapons from a country offering superior products and generous technology transfer. In October 1997, the ROK Defense Ministry decided to purchase the French-

60 The directors of Aviatsonniy Voyenno-Promyshlennogo Kompleks Sukhoy, the Sukhoy Experimental Design Office, the aircraft manufacturing associations in Irkutsk, Novosibirsk, and Komsomolsk-na-Amure, and the Rosvooruzheniye public company could not agree on money matters. Their disputes were about questions such as: Who should show the aircraft at the air show? Who should pay for participation costs? Who gets how much in the event of a successful sale? Oleg Vladynkin, "Show the Armor: Russia's Arms," *Obshchaya Gazeta*, November 12, 1998, No. 45, p. 3., in FBIS-SOV-98-327, November 23, 1998.

61 Russian arms trade policy has been inconsistent due to frequent institutional and personnel changes. For further details, see Igor Khripunov, "Russia's Weapons Trade: Domestic Competition and Foreign Markets," *Problems of Post-Communism*, Vol. 46, No. 2 (March/April 1999), pp. 39-48.

made Mistral over the U.S.-made Stinger, in a deal worth more than \$300 million.⁶²

Fifth, Seoul may sacrifice its relations with other major powers if it focuses exclusively on military cooperation with Russia. The U.S., Japan, and China are important trading partners for South Korea, and South Korea maintains interdependent relationships with these neighbors. Close military cooperation (or alliance) with Russia may create unnecessary alarm and fear from these powers.

VI. Conclusion: Policy Recommendations

The development of Russo-Korean military relations has been remarkable. With the exception of the U.S., none of the major powers maintain such extensive military ties with South Korea. Seoul-Tokyo military relations are limited to personnel contacts, exchanges, and mutual consultations, and Seoul-Beijing military relations have just begun mainly in the form of personnel contacts and exchanges.

The rapid growth in Seoul-Moscow military ties is attributable to a number of factors. First, the end of the Cold War and the establishment of a formal diplomatic relations between Seoul and Moscow fostered conditions necessary for the two countries to initiate military cooperation. Second, repayment of Russia's debt to South Korea provided a convenient excuse for Russia to offer its military hardware to South

62 *Choson Ilbo*, October 17, 1997. The prospective providers included Matra of France, which manufactures Mistrals, Britain's Short Missile Systems, producer of Starbursts, and U.S. Hughes Aircraft which makes Stingers. Korea had purchased about 1,000 Mistrals in the early 1990s. The choice of the French missiles was made because they were thought to be more reliable and the French firm was more cooperative in terms of technology transfer. In addition, Russia's IGLAs and Sweden's RBS70s also were potential contenders for the deal. "ROK Plans To Procure \$125-Million-Worth of Antiaircraft Missiles," *The Korea Times*, August 21, 1996, p. 3, in FBIS-EAS-96-163, August 21, 1996.

Korea as a repayment option. As the debt repayment issue continued to stall due to Russia's economic difficulties, South Korea was forced to consider the purchase of high-tech weapons and equipment from Russia to settle the debt issue. Third, South Korea's decision to import Russian military hardware was based on two factors: the continuing military threat from North Korea and South Korea's need for military modernization. Initially, South Korea's military refused to introduce Russian weapons into its arsenal for political and technical considerations. Still, it was willing to accept a limited number of Russian weapons to better cope with North Korea's military threat through a better understanding of North Korea's weapons system, which is composed mostly of Russian weapons. In the same vein, the ROK Defense Ministry sent Korean military officers to Russian military institutes for training and education. Seoul also saw a good opportunity to strengthen its base for core technologies and military industry in military-technological cooperation with Russia. Unlike other suppliers of high-tech weapons, Russia is willing to transfer "core" technologies and components required for the development of sophisticated weapons and equipment.

As exchange visits of military personnel between Seoul and Moscow continue into the 21st century, mutual confidence and trust between South Korea's and Russia's militaries will grow. Large-scale Russian arms sales to South Korea are problematic since the bulk of South Korea's military hardware and equipment are U.S.-made and Russian armaments may be incompatible with South Korea's existing weapons systems. It would be too risky and costly to operate two different weapons systems. The purchase and operation of Russian advanced military weapons will require a long-term political commitment from South Korea, too, for which South Korea is not ready yet.

More promising are the prospects for joint research and development of high-weapons and military components for domestic consumption and exports. Moscow badly needs cash from abroad to

develop cutting-edge technologies in the military sector and to maintain its military-industrial capability. Seoul, on the other hand, needs to acquire core technologies and military components for its military modernization. Thus, military technological cooperation between Seoul and Moscow is mutually beneficial. Russia's technology transfer to South Korea, however, will be limited without a South Korean commitment to purchase high-tech weapons. Still, South Korea needs to focus on the acquisition of core military technologies and limited military hardware from Russia to enhance military independence.

Russia's debt to South Korea has been a thorny issue in the bilateral relationship and South Korea is eager to settle the matter as early as possible—the debt does not have to be a major obstacle. Given Russia's deplorable economic situation, South Korea needs to reschedule Russia's debt while seeking to resolve the issue gradually and on a long-term basis. North Korea owes about \$3.6 billion to Russia from the Soviet era; in the event the two Koreas unify voluntarily, the unified Korean government will have a legal obligation to assume this debt from Russia.

Expecting Moscow to sell high-tech military technologies as part of a debt repayment scheme is not realistic. For Russia, earning cash is of primary concern, while paying the debt is secondary. Russia's arms design bureaus and weapons manufacturers need cash flow from abroad to survive—they are not likely to provide core technologies and components unless South Korea pays cash to cover a significant portion of the costs.

빈 면

THE KIM IL SUNG CONSTITUTION AND THE CHANGE OF KIM JONG IL SYSTEM IN NORTH KOREA

Yinhay Ahn

With the official launch of the regime of Kim Jong Il by his reelection to the Chairmanship of the National Defense Commission in September 1998, North Korea revised its constitution. Baptized the Kim Il Sung Constitution, North Korea's new constitution institutionalized 'Govern by the Will of the Deceased.' Regarding the readjustment of the power structure, the character of the revised constitution can be described in five respects: readjustment of the Standing Meeting of the Supreme People's Assembly (SPA) into the Standing Committee of the SPA, the abolition of state President, the position and authority of the National Defence Commission (NDC), the abolition of the Central Peoples Committee, and the readjustment of the administration council to a cabinet. The essential points of these readjustments are the following: (1) centralization of power and dispersion of responsibility and (2) institutionalization of the crisis management system by the military. These can all be seen both as a display of how confident Kim Jong-il is in himself and as an indicator of erosion of the monolithic power that has long guaranteed the stability of the North Korean political and social system.

I. Introduction

Now that Kim Jong Il has filled the position as the supreme head of the North Korean leadership, which had been vacant since the death of Kim Il Sung (1994), with the title of Chairman of the National Defense Commission (NDC) (1998), observers of North Korea are paying special attention to the policy direction of the new regime. How should we understand the contradictory images of North Korea; for example, as a strong military power with an economic crisis, and/or a country capable of launching a satellite but with a serious food crisis? Is North Korea really strong enough to maintain its status as a significant military power? Is its endeavor to become a technological and military power in the region able to endure the present economic difficulties? Or is the resource mobilization distorting resource distribution and critically deteriorating the situation? These questions still need to be answered even after Kim Jong Il's election to the General Secretary of the Korean Workers' Party (KWP) in October 1997, and even after the official launch of the regime by his reelection to the Chairmanship of the NDC in September 1998.

Although Kim Jong Il has executed a sophisticated political maneuver by readjusting the power structure through revising the Constitution and being reelected to the Chairmanship of the NDC, the measure can be seen as a desperate step by the North Korean leadership in response to the economic crisis and the unstable phenomenon of hungry people wandering about in search of food. In fact, in the "arduous marching spirit", the only option left to the leadership would have been to separate Kim Jong Il's control over the party and the military from the economic responsibility of the Presidium of the Supreme People's Assembly (SPA) and the cabinet. The recent mode of power succession causes one to be more cautious in predicting changes in North Korea.

Under the trend of mid- to long-term change in the North Korean system characterized by economic depression and weakened social

control; the leadership has tried to maintain the system by means of brinkmanship negotiation tactics, placing priority on improving relations with the United States, showing a friendly attitude towards inter-Korean economic exchange and cooperation on the civilian level, and fostering a limited but sustained regional opening.

Under this mid- to long-term trend and other international experience, it is highly likely that the North Korean leadership will sustain its current system and continue to seek changes by means of Kim Jong Il's systemic guidance. Evidence for such a prediction can be found in the transitive character of the revised constitution in terms of the political and power structure, and in its evolving economic character. It could be noted that North Korea has fully embarked upon a crisis management system.

North Korea has completed the consolidation of the Kim Jong Il regime and at the same time is pursuing reform and an open-door policy in a limited and selective way in order to overcome the economic crisis. It is well known that the Chinese policy of reform and opening originated from Deng Xiaoping's pragmatist orientation as well as from the change in consciousness towards economic development among the pro-reformist power elites.¹ In this respect, it is interesting to observe whether North Korea can successfully implement reform and open-door policies while maintaining its monolithic system.²

After 1980, when Kim Il Sung was maintaining full power over the North Korean system by means of purging his political opponents, policy conflicts among political factions were unimaginable due to the formation of the Kim Il Sung-Kim Jong Il power succession. The power elite revealed policy differences over the speed and scope of the reform and open-door policy in accordance with the policy changes in China

1 Joseph Fewsmith, *Dilemmas of Reform in China: Political Conflict and Economic Debate* (Armonk, New York: M.E. Shsarpe, 1994).

2 Yinhay Ahn, *Unitary System and Policy Competition in North Korea* (Seoul: Korea Institute for National Unification, 1996).

and the Soviet Union. This resulted in a frequent change in cabinet members.

In the early 1990s, amid the reunification of Germany and the collapse of the Soviet Union and the East European socialist countries, North Korea became more isolated and the father-to-son power succession system became consolidated. The economic difficulties, on the other hand, worsened. Such a situation encouraged the North Korean power elite to compete for recognition from the Kim family, and such loyalty produced policy competition among ministries and departments.³ In this respect we may examine how the regime tried to dampen and utilize policy competition between the military and the ministries related to the economy through the 1998 revision of the constitution.

When we take into consideration the reality of policy competition among bureaucrats for the purpose of showing loyalty to Kim Jong Il, the North Korean power structure can be seen as having been readjusted to reinforce the military for maintaining the system and overcoming economic difficulties by means of recruiting economic specialists as cabinet members. Pyongyang's efforts to maintain the Kim Jong Il regime by means of confined changes for a self-reliant economy could be perceived as an indicator of the prospect for change in the North Korean system.

In this respect, this paper aims to forecast changes in the North Korean system by analyzing the Kim Il Sung Constitution and the durability of the Kim Jong Il's regime.

II. Formation of the Power Succession and Rule based on "the Governance by the Will of the Deceased."

Kim Il Sung, who witnessed the de-Stalinization movement in the

3 Yinhay Ahn, "North Korea's External Policies and Policy Competition," *Korea Review of International Studies* (Seoul: Korea University, 1998) Vol. 2, No. 1, pp. 63-84.

Soviet Union by Khrushchev and the challenge of Mao Zedong's absolute power by Lin Biao in China, prepared to take political power after Mao's death. Kim Il Sung purged his revolutionary comrades, including the partisan factions, and paved the way for monolithic leadership. In 1972, he secured the position of the supreme head of North Korea by revising the DPRK socialist constitution. The Soviet and Chinese experiences convinced Kim Il Sung to give his position to the person most trustworthy, namely, his son.

In his preparation for the power succession, Kim Il Sung appointed Kim Jong Il as the Secretary of the Korean Worker's Party (KWP) and allowed him to dominate the decision-making organ, and then supported his son ideologically by inserting the theory of succession into the *juche* ideology.

In relation to the succession problem, Kim Il Sung emphasized at the 6th Conference of Socialist Labor Youth League held on June 24, 1971 in Pyongyang that "the youth should continue the revolutionary task through succeeding generations" and to accomplish the revolutionary task, a new generation should lead the way.⁴ Immediately after Kim Il Sung expressed his intention, Kim Jong Il was nominated as the successor with the recommendations of Choi Yong-gun, Kim Il and others at an unofficial meeting held after the end of the 6th plenary session of the 5th Central Party Committee. From 1975 onwards, Kim Jong Il began to be called "the center" of the party.

Despite the opposition against Kim Jong Il's sudden rise to power among the elders in the party, Kim Il Sung entrusted him as head of the three revolutionary movements, which embodied the *chongsanri* way to help his son consolidate his power. The importance of the three revolutions in the fields of ideology, technology and culture had already been displayed at the 5th Congress held in December 1971, and

4 Kim Il Sung, "The youth should continue the task of revolution by succeeding generations," *Collected Works of Kim Il Sung* (Pyongyang: Korea Workers' Party Publisher, 1984) Vol. 26, p. 204.

the Second Congress of the League of Farmers and Workers held in February 1972.⁵ The revised constitution of 1972 also alluded to the three great revolutions.⁶ Kim Il Sung proposed the three revolutions at a meeting of the Politburo in February 1973, and Kim Jong Il reasserted the movement to consolidate the succession power base.⁷ The "Three Revolutions Team" that took up the main task of consolidating Kim Jong Il's succession demanded unconditional loyalty to the heir whose principles were embodied in the guidance of Kim Il Sung which were enunciated in widely publicized books written by Kim Jong Il. They wielded the formidable power to control, coordinate and supervise not only the party and administrative organs but the investigative bodies as well.

Such efforts by Kim Il Sung were set in stone in the early 1970s, and by going through a preparatory stage in the 1980s, Kim Jong Il finally became the official heir to Kim Il Sung at the 6th Party Congress. He was appointed as Secretary of the Party Secretariat, fourth-ranking member of the Politburo, member of the Politburo Standing Committee, member of the Party Central Committee, and third-ranking member of the Party Military Committee. Kim Jong Il thus consolidated his position as number two in the power hierarchy. By the end of the 1980s, he began to prepare for his actual rein by placing those who supported him into the main positions of the party, government and military.

In the 1980s, when North Korea began to fall into economic difficulties, technocrats related to the economy came to the forefront of government positions. Maybe it was a response to the economic crisis, but this recruitment was based primarily on the standard of ideological loyalty. These elites were selected first among groups of Kim Jong Il's

5 *The History of Korean Workers' Party* (Pyongyang: Korea Workers' Party Publisher, 1984), p. 487.

6 Article 11 of the socialist constitution stipulates on ideological revolution, Article 25 on technological revolution and Article 36 on cultural revolution. *Kimroja*, January 1973, pp. 29-42.

7 *The History of Korean Workers' Party*, 1984, p. 489.

policy lines, then in accordance to their specialty. Kim Jong Il placed importance in all three fields—the party, economy and military. Loyalty to the revolution implied loyalty to the party, and loyalty to the *suryong* (leader) meant loyalty to the heir.

Power succession proceeded in the form of revision of the constitution in 1992, in which the right of military command possessed by the state President was taken away. Kim Jong Il was then elected Chairman of the NDC, thus becoming the one to wield power over the military. Over twenty years of preparation for power succession had made Kim Jong Il's position firm even though his father's position was left vacant for four years. In October 1997, Kim Jong Il took the position of Party Secretary and officially declared that Kim Il Sung's policies would continue to be implemented.⁸

Kim Jong Il, who lacks the charisma of his father, maintained the transitive system based on "Governance by the Will" of his deceased father for over four years in order to evade the responsibility for the economic crisis and diplomatic problems, and the burden of having to succeed the position of state president. However, the state presidency could no longer be left vacant. Kim Jong Il, therefore, opted for the official launch of his rule by declaring the Kim Il Sung Constitution, abolishing the position of state president, and taking the position of Chairman of the NDC.

III. Completion of the Kim Jong Il Regime and Kim Il Sung Constitution

Kim Jong Il's regime was finally consolidated at the first session of the 10th Supreme People's Assembly (SPA) of the DPRK (September 9,

8 North Korea emphasized that in the future, there will not be any policy differences, not even the 0.001 mm difference compared with the past. *Pyongyang Broadcasting Service*, October 4, 1997.

1998). The SPA dealt with amendments and supplements of the socialist constitution of the DPRK, election of the Chairman of the NDC and the election for the state leadership organs of the DPRK in order to reinforce the Kim Jong Il regime and institutional changes for launching his official rule. It was, however, the posthumous power of the deceased Kim Il Sung that held sway of the SPA, and Kim Il Sung was also the very person who was made the prominent figure of the event in a politically symbolic sense.⁹ The DPRK socialist constitution was called the Law of Kim Il Sung, and the position of the state presidency was abolished. It cannot be denied that having completed its power consolidation by means of amending the Constitution, the Kim Jong Il regime has become weaker than that of the preceding monolithic structure of Kim Il Sung. Although this does not necessarily imply the instability of the regime, the regime itself will not have a smooth path ahead. It could be characterized as a system of crisis management to overcome the present difficulties in the short term by relying on the projected will of his deceased father.

Institutionalization of "Governance by the Will of the Deceased"

Kim Il Sung is to rule North Korea as the "eternal president" by means of the constitution that is professed to embody his thought and achievements. The institutionalization of Kim Il Sung's teachings is significant to Kim Jong Il's regime in two respects. First, the constitution plays a symbolic and ideological role in justifying its legitimacy because Kim Jong Il lacks his father's charisma. Second, by setting Kim Il Sung's teachings into a constitutional framework, Kim Jong Il can also secure his authority not only from the people but also from the

9 Rather than Kim Jong Il's speech, the recorded tape of Kim Il Sung's policy speech ("Let us bring the advantages of socialism in our country into full play," delivered by the President Kim Il Sung at the first session of the 9th SPA of the DPRK on May 24, 1990) was played before the SPA.

power elite. President-for-eternity Kim Il Sung provides support to the command of the Korean Workers' Party (KWP) as the Great Suryong, and Kim Jong Il, the General Secretary of the KWP, governs North Korea backed by the halo of his dead father. These are positive aspects, but there are negative ones as well.

Kim Jong Il has not achieved any visibly substantial results during his four-year rule after the death of his father. If the signing of the US-DPRK Geneva Agreement (October 1994) and the launch of a satellite (August 1998) are two achievements to be attributed to Kim Jong Il, then the deepening economic difficulties and the unending food crisis are the two destabilizing factors to the Kim regime.¹⁰ Under the circumstances in which Kim Jong Il is unable to present a new policy alternative in overcoming the crises, governance by the teachings and legitimacy of Kim Il Sung can be the sole shelter and the last resort available to the younger Kim in managing the crises. North Korea in this respect could not complete the three-year modernization period that began in 1994, nor has the leadership presented a new economic plan.

Considering the positive and negative aspects of governance by the teachings and projected presence of his deceased father, Kim Jong Il's regime is expected to sustain its governing system for the time being despite the deepening economic crisis. As the DPRK socialist constitution stipulates that North Korean society is a "large family," governance by the will of the dead, coupled with the traditional governing principles of loyalty and filial piety, will remain as the central political discourse of the Kim Jong Il regime.

Readjustment of the power structure

The readjustment of the North Korean power structure revealed in the revised constitution in five respects: conversion of the standing

10 Kim Yon-chul, *Crisis of the North Korean Ration System and Prospects for Market Reform* (Seoul: Samsung Economic Research Institute, 1997).

meeting of the SPA into the Presidium of the SPA; the abolition of the state President; the position and authority of the NDC; the abolition of the Central People's Committee; and transformation of the administrative council to a cabinet.

(1) Centralization of power and dispersion of responsibility

If the birth of the concept "eternal president" was inevitable with the abolition of the state presidency, then there arises a problem as to where the state power should be entrusted in accordance with the Constitution. Here Kim Jong Il should duly be the person to be entrusted with the state power and naturally the person who should have full and direct command over the military. The position should also be appropriate to his personality. In this context, North Korea entrusted the NDC which possesses the responsibility for "supreme military guidance" with the role of "overall military management" (Constitution Article 100 amended), and also gave the role of "guiding the general affairs of the military" to the Chairman of the NDC (Constitution Article 102 amended). In a state that has been highly militarized and is under crisis management such as North Korea, the "overall military management" and the "general military affairs" are the priority of state management. Therefore, the fact that Kim Jong Il has been reelected as Chairman of the NDC in addition to his position as General Secretary of the KWP whose role is to guide the DPRK (Constitution Article 11) implies that he has officially secured absolute power. Due to Kim's "peculiar" personality being translated into his over-all ruling style, the responsibility to represent the state in ceremonial functions, officially to compose and write letters of trust or to issue summons would be to a certain extent too burdensome for Kim Jong Il. Thus the function of state representation was entrusted to the SPA Presidium Chairman (Constitution Article 111 amended).

The separation of the "state representative" and the "final decision

maker of state management" can be explained not only in terms of Kim's ruling personality. The DPRK Constitution transformed the Administration Council into a cabinet, and entrusted it with the function of "overall management of state affairs." In addition the Constitution made it the "administrative organ of supreme sovereignty" and recognized the Prime Minister of the cabinet as the government representative (Constitution Articles 117, 120 amended).¹¹ The fact that the revised Constitution separates the position of the state representative and entrusts the cabinet with the management of state affairs implies that North Korea has dispersed the responsibility of the power elite. Under the circumstances of prolonged economic crisis and the emerging importance of diplomacy in state maintenance, the entrusting of economic and diplomatic authorities to the power elite, especially to bureaucrats, could be interpreted as the measure for dispersing functional responsibility. Kim Jong Il himself argued that Kim Il Sung advised him not to take direct charge of economic matters.

The two characteristics that appeared in the process of his taking full control of power, namely dispersing responsibility to others and readjusting the power structure, are functional indicators of Kim Jong Il's leadership. When we take into account the current crisis of North Korea and the prospect that there are no signs of improvement at the moment, the readjustment of the power structure in the revised Constitution makes us presume that neither Kim Jong Il evaluates himself as having the capacity for state management, nor can he bring any tangible achievement in the near future. When the economic crisis develops into the instability of the regime itself, the power dispersion corollary to the dispersion of responsibility will highly likely lead to an actual erosion of Kim Jong Il's power. Nobody will know who—between the state representative and the state manager—will be entrusted with the historical role of leading the state in the midst of this systemic confu-

11 The cabinet was also entrusted with a part of the functions and authority of the Central People's Committee.

sion. Dispersion of power and responsibility can therefore be an indicator of the erosion of monolithic power that has been a guarantee of the stability of the North Korean political and social system.

(2) Institutionalization of the crisis management system by the military

The North Korean system was long seen to be undergoing a situation of crisis management through the delay in the launching of Kim Jong Il's official position in the midst of economic difficulties and diplomatic isolation following the death of Kim Il Sung. The strengthening of military power is a common phenomenon in most dictatorial states facing crisis such as North Korea. Kim Jong Il, who took the position of Chairman of the NDC on April 9, 1993, was reelected to the same position in order to complete the power succession through an institutional process.

If the Chairman of the NDC himself were the head of state, then it could be regarded as a military state. Two points are worthy of note here. First, it is usually the party that ranks as the highest state organ in a communist state. It is still the case in existing communist states. Secondly, it is the politico-military rather than political, social and economic factors that play the role of social integration. Although North Korea has long adopted the policy of militarization of all social areas, recently it is revealing its military tendencies in its international relations and the management of the state as well. In addition to the reinforced power and role of the NDC and the position of the Chairman as newly stated in the constitution, it is particularly interesting to note that no military-economic specialist such as Yon Hyong-muk and Chon Pyong-ho are members of the NDC.¹² The NDC has become an institution that even handles economic issues.

¹² There are ten members including the Chairman of the NDC. For information regarding Yon Hyong-muk and Chon Pyong-ho, refer to *Directory of North Korean Officials* (Joong-ang Ilbo, 1990).

Economic-oriented cabinet and changes in economic institutions

Another noteworthy change in the revised Constitution is its articles related to the economy. The characteristic feature of the change is that Pyongyang has finally recognized in constitutional terms the economic changes it has been undergoing over the past several years. First of all, North Korea expanded the scope of private ownership (Article 24), inserted the freedom to travel and transfer residence (Article 75), and encouraged the establishment and operation of businesses in Special Economic Zones (SEZs) (Article 37). In addition, the revised Constitution extended the operation of independent enterprise and adopted the concept of cost, price and profitability (Article 33), expanded the subject of foreign trade and eliminated the right of state supervision (Article 36). Although most of the revised and newly inserted articles of the constitution reflect the changes North Korea is undergoing, it is particularly interesting to note the deletion of "state supervision" from the area related to trade. Reinforcement of autonomy and division of state organs related to foreign trade is expected in the future.

In order to increase its efficiency the number of cabinet vice-ministers was reduced from 9 to 2 and related departments from 37 to 31. There was a great reduction in the number of economic organs from 32 to 23. The abolition of the Foreign Economic Committee is also noteworthy. The main way in which these organs in the cabinet have been strengthened is that they were filled with new technocrats. New faces and technocrats related to economic fields are rising to positions of power in order to overcome the present economic difficulties. Among the 31 technocrats, 24 were newly appointed to posts, thus signifying the launch of a generational change in the state apparatus. Premier Hong Song-nam, Vice Premier Cho Ch'ang-tok (former Minister of Extractive Industries), Vice Premier Kwak Pom-ki (former Minister of Metal and Machine-building Industries) are all economic specialists. From their appointment, North Korea's policy of favoring

economic specialists to overcome the present economic difficulties can be observed.

As one of the efforts to complete the consolidation of the monolithic guidance system of Kim Jong Il and to overcome the impending economic crisis, North Korea is separating domestic affairs from international ones in the governing structure. Without becoming the head of state, Kim Jong Il took the dual position of General Secretary of the KWP and Chairman of the NDC. Economic issues were entrusted to the cabinet and those of foreign relations mandated to the Presidium of the SPA. This signifies that Kim Jong Il will govern North Korea by means of controlling power over the party and the military while having the cabinet and the SPA Presidium hold direct responsibility. By being reelected to the position of Chairman of the NDC, Kim reinforced the military and appointed economic specialists to have them cope with the economic problems.

Such restructuring of power can be seen as a desperate measure to encourage competition between the military and economic power elites over loyalty and to give them channels to express their interests so that overall competition will converge into efforts for overcoming the economic crisis.

IV. Managing the Monolithic Guidance System

As can be seen from the new Kim-Il Sung-centered constitution, North Korea is confronted with a burden of managing the monolithic guidance system in a way that maintains the Kim Jong Il regime yet also overcomes the economic crisis. The policy guideline thus shifted from the "march of toil and blood" to the "establishment of a strong and prosperous state." Although North Korea reinforced the military for regime maintenance, North Korea also revealed its practical orientation in economic policy: many economic specialists were appointed

to main government posts related to the economy. Kim Jong Il seems determined to overcome the economic crisis by means of a crisis management system backed by the monolithic guidance system.

Guideline of system maintenance policy: From the march of toil and blood to the construction of a strong and prosperous state

North Korea is encouraging its people to uphold the great achievements of Kim Il Sung in all government projects, professing that it is the will of the late Kim. Kim Jong Il stated that the strong and prosperous state is a state based on the *suryong* and that its construction "is the wish desired by the great leader and the best teaching left to us."¹³

Kim Jong Il declared at his inauguration as Secretary General of the KWP to uphold the "red flag philosophy" of *juche* thought. After declaring "arm all society with Kimilsungism" in displaying his loyalty to his father, he legitimized his status as Kim Il Sung's heir with the "ten principles to establish the monolithic thought." Therefore, he has no choice but to rule by justifying that everything he does is in accordance with the will of the deceased great leader. It is highly likely that the efforts to idolize Kim Il Sung by declaring the "juche calendar year" might develop into the idolization of Kim Jong Il.¹⁴ Therefore, in spite of the official opening of the Kim Jong Il era, there will be no drastic changes in policy line or in ruling style. Without presenting a new policy vision for North Korea, Kim Jong Il is merely emphasizing the realization of the teaching of the deceased. It is anticipated, therefore, that Pyongyang will reinforce its military and ideological aspects in accordance with the theory of "strong and prosperous state" and pursue a policy of military first and economy

13 "Strong and Prosperous State," *Rodong Shinmun*, August 22, 1998.

14 At the meeting of the 52nd anniversary of the founding of KWP, proposals were made to uphold Kim Il Sung as the eternal *suryong*. *Central News Agency* (North Korea), October 9, 1997.

next line.

These endeavors to build *juche* socialism may rather produce dissent from the people because their livelihood is in a critical situation and remains as the most urgent problem.

Reinforcement of the military

Kim Jong Il, who had to confront systemic crises following the collapse of the socialist countries, the death of his father, and food shortages, pursued the policy of favoring the military in order to gain their loyalty to maintain control over the people. Under the policy guideline of unification by military means and the strengthening of North Korea's negotiating capability with foreign countries, Kim Jong Il commanded the leadership to place "priority on the military before labor," even if the economic situation was difficult.¹⁵ Now Kim Jong Il has taken the positions of General Secretary of the SPA and Chairman of the NDC and possesses actual authority. The SPA Presidium and the cabinet are entrusted with nominal power. This implies that while Kim Jong Il exercises all power, the responsibility falls upon the Chairman of the SPA Presidium (Kim Yong-nam) and the Premier (Hong Sung-nam).

Governing behind the scenes is Kim Jong Il's style; he has been doing so since the death of his father. The influence of the military will increase and Kim Jong Il will rule North Korea by relying on the military and staying behind the scenes. This can be defined as the institutionalization of the crisis management system based on the military. Therefore, emphasis on ideology, politics and the military will not cease even in the process of constructing the so-called economically powerful nation for a "strong and prosperous state."

15 *Central News Agency* (North Korea), October 7, 1997.

Disintegration of the economic system and duality of economic policy

North Korea's economy entered a stage of depression in the early 1980s and in the 1990s the authorities had to acknowledge officially the failure of their economic plan (the third Seven-year Plan, 1987-1993).¹⁶ The leadership designated Rajin-Sunbong as a special economic area in December 1991 and began to implement the policy of opening economic areas to overcome the difficulties. The open-door policy, however, was limited and selective due to the precondition of system maintenance. Their efforts were not successful due to the energy shortages generated from economic deterioration and food shortages following natural calamities in 1994.

The crisis in the economic sphere brought about two changes in the North. First is the change in social control and integration. The North Korean leadership has long dominated the people by means of confining the residents to certain areas, but the authorities could no longer control them due to their frequent travels to find food. With the people moving about unrestrained, residents began to exchange information and express grievances among themselves. This resulted in a change of consciousness unfit for the erstwhile-indoctrinated way of thinking.¹⁷ The formerly tight control over the population and social integration in terms of ideology weakened. The second change is related to the economy. As shortages of food and goods intensified, the black market came to be the sole sphere of economic activities that could guarantee people's livelihood. The authorities could only tacitly allow private economic activity.¹⁸ As a consequence, the North Korean economic sys-

16 It is noteworthy that the authorities alluded to the deterioration of the international environment as a cause for their economic failure. *Central News Agency* (North Korea), December 9, 1993.

17 KBSM, *The Food Crisis of North Korea: Witnessed by 1,019 Food Refugees* (Seoul: Korean Buddhist Sharing Movement), June 1998.

tem is in transition from a strictly planned to a weakened planned economy.

Such changes in North Korean social and economic spheres coupled with the deviant behavior of the power elite are beginning to tear apart North Korean society as a whole. Great gaps between the elite and the people, differences in living standards among regions and emerging differences in social consciousness are indicators of the social disintegration.¹⁹

These symptoms have, in fact, compelled the Pyongyang leadership to adopt a dual strategy. On the one hand, they are reinforcing indoctrination and ideological control to tighten up their control over the people. They have set forth slogans such as "arduous marching spirit" and "full march of socialism" to mobilize and control the people, and are emphasizing self-reliance and nationality (nationalism) to justify economic policy.²⁰ A joint editorial essay by Rodong Shinmun and Kunroja (September 17, 1998) focused on the difference between self-reliant and foreign-dependent economies.²¹ As a result, the supremacy of trade which was emphasized from the end of the 1993 was discarded. The economic crisis that North Korea faces is structural and cannot be overcome soon. With the official launch of the Kim Jong Il regime, therefore, North Korea is trying to control the people by mobilizing

18 Choi Soo-Young, *The North Korean Second Economy* (Seoul: KINU, 1997); Kim Yon-chul, *Crisis of the North Korean Ration System and Prospects for Market Reform* (Seoul: Samsung Economic Research Institute, 1997).

19 The fact that there are gaps in the living standard among regions reveal that the areas suffering from the food crisis are concentrated in certain regions.

20 Kim Jong Il (June 1, 1997), "On upholding self-reliance and nationality in revolution and construction," *Party News / Military News Kim Jong Il* (August 4, 1998), "Let's thoroughly realize the great leader Kim Il Sung's teachings for unification of the fatherland"; *Party News / Military News*, "Joint editorial in 1998"; Kim Jong Il (April 18, 1998), "Let's achieve autonomous and peaceful unification of the fatherland by means of grand solidarity of the whole nation," *Party News / Military News*.

21 Joint editorial essay by *Rodong Shinmun and Kunroja* (September 17, 1998), "Let's hold on to the self-reliant national economic policy."

them under the banner of building this so-called strong and prosperous state.

The North has merged economy-related organs, downsized the local administrative organizations and revised the articles of the constitution related to the economy. The task of the Kim Jong Il regime is to construct an economically strong state based on self-reliance. North Korea, therefore, has acknowledged that the livelihood of the people has in fact been sacrificed to reinforce the military and has set forth the commitment to raise the living standard by concentrating investment in the economic field.²² The purpose for placing economic specialists in the forefront is to improve agricultural policy, to increase food productivity, and to revitalize the domestic economy by investment in social infrastructure. As stated in the new constitution, private activities of North Korean residents have been expanded to promote productivity.²³ The regime is also highly likely to promote officially its economic opening policy.

The dual characteristics revealed in the economic policy reflect the critical situation the leadership is currently facing. Although the authorities incessantly emphasize nationality (nationalism) and self-reliance to the North Korean people, it has adopted a practical policy in revising the constitution and appointing cabinet members to revitalize the economy. Such duality in economic policy will be prolonged for the foreseeable future until there is some tangible improvement.

22 Kim Jong Il praised the efforts of the people by saying "you have prepared for the future of a strong and prosperous state by reinforcing the military...even under the lag of economic development and in the face of the difficulties of the livelihood of the people."

23 In the Kim Il Sung Constitution, illegally cultivated fields are legalized, the farmers' market is activated, small scale markets opened, and measures will be taken to allow profit-seeking hand manufactures and private business and other private market activities.

V. Conclusion

For several years, the North Korean system has been under the governance of the will of the deceased father, without having an actual head of the state. However, with Kim Jong Il's rise to power in accordance with the proclamation of the Kim Il Sung Constitution, Kim Jong Il has put priority on military policies yet readjusted the cabinet with economic specialists to overcome the economic crisis and maintain the current political system. The change of Kim Jong Il's regime can be observed from the standpoint of such restructuring of the North Korean system.

The North Korean government, which has completed the establishment of the Kim Il Sung-Kim Jong Il supremacy in consonance with the consolidation of Kim Jong Il's regime, is putting all its efforts into overcoming the economic crisis. In the 1990s, however, with the collapse of the East European bloc and natural disasters, the North Korean economy was exacerbated and driven into a situation where the regime had to ask for foreign aid. Despite the frequent changes in the cabinet and partial aid from outside, the economy remains at a devastated stage. Moreover, the change of consciousness of the North Korean people has induced the need for even stronger control.

First, the arduous march of Kim Il Sung's era is not yet over; nevertheless, North Korea has publicized the Kim Il Sung Constitution and institutionalized the governance by the will of the deceased father along with the proclamation of building a strong and prosperous country. The revised constitution upholds Kim Il Sung as the "eternal president" and legitimizes Kim Jong Il's regime. It is also significant in that Kim Jong Il's power has been secured based not only on the people, but also on the power elite. As long as Pyongyang proclaims a strong and prosperous state in response to South Korea's "The second nation-building," there is a high possibility that it will use this motto as a norm in deciding foreign and inter-Korean policies.

Second, North Korea has restructured its power system by revising its constitution. This can be summarized in five respects: readjustment of the Standing Meeting of the SPA into the Standing Committee of the SPA, the abolition of state President, strengthening of the position and authority of the NDC, the abolition of the Central People's Committee, and the readjustment of the administration council to a cabinet. Kim Jong Il has taken most of the real power, but having entrusted the cabinet with the management of state affairs implies that Pyongyang has dispersed the responsibility of the power elite. Under the circumstances of the prolonged economic crisis and the emerging importance of diplomacy in state maintenance, the entrustment of economic and diplomatic authority to the power elite, especially to technocrats, is a measure of dispersing responsibilities. This dispersion of power and responsibility can be seen as a display of how confident Kim Jong Il is in himself. However, in the institutional dimension of authority, it is an indicator of erosion of the monolithic power that has long guaranteed the stability of the North Korean political and social system.

Third, the characteristic feature of the change is that North Korea has finally recognized in constitutional terms the difficulties that it has been undergoing economically for the past several years. According to the amended constitution, the newly formed cabinet is largely composed of economic specialists. This constitution not only recognizes the reality of economic activities occurring in North Korean society, but also strengthens the autonomy and differentiation of the trade-responsible organs for these economic activities.

In order to maintain the Kim Jong Il system as well as to overcome the economic crisis, North Korea has propagated the principle of "governance of the country by the will of the deceased." Following the enunciation of the Kim Il Sung Constitution the seemingly perfected Kim Jong Il structure has to resolve the outstanding crisis whose result will largely influence its contours. The need to alleviate the potential for a further militarization of the North Korean state, which may come

as a result of the inability of the "military-first" policy to effectively manage the economic crisis through the division of responsibility, is all the more reason why North Korea's economic problems must be successfully confronted.

CHANGING IN ORDER TO STAND STILL: THE CASE OF SURVIVALIST NORTH KOREA

Alvin Magid

Many observers perceive economically-strained North Korea as incapable of making the changes needed to ensure the survival of regime and country; they regard the North's eventual demise as inevitable. This article examines the issue of North Korea's survivability and concludes otherwise, i.e., that its prospects are enhanced by marrying the conservative principle of changing in order to stand still with a strategy of 'minimalism-survivalism'. Finally, the article underlines that South Korean President Kim Dae Jung's "Sunshine Policy" may prove no more effective in advancing the cause of unification than was all-out war in the Korean Peninsula nearly a half century ago nor cross-border skirmishing since then, and that the stalemate between the two Koreas is likely to endure for as far into the future as one can see or imagine.

I

North Korea's economy is in shambles, and the country faces a bleak future. The ruinous toll of years of economic dysfunction is evident in reports from many quarters, including interviews with officials

in the North. For example, the Bank of Korea in Seoul calculated that North Korea's economy contracted for eight straight years in the 1990s, with the 6.8 percent drop in GDP in 1997 the worst since 1992. The Bank of Korea further reported that production of electricity in the North declined by a third in the period 1989-1997, leaving the country with barely 40 percent of its annual electricity needs and with industries idling. Over the last decade, factory operations plummeted to under 20 percent.¹

North Korea's economic plight has also been documented by the World Bank and the International Monetary Fund. The former estimated that the North's GNP per capita in 1997 was in the lower middle income range (\$786-\$3,125)—probably nearer the lower end of the range than the higher end. South Korea's GNP per capita that year was decidedly more robust, amounting to \$10,550—between 3.4 and 13.5 times higher than the North's, based respectively on the low and high ends of the World Bank's calculation of the lower middle income range.² Nearer the end of the century, that pattern persisted between the two Koreas.³

All told, among the 210 countries, dependencies, and other territories for which World Bank data were available for 1997, fifty-nine (28.0 percent) were in the same lower middle income range as North Korea⁴; seventy-nine (37.6 percent) were in a lower income range (\$785 or less);

1 Hong Soon-young, "Thawing Korea's Cold War: The Path to Peace on the Korean Peninsula," *Foreign Affairs*, Vol. 78, no. 3 (May/June 1999), pp. 9-10.

2 World Bank, *World Development Report: Knowledge for Development, Including Selected World Development Indicators, 1998/99* (New York, NY: Oxford University, 1999), pp. 190, 232.

3 World Bank, *Entering the 21st Century: World Development Report 1999/2000* (New York, NY: Oxford University, 1999), pp. 230, 272.

4 Probably some—and perhaps many—of the economies reported by the World Bank to have been in the lower middle income range in 1997 were stronger than North Korea's, based on calculations of GNP per capita. But it is not possible to confirm this by the Bank's world development indicators for that year as reported in the publication cited in note 2 above.

and seventy-two (34.2 percent) were in two higher income ranges (upper middle, \$3,126 to \$9,655, or high, \$9,656 or more). In sum, North Korea's economy was on a fairly low rung among the more than 200 economies reported on by the World Bank for 1997, with dim prospects for a significant upturn anytime soon. Contrastingly, in that year the South Korean economy, as measured by GNP per capita, was firmly embedded in the high income range, ranking twenty-fifth among a select group of 133 economies.⁵ Again, nearer the end of the century, that pattern persisted between the two Koreas.⁶ The South's long-term prospects seemed bright, despite the sudden, sharp downturn it experienced in 1997-1998 as part of the Asian economic crisis. By 1997, South Korea had attained the rank of twelfth leading industrial economy in the world—a remarkable feat considering its abject condition nearly a half century before, following three years of fratricidal war in the peninsula. Clearly South Korea had won out over North Korea in their race to build a material civilization: the former's economy and standard of living had come to dwarf the latter's, with the gap likely to grow wider still.

According to the International Monetary Fund, North Korea's economy suffered a "severe contraction" in recent years, with GDP plummeting from \$20.9 billion in 1992 to \$10.6 billion in 1996. Over that period, industrial output declined 66 percent and agricultural output 40 percent, the latter leading to an acute food shortage. In the process, the North's economy shrunk to about one-twentieth the size of the South Korean economy. (Data obtained from sources in the South indicated a narrower income gap of about one to ten.) The International Monetary Fund concluded that "Such wide income disparities would have major implications for social and economic integration of the Korean peninsula should unification occur." Contraction in the volume of external trade and persistent trade deficits tied to a large external debt were also

5 See note 2, World Bank, *op. cit.*, pp. 190-191.

6 See note 3, World Bank, *op. cit.*, pp. 230-231.

reported as among the staggering economic problems facing North Korea. Notwithstanding overwhelming evidence to the contrary, the International Monetary Fund observed that the official position of the North was to deny the long-term implications of the country's economic distress and to insist that the "temporary difficulties" caused mostly by natural disasters could be overcome by "temporary access to foreign financing and strict adherence to the principle of self-reliance (juche)."⁷

Most international observers attribute North Korea's economic plight to a combination of factors: natural disaster - floods, drought, and tidal waves in the period 1995-1997 - and for much longer than that, mismanagement and the refusal of its political leaders to institute fundamental reforms.

II

Since the Korean War era, North Korea has persisted in its authoritarian ways, braced, interrelatedly, by charismatic authority at the highest level of political leadership; by repressive public institutions, civil and military; and by a parochial, inward-looking official ideology, *juche* socialism. Authoritarianism has characterized South Korea's public life, too, albeit for a lesser time - until the early 1990s, when democratic governance was instituted. In the last few years, South Korean democracy, imbued with a cosmopolitan, outward-looking spirit, has strained to galvanize the national economy; in the process, it has had to contend with transnational global interests which seemed to command the world economy. Even as those interests continued to sing the praises of democratic rule, they remained poised to assault the economies of democratic and authoritarian polities alike. Today all countries, and especially new, fragile democracies like that in South

7 International Monetary Fund, *Democratic People's Republic of Korea: Fact-Finding Report*, November 12, 1997, pp. 2-3.

Korea, face the daunting challenge of reconciling the imperatives of sovereign statehood and the public clamor for national economic buoyancy with the harsh demands of the globalized international economy which can be seen as assaulting the sovereignty idea.⁸ However South Korea may fare, it is likely that those aspects of polity and economy - and their international resonances - which distinguish and divide the two Koreas will continue to prevail over whatever it is that keeps alive the hope of eventual unification. Glancing back over a half century and looking to the future, one is led reasonably to conclude that, as in physics, the affairs of the Korean Peninsula are apt to be marked indefinitely by fission, not fusion - particularly if, as many assume, the latter is meant to denote amalgamation of the two Koreas politically under one sovereignty.

III

Contemplating North Korea's economic condition, many observers around the world have concluded that its political system, and perhaps the country itself, is destined to disappear - sooner, not later - accelerating the process of unification on the Korean Peninsula. In recent years, that view has been espoused by various leading Korea watchers in the United States. For example, early in 1995 the demographer Nicholas Eberstadt saw the North's demise as prefigured by its failed efforts at development.⁹ Since its inception a half century before, the Democratic

8 Richard W. Mansbach and Dong Won Suh, "A Tumultuous Season: Globalization and the Korean Case," *Asian Perspective*, Vol. 22, no. 2 (1998), pp. 243-268. On the fragility of state sovereignty generally, see R. B. J. Walker and Saul H. Mendlovitz, eds., *Contending Sovereignities: Redefining Political Community* (Boulder, CO: Lynne Rienner, 1990); a rejoinder to those who question the continued viability of the sovereign state can be found in Stephen D. Krasner, *Sovereignty: Organized Hypocrisy* (Princeton, NJ: Princeton University, 1999).

9 Nicholas Eberstadt, *Korea Approaches Reunification* (Armonk, NY: M. E. Sharpe,

People's Republic of Korea had followed closely a Stalinist economic strategy, which emphasized heavy industry, collectivization of agriculture, and central control of the command economy, particularly the distribution of goods to the general population—what Sung Chul Yang has described as the rationing of gifts, perquisites, and privileges.¹⁰

For a time, the Stalinist strategy seemed to work in North Korea, as the country was able to capitalize on an impressive industrial base inherited from the era of Japanese rule over the peninsula and from an infusion of Soviet-bloc assistance in the first generation after the Second World War.¹¹ The Stalinist approach proved efficacious, more or less, until the mid-1960s. Over the next quarter century, the North's economy continued to lose steam, until, early in the 1990s, the country found itself in a deep crisis spanning all sectors - industry, agriculture,¹² and commerce. Its economic problems at home were exacerbated by key political and ideological developments abroad. The rejection by China of a Maoist economic orthodoxy (mirroring Stalinism) in favor of pragmatic reformism portrayed as socialism; the end of communist rule in Eastern Europe and the Soviet Union; the dissolution of the Soviet Union soon after, and the passing of the Cold War into history; and the United States's appearing to be more powerful and more menacing in the post-Cold War era, especially in East and Northeast Asia where the sole remaining superpower had military alliances with Japan and South Korea and a potential strategic partner' in China—all of these together provided the basis for a new power configuration in the

1995).

10 Sung Chul Yang, *The North and South Korean Political Systems: A Comparative Perspective* (Boulder, Co, and Seoul, Korea: Westview and Seoul Press, 1994), p. 251.

11 Karoly Fendler, "Economic Assistance from Socialist Countries to North Korea in the Postwar Years, 1953-1963," in Han S. Park, ed., *North Korea: Ideology, Politics, Economy* (Englewood Cliffs: NJ: Prentice Hall, 1996), pp. 162-163.

12 Woon Keun Kim, "Food Problem and Agricultural Reform in Korea," in Jae Kyu Park, ed., *North Korea in Transition and Policy Choices: Domestic Structure and External Relations* (Seoul, Korea: IFES and Kyungnam University, 1999), pp. 85-195.

region and globally. This had the effect of increasing North Korea's isolation at a time when engagement with the outside world was critical in order for it to meet basic economic needs, particularly in foodstuffs. Over the last few years, the regime in Pyongyang has been unable to guarantee the elemental security of the populace: hunger and disease have stalked parts of the country, requiring massive humanitarian assistance from abroad.¹³

Eberstadt's skilful analysis of a large body of what he himself regarded as not wholly reliable North Korean social data led him to conclude that

There is an element of predictability to the Korean future.... For in this last remaining bastion of the Cold War, the race between North and South is coming toward its end. Divided Korea is approaching reunification....

The Democratic People's Republic of Korea is approaching its final phase. The regime, as it has been known to date, will soon be passing from the political scene....

North Korea's future is bleak. Its strategies for development—and for competing against the South—have led to a dead end.¹⁴

13 Mostly unconfirmed reports, based largely on anecdotal evidence, have put the number of deaths resulting from famine in North Korea as high as several million. See, for example, Kim Ji-ho, "N. K. Death Toll From Famine May Be As High As 400,000," *Korea Herald*, June 1, 1999, pp. 3, 7. The article refers to two sources, a prominent Buddhist leader and the leading defector from North Korea, Hwang Jang-yop, both of whom estimated the toll at three million. Also see Franklin Fisher, "Relief for North Korea Famine," on the Internet (<http://gbgm-umc.org/asia-pacific/korea/brfsum2.html>). This report by Methodist relief authorities estimated 900,000 to 2.4 million famine-related deaths, based on figures obtained from a group of United States congressmen who visited North Korea in August, 1998. The baleful effects of the famine for youth in the North are highlighted in Elisabeth Rosenthal, "In North Korean Hunger, Legacy Is Stunted Children," *New York Times*, December 10, 1998, Section A/no page.

14 Eberstadt, *op. cit.*, pp. 131-133.

In recent years, high officials in the United States government have echoed Eberstadt's views.

Thus, testifying before the U.S. Senate Intelligence Committee in December 1996, the then Director of Central Intelligence, John Deutch, projected that over the next three years North Korea would be at war with South Korea or unified with it; or that the North Korean state would collapse.¹⁵ Similarly, the Secretary of Defense, William S. Cohen, on the occasion of a visit to South Korea in April 1998, described the North Korean economy as "decaying and dying," then went on to remark, confidently, "It's inevitable that the North cannot sustain itself and that the regime will collapse in one form or another - hopefully, peacefully; perhaps violently."¹⁶

But others have adopted a more cautious stance. For example, Selig S. Harrison, a keen American observer of Asian affairs over many years, has opined that North Korea will neither implode nor explode in the foreseeable future. As he sees it, North Korea may erode over a period of five to ten years if the United States and its allies persist with policies that aggravate the North's economic situation. The implication of Harrison's analysis is that the U.S. and the other powers could help extend North Korea's life if ever they were disposed to alter course - by choosing to renounce or at least limit their economic embargo, by providing substantial development aid, and by ceasing to foster the North's isolation in the international community.¹⁷ Another American Korea watcher, Marcus Noland, has reasoned that the North will "muddle through."¹⁸ And among Korean observers there is little opti-

15 Reuters News Agency, "CIA Chief Says N. Korea Future Clear Within 3 Years," December 11, 1998.

16 Linda D. Kozaryn, "A Report," U.S. Armed Forces Press Service Release, April 10, 1998.

17 Selig S. Harrison, "Promoting a Soft Landing in Korea," *Foreign Policy*, No. 106 (Spring, 1997), p. 60.

18 Marcus Noland, "Why North Korea Will Muddle Through," *Foreign Affairs*, Vol. 76, No. 4 (July/August 1997), pp. 105-118.

mism that the issues of North Korea's future and the unification of the severed peninsula will soon be resolved. Apropos, there is the view of the well-credentialed Hwang Jang-yop, formerly secretary general of the ruling Workers' Party in North Korea and chief custodian of the official ideology, *juche*; relative-by-marriage of the late supreme leader of the North, Kim Il Sung; and onetime close advisor to Kim's son and successor, Kim Jong Il. Hwang defected to Beijing in February 1997 and was soon after handed over to South Korean authorities for conveyance to Seoul. Four months later, this highest ranking defector yet from North Korea affirmed that the North would not soon collapse.¹⁹ The South Korean president, Kim Dae Jung, has himself adopted a longer-term view of inter-Korean affairs: his so-called "Sunshine Policy," intended to build bridges to the North and reduce cross-border tensions on the peninsula, has been predicated on North Korea's remaining a sovereign independent state for a considerable time.²⁰ Finally, among those in South Korea who expect the status quo in the peninsula to eventually unravel, there is no agreement as to the final result: while some foresee negotiation of unification on the South's terms,²¹ others perceive the more likely outcome to be two sovereign Korean states negotiating their peaceful coexistence within a common-wealth framework.²²

19 "The North Korean Regime Not To Fall Within 1-2 Years," *Chosun Ilbo*, July 7, 1997.

20 On taking office in late February, 1998, President Kim Dae Jung announced his vision of a new policy toward North Korea. See Office of the President (Chang Wa Dae), Republic of Korea, "Let Us Open A New Era: Overcoming National Crisis And Taking A New Leap Forward," Inaugural Address by Kim Dae Jung, the 15th-term President of the Republic of Korea, February 25, 1998, on the Internet (<http://www.cwd.go.kr>). Also see Hong, *op. cit.*, p. 10. The author is the Minister of Foreign Affairs and Trade in the South Korean government.

21 See, for example, Tae-Hwan Kwak and Seung Ho-joo, "The Future of the Korean Peninsula: Unification and Security Options for the 21st Century," *Proceedings of the International Conference on the Dynamics of Northeast Asia and the Korean Peninsula*, Institute for Far Eastern Studies, Kyungnam University, Seoul, Korea, May 27-28, 1999, p. 9.

IV

I do not subscribe to the collapsist' thesis propounded by Nicholas Eberstadt, John Deutch, and William S. Cohen, among others - principally because my conception of state and society in North Korea differs sharply from theirs. Nor do I subscribe to the view that unification of the Korean Peninsula is inevitable, in whatever time frame. Those who regard North Korea's admittedly dire economic condition - domestic food production accounts for barely half the annual need - as auguring its early demise and swift unification with the South strike me as judging the North's prospects too narrowly in developmental terms, i.e., they assign too much importance to economic considerations when calculating the health' and survivability of state and society. Let it suffice to note that in modern times no country's survival has been keyed exclusively or principally to the economic factor. The roster of member-states of the United Nations includes many that are at least as badly off as North Korea is today, but able to get by with meager domestic resources and international handouts. It is worth recalling, moreover, that while the economic factor played a role in the upheavals which swept the Soviet bloc a decade ago, it was not determinative. The downfall of communism in the bloc countries and the demise of two of its sovereignties, East Germany and the Soviet Union, were inspired by confluent forces - the spread of popular risings, precipitated by a complex blend of economic discontent and liberal and national sentiments; the ruling communist elites suffering crises of self-confidence and sudden loss of will; and the decision taken by key communist leaders, most notably Mikhail Gorbachev in the Soviet Union, to renounce the old order.²³ No such tendencies or developments are evident today in

22 Editorial, "Peninsula's Changing Security Nexus," *Korea Times*, May 31, 1999, p. 6.

23 Alvin Magid, *Private Lives/Public Surfaces: Grassroots Perspectives and the Legitimacy Question in Yugoslav Socialism* (Boulder, CO, and New York, NY: East European Monographs/Columbia University, 1991), pp. 3-4. Also see Walter Laqueur, *Europe*

North Korea. Nor are they likely to materialize for as far into the future as one can see or imagine. As will be seen presently, there have been modest changes in the North in recent years, albeit without signalling a willingness to adopt the deep reformism encountered among the one-time Soviet-bloc countries and in China.

Braced by the fact that state and society in North Korea do not as yet exist in precarious balance; by an official ideology, *juche* socialism, which has imbued the ruling stratum and the institutionalism of governance with legitimacy akin to that which Georg Brunner has characterized as "real legitimacy,"²⁴ i.e., where the people are bonded norma-

in Our Time: A History, 1945-1992 (New York, NY, and London, UK: Penguin, 1993), pp. 507-566.

- 24 Georg Brunner, "Legitimacy Doctrines and Legitimacy Procedures in East European Systems," in T. H. Rigby and Ferenc Fehr, eds., *Political Legitimation in Communist States* (New York, NY: St. Martin's, 1982), pp. 27-28, 42. (Emphasis in original.) It is well-known that coercion and terror are employed by the North Korean political leadership to discipline and rule over the populace, and that strategic sectors of the population - e.g., party, state, and military and police personnel - are targeted for rewards and others for punishments. Notwithstanding, it is reasonable to assume that the long-term survival even of authoritarian political systems requires a modicum at least of what Brunner conceives to be "real legitimacy" - the kind of legitimacy with which the North Korean system still appears to be amply endowed. Apropos, there is little evidence that anomie and alienation are sweeping the North; that the population is turning against the political regime; that great numbers of political malcontents are fleeing the country; and that economic crimes and labor indiscipline abound in workplaces. Anecdotal reports of official and petty corruption rising along with adult and juvenile crime have accumulated in recent years, but such behavior appears not to have been politically destabilizing. The well-publicized defection of a relatively small number of political luminaries and lesser officials does not point up a fragmented political leadership in North Korea unable to exercise authority and gather political support. Finally, thousands of ordinary North Koreans in famine-stricken areas have fanned out across the country and over the border into China in search of food, but their desperate plight appears not to signal a wedge deepening between state and society, the rulers and the ruled. In this vein, a North Korean physician, compelled to do menial labor in China in order to feed his family back home, emphasized the virtual absence of anti-government sentiment in the North. "In fact," he pointed out to an interviewer, "the food shortage has had the opposite effect. People

tively with their rulers; and by abundant opportunities to exploit and foment regional tensions in East and Northeast Asia, Pyongyang is apt to alter course incrementally only as needed - consistent with the conservative principle that change may be required in order to stand still. In that spirit, in recent years the North's leaders have subordinated an earlier strategy of "national-developmentalism," which apotheosizes rapid economic advance, to one of "minimalism-survivalism," which emphasizes the need to manage economic scarcities at home with a cunning resourcefulness abroad - all in the interest of firming up the integration of state and society, of retaining social discipline and tight control over the population, and of securing the country's sovereign independence along with its system attributes. Pyongyang can be expected to resist instituting radical political and economic restructuring, probably cognizant that without it sustainable economic growth and, correlatively, a higher standard of living for its people will remain as elusive a goal as is unification of the two Koreas under one sovereign banner. On the international front, the North's leaders will continue seeking to capitalize on regional tensions by employing military threat and menace, calibrating these, on the one hand, with relentless scrounging for foreign aid and humanitarian assistance, mainly foodstuffs, fertilizer, and energy resources, in an effort to meet minimum national needs, and, on the other, with grudging concessions in exchange for that succor - the granting of concessions conditional always on undermining neither the sovereign independence and territorial integrity of North Korea nor its political regime. Efforts by North Korea to extract foreign aid particularly from the United States, Japan, South Korea, and China will continue as a game of sorts, one of push and pull, with the principal donors employing promises and grants of aid in the hope of increasing their influence with Pyongyang and holding it in check as a military power capable of deploying substantial

look up to Kim Jong Il." See "North Korean Doctor Works on Chinese Farm to Feed Family," *Korea Times*, July 8, 1999, p. 4.

forces braced by conventional, nuclear, and missile weaponry. As in the past, the donors' main objectives will be to get North Korea to moderate its aggressive stance in regional affairs and to adopt a program of deep reform. In the process, North Korea will continue to play a geostrategic card' - pendulating between the various regional powers, playing them off against each other, in an effort to drive wedges between the U.S. and its allies South Korea and Japan and to exacerbate strains between the world's sole remaining superpower and its potential strategic partner, China.²⁵

North Korea has become adept at the game. Mixing hostile and pacific actions as it has deemed fit, Pyongyang has worked to keep Washington, Tokyo, Seoul, and Beijing confused as to its motives and off-balance - all the while drawing succor from them. It has periodically issued and sometimes acted upon military threats, and, without prior notice, employed armed forces in provocative and menacing ways, e.g., in 1998, when a North Korean submarine penetrated South Korean waters and a Northern missile flew over Japan and into the Pacific, and in 1999, when North Korean naval and fishing vessels crossed into the West-Sea maritime buffer zone separating the two Koreas.²⁶ Adapting the adage that you can catch more flies with honey than with vinegar, North Korea has sought foreign aid also by playing' other than the military card' - especially on humanitarian issues with deep emotional resonances. In the past, negotiations have been held, for example, with South Korea, Japan, and the United States over their providing food and fertilizer in exchange for the North's agreeing respectively to consider cross-border family reunions; to facilitate visits by Japanese wives of North Koreans to their kinfolk in Japan; and to

25 Toshimitsu Shigemura, *Kitachosen Detabukku* (Tokyo, Japan: Kodansha, 1997), pp. 146-163. Also by the same author, "Japan and North Korea: The Policy Making Process of Japanese Diplomacy as a Diet Policy" (Kokkai Taisaku)," in Jae Kyu Park, *op. cit.*, pp. 283-284.

26 In the submarine and West-Sea incidents, North Korea incurred a heavy toll of naval dead and wounded and vessels sunk and damaged.

cooperate in unearthing and repatriating the remains of American soldiers from the Korean War era. The strategy of 'minimalism-survivalism' is predicated on the confidence North Korea's leaders have that they will be able to harness and fine-tune their varied tactics on the domestic and international fronts.

V

Over the last half century, the ruling stratum in North Korea has continued to accommodate ideology to changing political and policy needs, thereby enhancing its governability of the society in ways presumed to benefit the rulers and the ruled alike. The overall effect has been to strengthen the bond between them.

A case in point is the intersection of domestic and international interests in the relationship between educational policy, ideology, and certain strategic imperatives. From the mid-1950s to the late 1960s, the focus of education in North Korea was shifted from the more universalistic and cosmopolitan to the more particularistic and parochial, from Marxian socialism *per se* to the Korean revolutionary tradition. The change mirrored an altered political dynamic internally and externally. On the one hand, there was the consolidation of power by Kim Il Sung, accompanied by the emergence of a Sungist cult. On the other, there was the bitter confrontation between China and the Soviet Union. Perceiving opportunity in menace, Kim decided to pursue a pendular course in his relationship with Beijing and Moscow, skillfully playing off each of North Korea's two giant socialist neighbors against the other, in the interest of securing the North's independence and ensuring its material development with assistance from both sides.

By adopting a new system of revolutionary education, the regime in North Korea was better able to integrate socialist precepts with *juche*. Socialist education introduced in the North from the mid-1950s to the

late 1960s was intended to create a new mentality among the populace, a socialist mentality keyed to *juche*, self-reliance, which emphasized, among other things, the need to be cunningly resourceful in the pursuit of desired ends. *Juche* ideology was framed in ways which strengthened the connection in the popular mind between past, present, and future—harking back to the era of sacrifices rendered in anti-Japanese guerrilla activities and holding out the promise that by working hard and suffering presently, North Korea would, in time, be transformed into a 'socialist paradise.'

From the late 1960s to the death of Kim Il Sung in 1994, a Sungist cult was fastened on North Korea. In time, revolutionary *juche* education came to be regarded as synonymous with Kim Il Sung Thought,²⁷ establishing a pattern which has endured up to the present day with great usefulness. Apropos, in the mid-1970s *juche* ideology based on Sungist Thought distanced itself further from Marxian socialism and began to give priority to Man's spiritual development over his material (i.e., economic) contentment, thus providing ideological cover for (and, in retrospect, perhaps a presentiment of) the North's descent over the next quarter century into penury and want.

The ability - and the willingness, within limits - to accommodate ideology to exigent policy needs can be seen nowadays, too - on the economic front, particularly in agriculture. Thus, North Korea has begun to exhibit the kind of pragmatic resourcefulness which at once affirms *juche* ideology for leadership and populace and holds promise of increasing the food supply from domestic sources: the brigade structure of the collective farmland management system has recently been streamlined, with the number of farmers in each cooperative reduced from 10-25 to 7-8; the development of small markets for agricultural

27 Light is shed on the content and evolution of Kim Il Sung Thought in *Juche! The Speeches and Writings of Kim Il Sung* (New York, NY: Grossman, 1972). Also see Kim Chang Ha, *The Immortal Juche Idea* (Pyongyang, North Korea: Foreign Languages Publishing House, 1984).

products accelerated; the unit work teams in farm cooperatives energized with a new incentive system; and the principles of scientific farming, including double-cropping experiments, adopted here and there in the country. For sure, all of these reforms together cannot end North Korea's food crisis and restore the health of its agricultural sector; despite a pick up in domestic food production by 1998, it was clear that millions of tons in food aid or imports would be needed annually for some time to come. Still, these admittedly modest initiatives ought not to be scanted, for they are certificates of the political leadership having at last recognized its need to act more decisively to ameliorate the condition of domestic agriculture - in the spirit of *juche*, of course.

But there is a long road yet to be traveled. Reversal of North Korea's overall decline - in industry, the fiscal sector, and external trade as well as agriculture - will require radical policy changes, along with heavy investment substantially from foreign sources. Fundamental restructuring will be needed to put the North squarely on the road to economic recovery and long-term development.

Accustomed as it is to hold dear the old, fossilized Stalinist model keyed to *juche* ideology, it will not be easy for North Korea to change fundamentally - in effect, to reinvent itself, as its socialist neighbor China has done over the past two decades, by innovating privatization and marketization and opening the economy to the outside world. As intended by the ruling stratum in North Korea, the ideology of self-reliance is a formidable barrier to new ways and foreign influences - a paradox, to be sure, given the North's long-time dependence on Soviet ideas and material assistance. For some, in that contradiction lays the hope that North Korea, unwilling any longer to be constrained by a fossilized ideology, will someday act boldly to reform its economy - in the manner of China perhaps, harnessing authoritarian rule and expansive societal change.

The barrier has been lowered somewhat in recent years: North Korean agriculture has been subjected to limited reform; opening the

North's economy to the outside world has been given a spur by the creation in 1991 of the Free Economic and Trade Zone in the northeast part of the country, at Rajin Sonbong on the Tumen River, close to the Russian and Chinese borders; and North Korean officials have expressed a strong interest in joining the International Monetary Fund (if, in the North's view, the conditions for membership are not too onerous), so as to be able to obtain financial resources, technical assistance, and training.²⁸

Still, North Korea continues to move slowly and cautiously on all fronts in the matter of reform and restructuring, insisting that its current economic distress will prove transient and that the ruling ideology, *juche*, must remain the nation's beacon along with its authoritarian system of governance. With that mindset, it is hardly surprising that the North continues to lag. For example, from its inception in 1991 to the end of 1996 the Free Economic and Trade Zone, which became part of the ambitious Tumen River Development Area launched in 1992 by China, Russia, North Korea, South Korea, and Mongolia, attracted only \$37 million in foreign capital. Clearly such capital will not begin to flow into North Korea massively until it can be demonstrated that foreign funds will be used efficiently and that government operations will be far more transparent. Moreover, the North will have to begin to seriously address its longstanding problem of external debt default. With a low volume of international trade and insufficient government revenues, North Korea is, as the International Monetary Fund delicately put it, "among the list of severely indebted' countries"²⁹ - less felicitously, a deadbeat among the nations.

North Korea's industrial sector, which is second to agriculture, has a crucial role to play in the overall process of economic recovery and development. Industry needs to be revitalized in order for it to aid in tapping the country's abundant resources - mostly hydro power and

28 International Monetary Fund, *op. cit.*, p. 3.

29 *Ibid.*, p. 2.

minerals - and in providing agriculture with sufficient fertilizers, pesticides, fuel, and machinery. Agriculture, in turn, needs to be modernized. Attainment of these goals is apt to be put off for as long as the North remains wedded to the system of central control of production and distribution, a legacy of the Soviet era which, as seen, is a hallmark of *juche* ideology keyed to Kim Il Sung Thought and that of his son and successor, Kim Jong Il. The continuing slide in international trade and government revenues will not be arrested and a new upward trajectory realized without putting industry and agriculture on a sound footing. Foreign capital will await signs of advance on all these fronts before targeting North Korea for heavy investment.

As seen, there has been modest innovation in the agricultural sector, mostly in the farm cooperatives. These organizations produce the bulk of North Korea's two major cereal crops, rice and corn, and they comprise a majority of the farm units in the country; the remainder are state and army farms. Except for small private plots, agriculture in the North is heavily regulated within the system of central control. The farm cooperatives evoke a kind of primitive privatization', as they are the loci for most small private plots cultivated by individual households. These are allowed to grow vegetables mainly for their own consumption, and they are permitted to raise livestock in limited numbers - mostly chickens, goats, pigs, and rabbits.

VI

The future of economic reform in North Korea is not easy to gauge. What is clear, however, is that that issue is impacted by other important considerations. As seen, ideology and country and regime survival - and the legitimacy which attaches to them - continue to weigh heavily upon the North's calculus, mostly inhibiting economic advance. All of these factors together convey a North Korean mindset that is at once

alien and fearsome to most observers.

From its founding in 1948, the Democratic People's Republic of Korea has been widely regarded in the outside world with opprobrium and dread. Apropos, the North has been characterized variously as embodying a bizarre mix of austere, primitive communism and aggressive nationalism; as backward and isolated, like Korea's old Hermit Kingdom³⁰; as opaque and secretive and inscrutable; as insecure and suspicious and unpredictable; as recklessly provocative, with words and deeds; and as ruled over brutally by reclusive, rigidly doctrinaire eccentrics: Kim Il Sung for 46 years up to his death in 1994, and since then, his son Kim Jong Il.

An analogue of the North Korean case can be seen in the former

30 The Choson dynasty ruled over the Korean Peninsula for 518 years, from 1392 to 1910, when Japan became the colonial power. Several centuries into the period of Choson rule, calamity befell the country: the Imjin War with Japan (1592-1598) and the Manchu invasion in 1636 left devastation in their wake. The dynasty responded by closing the doors to the outside world. Turning inward, Korea became the "Hermit Kingdom." Virtually no outside contacts were allowed, except for trade and occasional emissaries to and from China and Japan. The Choson rulers built a series of fortresses throughout the peninsula to better prepare for future invasion. From then on, emphasis was given to securing the borders, filling the state treasury, and strengthening the country's economic foundation. Notwithstanding, Choson Korea never fully recovered from the Japanese and Manchu invasions. The Manchus went on to conquer China in 1644, establishing on its territory the Qing dynasty which was destined to rule until 1911. In that year, a military uprising triggered a series of events which led to the establishment of the Republic of China whose government was headed by the Guomindang Party. Finally, in 1949, after three years of civil war, republicanism was replaced by communist-party rule in the new People's Republic of China. The Korean and Chinese cases bear a striking resemblance: the Choson and Qing dynasties were toppled at about the same time, spelling the end of dynastic rule in the two countries; then Korea and China fell under an interregnum which lasted about the same length of time - in the former, Japanese rule until 1945, and in the latter, republicanism until four years later; finally, in the wake of the Second World War, Korea was divided between the communist North and anticommunist South and China between the communist-ruled mainland and anticommunist Guomindang-ruled Taiwan.

socialist Albania, allowing for comparisons which increase our understanding of the North. Like Albania, North Korea is a small, poor, largely mountainous peninsular country; the culture of each one is substantially homogeneous, based on a single ethnicity - Albanian or Korean. Both countries are located on the periphery of great spaces historically more important and renowned - Albania at the southernmost edge of Balkan Europe, North Korea along the borders of China and (the former Soviet) Russia. Like Albania, North Korea came to distil a brand of doctrinaire communism laced with the wounded pride of an ancient nationalism assaulted, in the Albanian case, by Ottoman and Italian imperialisms, and, in the (North) Korean, by Chinese and Japanese intruders. Galvanized by strong charismatic cultic leadership, early on each country turned inward, moving to the periphery also of the socialist mainstream commanded by the Soviets. Already cut off in the Cold War from the West and from most Third-World countries, Albania nevertheless broke with its heterodox socialist neighbor, Titoist Yugoslavia; then with the Soviet Union and its Warsaw-Pact allies; and ultimately, in 1978, even with its only remaining ally and protector, communist China, which years before had broken with all but independent-minded Romania in the Soviet bloc. North Korea, in contrast, was content to maintain its ties with the bloc countries until the fall of communism in Eastern Europe and the Soviet Union in the late 1980s and early 1990s, and with China.

Enver Hoxha was the supreme leader of Albania from 1944 until his death in 1985, lording it over, as did his contemporary, Kim Il Sung in socialist *juche* Korea, state and society and the ruling party. Like Kim, Hoxha ruled long and harshly, with a strong nationalist bent. Apropos, each one started his climb to power in the country as leader of a partisan movement, i.e., a broad-based fighting force, spearheaded by an illegal, clandestine communist-party organization, which was dedicated to overthrowing foreign rule. Hoxha's partisans sought to oust the fascist Italian occupiers of Albania. The fighters headed by Kim struck

against Japanese imperialism, which had taken root in the Korean Peninsula in 1910 and lasted until 1945, when Japan was defeated, principally by United States forces, thus ending the Second World War in Asia and setting the stage in the emerging Cold War for the division of Korea into communist North and anticommunist South

As with North Korea under the rule of Kim Il Sung and Kim Jong Il, not much was known about Albania under the sway of Enver Hoxha and his hand-picked successor, Ramiz Alia - except for the fact that Alia and the younger Kim were somewhat more inclined toward economic reform than their predecessors. So long as Hoxha and Alia kept a tight rein on Greater Albanianism - the irredentist impulse to unify independent socialist Albania and ethnic Albanian areas in neighboring Greece and the then socialist Yugoslavia - no one outside Albania was particularly interested in the country, geostrategically or otherwise. What little was known about Albania stirred no interest in learning more. Not so with North Korea. Its internal life excited much interest in the outside world, partly because of strong pro-unification sentiment in the two Koreas and partly because the Korean Peninsula was of far greater geostrategic importance in the Cold War and after than the remote tip of the Balkans where Albania was tucked away.

In 1991, five years after Enver Hoxha's death, socialist Albania succumbed to much the same forces which had put communist rule in Eastern Europe and the Soviet Union to rout. About the same length of time has elapsed since Kim Il Sung's death, with no solid evidence yet that North Korea's socialist system keyed to *juche* ideology is foundering or destined soon to be eclipsed, ushering in a new era of unification in the Korean Peninsula. On the contrary, North Korea (like democratic South Korea) is determined to survive, with its regime intact, for however long it may take to achieve unification on its own terms. This heightens interest in the outside world in both the North and the geostrategic implications of its survival.

VII

The importance of survivalism, ideationally and pragmatically, for North Korea may be underlined with yet another analogue: its current 'minimalism-survivalism' mode bears a striking resemblance to the ethos and practices of survivalist groups in the United States.³¹ Both sides perceive international relations as straining toward polarization, the world order, beset by crisis, as hostile and destined to bring on ruinous war, perhaps nuclear. In that circumstance, survivalist North Korea and survivalist groups in the U.S. feel compelled to practice survival strategies or disaster preparedness, principally by stockpiling food and weapons with which to meet minimum survival needs.

Survivalists often act out the role of self-righteous zealots, intent on underlining their insularity and singularity among peoples and nations by drawing invidious distinctions. In the North Korean variant, the Korean people and their cultural heritage are regarded as superior to others.³²

Finally, the North Korean survivalist perspective is constrained geographically and culturally: imbued with a nationalistic fervor, it is fixated on unifying the Korean Peninsula by whatever means around the ideology of *juche* in what is expected to be a socialist paradise'. American survivalism, too, seeks 'salvation in a localist paradise' which has yet to be defined and detailed. Both sides mix anger and pride and extol self-reliance and resourcefulness. North Korean 'minimalism-survivalism' and American survivalism call to mind religious doctrine or theology - a way of life, an article of true faith.

31 Philip Lamy, *Millennium Rage: Survivalists, White Supremacists, and the Doomsday Prophecy* (New York, NY: Plenum, 1996), pp. vi, vii, 5, 14, 70, 89, 190-191. Also see James Coates, *Armed and Dangerous: The Rise of the Survivalist Right* (New York, NY: Hill and Wang, 1987).

32 See the discussion of North Korea's militant nationalism and kindred matters in Han S. Park, ed., *op. cit.*, pp. 10-18.

VIII

On the available evidence, there is no reason to expect the status quo in and around the Korean Peninsula to unravel anytime soon, if ever, in favor of either the North or the South. After a half century, the face-off between the two Koreas remains stalemated, offering scant hope of unification of the severed peninsula. It seems that in inter-Korean affairs the frustration and bitterness around which past and present have been conflated are destined to define the future as well.

Neither all-out war nearly a half century ago nor years of skirmishing across the thirty-eighth parallel has succeeded in moving the two Koreas toward unification. And President Kim Dae Jung's pragmatic "Sunshine Policy," keyed to searching for opportunities to enhance cross-border interactions, appears not to signal a breakthrough to political reconciliation and eventual amalgamation in the peninsula. While it may be true that no better option is available to Seoul than its current policy, such a contention cannot certify either the likelihood or inevitability of success. Let it suffice to note that thus far the policy has had few successes, mostly modest and lopsidedly economic. Hyundai and other chaebol in the South have made some inroads in the industrial and tourist sectors of the economy in the North, but no one or combination of their initiatives can be said to signal the emergence either of expansive economic ties between the two Koreas or political reconciliation likely to give impetus to unification.

Nearly a decade has elapsed since the end of the Cold War and the South Korean president has completed almost a third of his constitutionally-prescribed single five-year term. From either or both of those perspectives, can it reasonably be said that the two Koreas are closer now than they were on July 23, 1953, when the armistice was signed ending hostilities in the Korean War, to a political thaw signalling the opening of a road to peaceful unification?

빈 면

INCONSISTENCY OR FLEXIBILITY? THE KIM YOUNG SAM GOVERNMENT'S NORTH KOREA POLICY AND ITS DOMESTIC VARIANTS

Yongho Kim

This article deals with domestic sources of the Kim Young Sam (KYS) government's North Korea policy. The main argument is that the inconsistency of KYS's North Korea policy, which often became the target of domestic criticisms, was the result of KYS's effort to flexibly reflect public opinion toward North Korea and unification issues. It was amusing to see how major shifts of KYS's North Korea policy took place before or after elections. Especially, the first vessel carrying a rice donation to North Korea started for Chongjin two days before the 1995 local election. The Four Party Talks proposal in 1996 was made five days after the general election. There may be various reasons, however, domestic variants offer reasonable explanations. Most important is the tendency to utilize North Korea policy as a campaign tool. With hard line policy toward North Korea, the ruling party won and the opposite was true with soft line policy. The inconsistency of KYS's North Korea policy also attributes to South Korea's public opinion. Public opinion toward North Korea and unification affairs appeared to vary according to generation and issues. Political obsession to make historic achievements on unification affairs in addition to KYS's personal character play important roles in the making of the KYS government's North Korea policy.

I. Introduction

The Kim Young Sam government's policy toward North Korea has seldom been favorably evaluated. The government has always been the target of domestic criticism either when it reached its hard line peak with heightened tension or when it softened to provide unconditional food aid to Pyongyang. In general, the South Korean media has not given favorable coverage of the administration's Pyongyang policy. Opposition parties also took advantage of domestic complaints toward Kim Young Sam government's North Korea policy by employing harsh criticisms in the election campaign.

Indeed, the Kim Young Sam (hereafter, KYS) government's policy toward Pyongyang shifted seven times during its term in office, tilting between dovish and hawkish extremes. As a result, "inconsistency" has been the focal point of media and legislative criticism. The frequent replacement of unification ministers has been often indicated as representative of the inconsistency in the Kim Young Sam government's policy toward North Korea.

There are more analyses that indicate KYS's inconsistency rather than those which explain the reasons for his inconsistency. One obvious explanation for this trend may come from North Korea. The Pyongyang regime is quite unpredictable and eccentric in its external policy. In 1993, right after the inauguration of Kim Young Sam as the 14th president of South Korea, Pyongyang declared its withdrawal from the NPT. In 1995, it forced a South Korean freight vessel carrying rice aid from Seoul to hoist the North Korean flag. In 1996, a secret incursion of North Korean commandos, uncovered when a North Korean submarine washed ashore due to engine trouble, drove the whole nation into a state of panic. There is no doubt that all these events were independent variables which influenced KYS's policy changes.

Even when we acknowledge North Korean variables as indepen-

dent, we have to consider several intervening variables which have constrained KYS's policy toward Pyongyang. The international environment surrounding the Korean peninsula, including Pyongyang's approach toward Washington, North Korea's domestic situation and food crisis, and Kim Jong Il's political stability, have been major variables in KYS's policymaking process.

Along with these factors, concerns about South Korea's domestic politics appeared to be one of the major factors influencing KYS's policy toward Pyongyang. The literature of international relations theory indicates that foreign policymaking tends to be subject to change according to various domestic influences. It is amusing to see that each shift of KYS's North Korea policy accompanied a major agenda in Seoul's domestic politics - in particular, elections. This suggests that domestic concerns have been major constraints in Seoul's North Korea policy.

There was ample room for these domestic variants to intervene in the making of KYS government's North Korea policy. First, in the public mentality of most Koreans, an emotional value is embedded in issues regarding unification. That is why each government has sought to make its own historic accomplishment by improving its relations with Pyongyang. Each government has registered its own unification policy, often different in form but basically similar in content from the one developed by the previous regime. In so doing, each leader sought to assure the public about his desire for unification and consolidate political support.

In addition, issues regarding North Korea and unification are often spotlighted by the media, which often turn them into the most popular topic for domestic debate. The South Korean media usually places itself in a position that represents the public's deep interests and politicians often try to raise as many issues as possible to attract media attention. Thus, North Korea and unification issues are frequently the topic of sarcastic editorials by the print media and anti-government criticisms

by opposition parties. Seldom has the response from the media and the National Assembly been favorable to the KYS government's North Korea policy.

It is amusing to see that all these factors have been closely related to elections. One clear-cut way for abstracting a correlation between KYS's North Korea policy and its domestic variants is to examine how the policy has been turned and twisted before and after elections. Elections have provided timely moments in which domestic variants have extended their utmost influence on the making of North Korea policy.

The timing of policy shifts suggests that elections were one of the major determinants of KYS's North Korea policy. In June 1992, six months before the presidential election, Seoul's policy toward the North shifted from dovish to hawkish as the Nuclear Control Commission was unable to reach an agreement on North-South mutual nuclear inspection. Seven months before the 1995 local election, there was another policy shift to a warm period after the conclusion of the U.S.-North Korean nuclear negotiations in Geneva. Just three days before the 1995 local election there was a nationwide televised moment in which the *Sea Apex*, a South Korean freight vessel, departed for the North with 50,000 tons of rice. The joint proposal for the Four Party Talks made by Presidents Clinton and Kim at Cheju Island was publicized five days after the 1996 National Assembly election.

This paper's aim is to clarify the correlation between KYS's North Korea policy and his concern for domestic politics, with emphasis on elections. This study is divided into two parts. The first part (chapter II) builds a nexus between KYS's Pyongyang policy and domestic political issues in order to figure out whether elections really caused KYS's policy shift from soft line to hard line, and vice versa. The second part (chapter III) suggests an array of explanations why KYS's North Korea policy had to fluctuate in accordance with the domestic political agenda, mainly with elections.

To answer whether KYS's North Korea policy was inconsistent or

excessively flexible depends on the viewpoint of the analyst. In terms of the overall effectiveness of North Korea policy, it obviously was inconsistent. When we look into domestic sources of KYS's North Korea policy, however, it appears to have responded flexibly to domestic repercussions. Unfortunately, blame never falls on domestic society, but to the leader who tried to represent public opinion.

II. KYS's North Korea Policy & Domestic Politics

Before the Startline: the 1992 presidential election

The starting point of KYS's North Korea policy may be traced back to 1992 when KYS, as the ruling party's presidential candidate, employed an election strategy which utilized a hawkish policy toward North Korea. The presidential election was scheduled to be held in December and it was in May when Pyongyang announced its rejection of mutual inspections of nuclear sites. South Korea's hardline policy, which had been visible since May, became conspicuous around October, two months before the election.

Around this time, the symptoms of hardline policy toward North Korea became evident. The resumption of Team Spirit Exercises and the arrest of North Korean spies were publicized. Then South Korean Prime Minister Hyun Seung-chong issued a letter to his counterpart in the North, requesting an apology for the espionage scheme. In response, North Korea officially disclosed its decision to boycott the South-North Coordinating Commission, thereby deepening the cool down of inter-Korean relations. It was also at this time when the South Korean government finally decided not to repatriate Mr. In-mo Lee, a long-time convict who had been arrested just after the end of the Korean War for guerrilla warfare activities in Chiri Mountain.

It was ironical to see that both KYS's election strategy and the South

Korean government's North Korea policy were deliberately orchestrated to be hawkish almost simultaneously. Seoul's tough stance toward the North continued while South Korea's presidential elections drew the public's attention away from the North Korean nuclear issue. KYS's election strategy deliberately stimulated South Korean voters' "threat syndrome," which dates back to the Korean War in the 1950s.

In addition, KYS's election strategy was to spotlight the alleged ideological ambiguity of his rival, Kim Dae Jung. The trend of utilizing the North Korea issue as a campaign strategy continued in a more noticeable fashion as the official campaign period began. KYS spotlighted his hard line stance toward North Korea as a means to distinguish himself from the somewhat liberal and progressive policy lines pursued by the opposition party candidate, Kim Dae Jung. KYS stressed the North Korea issue in his campaign speech of December 9, 1992, near the DMZ area. In a more obvious attack against Kim Dae Jung, he further argued that "for unification, a man of solid ideology must be elected as the President."¹

KYS's overall election strategy to distinguish his conservative hard line policy toward North Korea from Kim Dae Jung's relatively flexible stance was not difficult to detect throughout the campaign period. The 1992 presidential elections ended with KYS's victory. Once KYS became president, however, he tried to improve inter-Korean relations by launching a series of dovish policies toward the North—contrary to his hard line stance during the election campaign.

Dovish Start: the first 16 days

The new KYS government, right after its inauguration, proclaimed a thoroughly new and dovish North Korea policy. Han Wan-sang, the first unification minister, signaled his dovish blueprint of North Korea

1 *Hankook Ilbo*, December 10, 1992.

policy. He disclosed that the KYS government would show flexibility in dealing with Pyongyang in areas such as its nuclear program, economic exchanges, and repatriation of the long-term convict, Lee In-mo. He also announced KYS's plan to pursue a South-North summit.²

However, KYS's dovish blueprint was abandoned exactly 16 days after his inauguration when Pyongyang announced its withdrawal from the NPT on March 12, 1993.³ It was also around this time that KYS, now South Korea's President, was criticized for the first time by the media for his reckless North Korea policy. Pyongyang's withdrawal from the NPT reversed KYS's dovish blueprint into a 19-month-long deadlock.

19-Month-Long Hawkish Deadlock: 1993-1994

The KYS government tried to quell infuriated public opinion by reversing its dovish policy into a hawkish one and even replacing the Unification Minister, Han Wan-sang. When North Korea announced its withdrawal from the NPT, negative views prevailed in South Korea's public opinion. The media criticized KYS's early optimistic attitude toward Pyongyang, including his decision to repatriate Lee In-mo. Three days after Pyongyang's withdrawal announcement, KYS confirmed the return of hard line policies by suspending all levels of economic exchanges with Pyongyang.⁴

In spite of KYS's flexible attempt to reverse North Korea policy, he could not avoid harsh criticism during the next 19 months. When Washington and Pyongyang negotiated on the nuclear issue in New York and Geneva, most criticism centered on his lack of diplomatic

2 *Joong-ang Ilbo*, March 1, 1993.

3 Pyongyang announced its withdrawal from the NPT "to preserve the utmost interests of the Republic" and stated its withdrawal would never be reversed "until the U.S. nuclear threat is abandoned and the IAEA recovers its independence and objectivity." For details, see, *Rodong Sinmun*, March 12, 1993.

4 *Chosun Ilbo*, March 15, 1993.

capability, acrimoniously labeling the KYS government's North Korea policy as a total failure. When North Korea repeatedly stimulated South Korea by its test of the Nodong missile, intentional deception toward the IAEA inspection teams, and verbal provocations at a negotiation table indicating that Seoul would be turned into a sea of flames,⁵ the media described the KYS government as sitting idly by at a time of the greatest security threat to Seoul since the end of the Korean War.

In summary, the KYS government was driven into a corner. Its failure to manage North Korea policy was viewed as its total lack of capability to manage overall national affairs. The only way out of this dead-end street was to resume economic exchanges and enlarge trade volumes, thereby boosting up an image that the KYS government was managing its relations with North Korea on its own, rather than depending on Washington's diplomatic assistance.

The Coming of Spring: 1994-1995

As soon as the U.S.-North Korean nuclear negotiations were concluded, the KYS government hurried to shift its hard line policy into a more friendly approach. The KYS government's policy shift was not a result of consolidated transparency of North Korea's nuclear program.⁶ The KYS government seemed to have forgotten why it had maintained hawkish relations with Pyongyang for more than a year and a half. It

5 On March 19, 1994, one of the North Korean delegates for the 8th Inter-Korean Working Level Conference stated for the record that Seoul could be turned into a sea of flames in case of a war.

6 In the Geneva Agreement, Washington and Pyongyang agreed to the construction of a 2,000 MW light-water reactor by the year 2003, the supply of heavy oil to North Korea, and the lifting of the trade ban in return for Pyongyang's acceptance of IAEA inspections and canceling its withdrawal from the NPT. However, there was clear and prompt measure to secure the transparency of North Korea's past nuclear development activity. According to the agreement, Pyongyang must accept IAEA measures for transparency around 2003 when the core equipment of the light-water reactor are delivered.

had repeatedly indicated that, without the transparency of North Korea's nuclear program, no dialogue would be possible. Nevertheless, the KYS government abandoned its own principle of "no dialogue and economic cooperation without a satisfactory solution of the nuclear issue."

KYS was quite successful in satisfying the public with his reversed North Korea policy. From late October of 1994, the KYS government began to pursue a massive investment program toward the North.⁷ Media and public attention had shifted from Pyongyang's nuclear program and centered on how to allocate the financial burden and secure a leading role in KEDO (Korean Peninsula Energy Development Organization). The warning by Hans Blix, the Secretary-General of IAEA, that the content of Pyongyang's report about its nuclear activity was not reliable failed to draw the public's attention. Instead, newspapers were filled with articles about how much money specific companies were planning to invest in the North.

The climax of the KYS government's dovish North Korea policy occurred on June 25, 1995, just two days before the local elections, when 50,000 tons of rice was shipped to the North. As soon as Pyongyang was reported to have requested food aid from Japan, Seoul asked the Japanese to abstain from providing food aid to Pyongyang so that South Korea's shipping could proceed. Tokyo respected Seoul's request and finally, after a series of secret working level contacts between the two Koreas in Beijing, food aid from Seoul to Pyongyang was agreed upon.

The realization of rice aid two days before the election was an excellent election strategy for KYS's ruling party. On June 25, the 45th anniversary of the outbreak of the Korean War, the KYS government

7 With the shift in KYS's North Korea policy, inter-Korean trade volume jumped from \$19 million in 1994 to \$28 million in 1995. See Ministry of Unification, *Wolkan Nam-buk Kyoryu Hyonhwan* (Monthly Statistics for North-South Trade Transactions), No. 77, December, 1997.

successfully produced a nation-wide televised drama in which the South Korean Prime Minister saw off the *Sea Apex*, a freighter with rice aboard, to North Korea.

The ruling party seemed to expect that the historic food aid to the North would give an image of a competent government successfully managing its relations with North Korea, and therefore, serve as an effective election strategy. The event was brought up during the election campaigning of two prominent ruling party candidates. On the eve of June 25, Won-sik Chong and In-che Lee, respectively running for the mayorship of Seoul and the governorship of Kyonggi Province, made use of the food aid to convince their voters to vote for the ruling party. The former went on to promise a regular exchange of soccer games between Seoul and Pyongyang, while the latter suggested a blueprint to develop the relatively underdeveloped northern Kyonggi province as a base for unification.

Being Slapped for Doing Good: Freezing Again, 1995-1996

The KYS government's expectations for better relations with North Korea vanished after the "flag incident" and Pyongyang's capture of the South Korean freight carrying rice from Seoul. The *Sea Apex*, which had departed from South Korea on June 25, was forced to hoist the North Korean flag when it entered the North Korean port of Ch'ong-chin. This went against the Beijing agreement between Seoul and Pyongyang, which stated that no flag would be hoisted when entering the port. Consequently, the South Korean government ordered all freighters on their way to North Korea with rice on board to retreat on June 29. However, on the 30th, North Korea explained that the incident had occurred due to a miscommunication between Pyongyang and the Ch'ong-chin port. The explanation was accompanied by a formal expression of apology signed by Chon Kum-ch'ol, the North Korean delegate at the Beijing rice negotiation with Seoul. Again on August 2,

the port authority of Ch'ong-chin captured a South Korean freighter, the *Samson Venus*, on charges of espionage. One of its crew took a picture at the port as a memento of his visit although the two sides had agreed not to take any pictures at the port. This time, it was Seoul's turn to officially express regrets by the name of Lee Suk-ch'ae, the South Korean delegate at the rice negotiation.

The public anger against "being slapped for doing good" became serious enough to dramatically affect KYS's popularity.⁸ The South Korean public was infuriated by these two incidents in which South Korea was totally humiliated by North Korea for its good will. The government received harsh criticism for having been "slapped in return for a gift" not only from opposition parties but from the ruling party.⁹ Daily criticisms by media and opposition parties resulted in public discontent against the KYS government's overall North Korea policy. Again, the KYS government was put into a situation in which its capability to manage overall national affairs was questioned.

It was several months before the 1996 April National Assembly election when the KYS government flexibly reflected public discontent by changing its course of North Korea policy again. The KYS government reportedly decided not to consider any food aid to Pyongyang before April 11 when the National Assembly election would be held. It also reportedly requested cooperation from Washington and Tokyo to abstain from further food aid to Pyongyang.¹⁰

For its part, North Korea also played a role. One week before the National Assembly election, North Korean heavy armored troops entered the DMZ zone, violating the armistice treaty in an alleged

8 In addition to these two incidents, North Korea's kidnapping of the Wusongho, a South Korean fishing boat, and the alleged kidnapping of a South Korean reverend further infuriated the South Korean public. For details, see *Korea Times* December 23 and 26, 1995.

9 *Segye Ilbo*, August 11, 1995.

10 *Dong-a Ilbo*, January 25, 1996; *Korea Times*, December 28, 1995.

attempt to nullify it. Its political effect on South Korea's election was enormous. Opposition parties raised unconfirmed suspicions that Pyongyang orchestrated the incident in return for big unknown concessions from Seoul. The "north wind" became one of the hottest issues even after the election ended. Media, academic analyses, as well as politicians raised various viewpoints as to whether there had been orchestrated efforts between Pyongyang and Seoul or that Pyongyang had miscalculated that doing so might be a political burden to the ruling party.¹¹

Return of Soft line Policy: The Four Party Talks Proposal, 1996

Five days after the 1996 National Assembly election, which ended with the victory of the KYS's ruling party, the four party talks were proposed at Cheju Island. Presidents Kim and Clinton jointly suggested the proposal after the summit in Cheju on April 16, 1996. The joint-proposal was to replace the armistice treaty which had been signed in 1953 by a more effective and permanent peace treaty. North Korea's reluctance in accepting the proposal was evident in its efforts to drag down the procedure by avoiding the issue for the first five months, then requesting preparatory talks, before they finally acquiesced to participate in the talks. In fact, the proposal's aim was to drag Pyongyang into the framework of the four-party talks and open the way for official Seoul-Pyongyang contacts. Food aid, the launch of KEDO construction, the lifting of the U.S. trade ban, and further rapprochement with Washington: all of these became linked with North Korean acceptance of the proposal.

The only successful case in which the KYS government maintained consistency with regard to its policy toward North Korea was on the

11 For details, see *Chosun Ilbo*, April 5 and 7, 1996; *Hankyoreh Shinmun*, April 9 and 11, 1996; *Seoul Shinmun*, April 9, 1996; *Kyungghyang Shinmun*, April 10, 1996; *Joong-ang Ilbo*, April 12, 1996; *Hankuk Ilbo*, April 12, 1996.

four-party talks. In spite of North Korea's intended and time consuming delay, it steadily pursued the four-party talks. The submarine incident of September 1996 which caused the highest tension between the two Koreas since 1983 Rangoon bombing could not reverse South Korea's softline policy. North Korea's unprecedented apology for the incident was registered on December 29, 1996 in the form of an official memorandum signed by its Foreign Ministry's spokesperson. As soon as the apology was released, Seoul and Washington seemed to accept it and decided to continue their drive toward the four party talks. The KYS government's soft line posture continued.

1997 Presidential Election and North Korea

The 1997 presidential election was one of the rare cases in which candidates paid relatively less attention to the North Korea issue. It was hard to find any discrepancies between the three forerunner candidates with regard to their North Korea policy. The other side of the coin is that it was hard for the candidates to make their North Korea policy distinguishable from that of the others. None wanted to be considered as having a progressive posture toward Pyongyang.

The issue of the "north wind" was raised again. About four months before the presidential election, one of Kim Dae Jung's party members, Mr. Oh Ik-che, defected to North Korea. Ten days before the election, it was reported that Kim Dae Jung received letters from Oh Ik-che in North Korea. Kim Dae Jung's party strongly protested that KYS government's release of such information was a deliberate political maneuver. It also issued a warning memorandum to North Korea on December 16, 1997. In addition, the "Hwang Jang-yop file"¹² had always been

12 Mr. Hwang, North Korea's former party secretary in charge of foreign affairs, had defected to South Korea in February 1997. It was reported that he carried a file in which the names of all South Koreans who had cooperated with North Korea were listed. Some reports indicate that about 50,000 names were on his list.

a potential source for the north wind.

Unlike other occasions, in the 1997 election both the media and public opinion suspiciously raised the issue of the coincidence between the north wind and the election.¹³ In retrospect, the overall attention given to the issue by the media and the public was low-key, apparently because they had become quite accustomed to hearing about the north wind whenever there was election. Consequently, the North Korea issue had little influence on the 1997 presidential election.

III. Inconsistency or Flexibility: Looking into Domestic Sources

The inconsistency of the KYS government's North Korea policy resulted from KYS's efforts to flexibly reflect public opinion represented by the media and his attempt to utilize the North Korea issue as campaign strategy. To KYS, unification issues seemed to be one of the major means to distinguish himself from his predecessors.

Public Opinion

A thorough analysis of South Korea's public opinion on North Korea and unification issues suggests that they are the last things one should count on when making a policy. KYS's misfortune stemmed from the fact that his public views on North Korea issues have never been constant. As far as public opinion on North Korea is concerned, it is difficult to find an absolute majority and almost impossible to figure out any clear-cut direction of what the public wants. There may be various reasons for this.

First, there is a significant differentiation between the older and the younger generation with regard to what ought to be the government's

13 See *Munhwa Ilbo*, August 19, 1997; *Dong-a Ilbo*, August 20, 1997; *Joong-ang Ilbo*, August 20, 1997; *Hankuk Ilbo*, August 20, 1997.

North Korea policy. For example, those in their forties and fifties appeared to care about unification far more than the younger generation in their twenties and thirties, who appeared to care "only a little". According to a poll which was performed by one of the leading poll companies in Korea, the Gallup, in 1995 52.1% of those in their forties and 69.1% in their fifties considered the unification issue as one of the major concerns in their daily life while 45.2% in the thirties and 50.6% in the twenties replied that they cared about unification affairs "only a little". On the KYS government's food aid and supply of light-water reactors, the poll showed that 36.3% of those in their twenties indicated them as failures while 44.7% of those in the fifties and over group negatively evaluated KYS's decision to give aid to Pyongyang.¹⁴ In a similar poll asking whether additional food aid was necessary, 56.7% of the younger generation answered favorably while 56.9% of the older generation responded negatively.¹⁵

Second, in addition to the striking split of opinions between the younger and the older generations, the percentage of voters from each generation is roughly the same, with marginal superiority of the younger. In the recent presidential election in December 1997, people in their twenties (29%) and thirties (28%) occupied about 57% of all voters. These numbers seem to suggest that the older generation is in the minority. However, 43% of electorate is still indispensable. In addition, most opinion leaders are in their forties and fifties and it is their views which are shown in the media and thus, lead the public opinion.

Third, public opinion itself has never been constant, sometimes extremely volatile and at other times irrationally indifferent. When the relations between Seoul and Pyongyang reached a stalemate in 1994 due to the nuclear program of North Korea, one poll showed that 60.2% favored massive aid policy toward North Korea.¹⁶ Another poll

14 *Chosun Ilbo*, August 15, 1995.

15 *Joong-ang Ilbo*, August 22, 1995.

16 The poll was held in May 1994. *Chosun Ilbo*, August 15, 1995.

held in August 1995, taken just after the KYS government was "slapped" by Pyongyang for its rice aid, showed that only 39.1% favored further concessions to North Korea, while 57.2% answered in the opposite way. The dovish public opinion of 60.2% dropped into 39.1% and the hawkish jumped from 32.1% to 57.2% within a time span of one year and three months. This signifies that the South Korean public opinion tends to become more conservative when the image of North Korea as a source of threat or provocation is elevated.

Fourth, there have been strong indications that media coverage on North Korea and unification affairs often misled public opinion, which, in turn, misled the policy. There is high competition within the South Korean media because, in Seoul alone, there are ten major newspapers, five of which publish almost two million papers a day. They compete for exclusive stories, often sensational and sometimes shocking. Media coverage on North Korea and unification affairs is no exception. The majority of North Korea specialists on South Korea, in a poll, indicated that media reports on North Korea are "short-sighted, biased, sensational, commercially motivated", and finally, "distort" the reality. 68.5% of those polled pointed out that the way in which the South Korean media interpreted North Korea and unification affairs was by and large biased and limited: they tended to accept government logic without filtering (13.0%); heavily depended on governmental sources for information on North Korea (12.0%); applied only zero-sum game framework resulting from the experience of the Cold War (11.5%); often based their reports on unconfirmed rumor or aggrandized facts (11.5%).

Political Obsession to Make History

It is understandable that a political leader would want to leave his name in history with brilliant historic accomplishments. Since Korea has been divided for only 50 years after being a unified country since

the 7th century, the unification issue has attracted many political leaders. Each Korean president has tended to opt for a historical accomplishment by realizing unification. That is why each president has tried to issue his own version of unification policy.¹⁷

KYS, too, seemed to have an obsession to make a great historical accomplishment within his term. His decision to arrest two former presidents, Chun Doo Hwan and Roh Tae Woo, was designed to symbolically end the coup d'état of December 1979. From his inauguration, he presented himself as the first civilian president in South Korean history after the long reign of military authoritarianism.

In particular, with regard to North Korea and unification affairs, KYS was obsessed about making a historic breakthrough. He was close to becoming the first South Korean President to have a summit with the North Korean leader. Being so close in making a historic accomplishment, KYS seemed anxious to employ second and third opportunities to make a breakthrough in inter-Korean relations.

North Korea Issue as a Campaign Tool

It is amusing to see that the ruling party always won when the government was employing hard line policy toward North Korea and lost when soft line policy was being implemented. As we have already reviewed, South Korea's public opinion on North Korean issues has always failed to suggest any clear-cut agenda for decision makers. Likewise, as a campaign tool, both hard and soft line policy satisfy only half of the voters. It is also worth considering that those voters in favor of the ruling party tend to be conservative and favor stability while opposition party supporters often tend to be progressive and favor changes. In this section, we will review how South Korea's policy toward

17 For details on each president's unification policy, see Jinwook Choi and Sun-Song Park, *The Making of a Unified Korea: Policies, Positions and Proposals* (Seoul: Korea Institute for National Unification, 1997).

Pyongyang has influenced the result of each election in the 1990s.¹⁸

At the 1992 National Assembly election, the loser was the ruling party. A couple of months earlier, the Roh government hurried to conclude the Basic Agreement, signifying a new friendly relations with North Korea. However, it did not work well as a campaign strategy and the ruling party lost its control over the parliament by acquiring 149 seats while the opposition parties won 150 seats. At the 1992 presidential election, the ruling party won and KYS became the President. As we have already seen, hard line policy toward North Korea was implemented and it worked. The ruling party lost the first local election held in June 1995, despite the KYS government's efforts to utilize food aid to Pyongyang as a campaign strategy. However, the 1996 National Assembly election ended with the victory of the ruling party. Although the ruling party failed to get more than half of the majority, it acquired an adequate number of seats to control the floor. KYS himself mentioned that he was quite satisfied with the result¹⁹ and the ruling party could get the majority number of seats by gladly receiving some of the independents who had won without any party affiliation. It has already been discussed that the KYS government maintained a hard line North Korea policy until the election ended.

At the 1997 presidential election, there was no evident sign that the ruling party tried to utilize the North Korean issue as a campaign strategy. However, several newspaper articles, such as the one published by the Hankyoreh Shinmun on February 9, 1998, indicated that there had been attempts to utilize the north wind at the election. This article indicated that there were evident clues signifying that another puk-p'ung had carefully been prepared: the arrest of a North Korean spy couple in October two months before the election, the arrest of a retired Seoul National University professor on charges of espionage, and finally, the release of a letter addressed to Kim Dae Jung written by a for-

18 For details, see *Joong-ang Ilbo*, February 22, 1996.

19 *Dong-a Ilbo*, April 13, 1996.

mer party member who had defected to North Korea. The article further mentioned that the Kim Dae Jung camp's intelligence staff successfully checked those attempts. After the election, the Kim Dae Jung government is now undergoing a massive investigation over the allegations that the former ruling party tried to utilize the north wind as election strategy.

KYS's personality

There is one more indispensable factor determining the KYS government's North Korea policy: KYS's personal character. So far, KYS has been known to have several traits. First, he liked to make unexpected, abrupt and quite often, surprising policies. When KYS appointed his cabinet members, extremely high emphasis was put on confidentiality. He did not like to see the names of his cabinet on newspapers before his appointment was announced. Some of them were reported to have been replaced because their names had been leaked to newspapers. His emphasis on confidentiality resulted from his 30-year's experience as an opposition leader under authoritarian rulers.²⁰ In order to lead the opposition camp, most of his schedules and political plans had to be kept secret. However, it has been remarked that he disregarded transparency in dealing with national affairs even after he became the President.

Second, it is known that KYS had been too opinionated to listen to his staff. After being elected as the President, several of his close staff members who had aided KYS from his opposition days, were reported to complain that KYS no longer listened to their advice.²¹ According to them, KYS's own thinking seemed to have been the only reliable reference on which his decision making was based. They were reported to complain that KYS seemed to think he had become the President all by

20 *Dong-a Ilbo*, February 25, 1994.

21 *Dong-a Ilbo*, January 5, 1994.

himself without getting any help from others.

Third, he was too sensitive to media reports. When the media responded negatively, KYS did not hesitate to change the course of his policies even after he had already announced their basic direction. His staff was kept highly alert to the media's response whenever some important policy was announced or implemented. His tendency to react sensitively to media reports was a habit formed during his days as an opposition leader because, as an opposition leader, media coverage determined his popularity.

Fourth, KYS made spontaneous statements from time to time without prior consultation with his staff. Numerous newspaper articles and editorials asked KYS to save words. They indicated that KYS was no longer an opposition leader who did not have to assume official responsibility on national affairs. KYS's tendency to blurt out what was on the top of his head, to the embarrassment of his foreign policy staff, seems to have caused frequent changes of his North Korea policy and his Unification Minister.

Fifth, KYS seemed to depend more on private staff than on his official staff appointed as governmental officials. In some cases, rather than consulting with his cabinet members and presidential staff, he depended on a private think tank allegedly run by one of his sons.²² One of his cabinet members, Oh In-hwan was quoted to say that one of KYS's failures resulted from the way he ran his staff.²³ According to him, under the staff system of KYS, it was difficult for KYS's cabinet members to voice out their opinions. Private staffs are usually politically oriented. What they have in mind is the array of usable political cards, not long-term national interests.

22 *Hankyoreh Shinmun*, May 29, 1995.

23 *Hankuk Ilbo*, February 25, 1998.

IV. Concluding Remarks

Our discussion so far has led us to the conclusion that the KYS government's North Korea policy was heavily influenced by domestic politics, especially elections. Without election variables at hand, the KYS government could have maintained a certain degree of consistency. Without elections, it was consistent in pursuing four party talks even when it was encountered with a serious incident like the submarine incident in the fall of 1996. At that time, the nearest election approaching was 1997 presidential election, more than 15 months later. If the 1997 presidential election had occurred in the spring of 1997, not in December, then, we could have witnessed another policy shift.

We can not blame a government which considers public opinion as one of its references in making foreign policy. In international relations literature, the idea of 'domestic sources of foreign policy' has long been treated as a significant subject. It is indicated in many scholarly and journalistic writings that events such as the United States' decision to launch a military operation abroad and the Japanese government's abrupt statement arguing its sovereignty over Chinese and Korean islands are often related to elections.

KYS, as a career politician, tried to reflect public opinion. However, his election strategy could satisfy only half of the voters who themselves did not show consistent tendency toward North Korea and unification issues. As the result, he was flexible in absorbing public opinion into his policymaking and his policy became inconsistent.



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Chong Ryang P.O. Box 250

Seoul 130 650, Korea

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